

Impact of External Business Environment on Organizational Objectives in Selected Manufacturing Companies in Lagos State

^[1] Dr. Ogundare Olusegun Samuel

^[1] Ajayi Crowther University, Oyo, Oyo State, Nigeria
Corresponding Author Email: ^[1]segunogundare@gmail.com

Abstract— The purpose of this study is to examine the impact of external business environment on organizational objectives in selected manufacturing companies in Lagos State, Nigeria. Limited studies have examined external business environment in terms of their contributions to the general economic growth to the society, but this study examined business environment from its competitive tendencies and assertions. The study adopted both inferential and descriptive methodologies with the population of the study drawn from Nigerian Bottling Company limited, Rite Foods Limited and Sandtex Paints Nigeria Plc. The sample for the study was one hundred and thirty participants using purposive sampling method. Primary data was collected by the use of structured questionnaire which were administered through drop and pick method and the data analysed through SPSS. Using Pearson Product Moment Correlation Coefficient at 5% level of significance the result showed a relationship between external business environment and organizational objectives in selected manufacturing companies; while at 5% level of significance with F-statistics value of 7.222 and co-efficient of determination of 0.603 political/legal environment have significant influence on business profitability. The study recommended that regulatory and institutional framework and bodies regulating businesses should be strengthened, empowered and well-coordinated so that business owners could deal with them in a transparent manner so that expected organizational objectives could be realized.

Index Terms: Internal environment, External environment, Organizational objectives, Business enterprise, Business strategy.

I. INTRODUCTION

Business is an important institution in the society. Be it for the supply of goods or services, creation of employment opportunities, offer of better quality life, or contribution to the economic growth of a country, the role of business is crucial that it is regarded as the life wire of any nation. The health and wealth of the nation is measured by the level and volume of business it engages in and how much the business could generate over time (Ogundare, 2020). It is a social tool through which societies organize their financial efforts. In particular, business is the sum total of the organized efforts of individuals engaged in trade and industry to provide the necessary goods and services to maintain or improve the standard of living and quality of life to which individuals may aspire. Today's firms exist in an uncertain and rapidly changing environment in terms of industry, raw materials, human resources, financial resources, market, technology, economic conditions, government and culture. The word "environment" does not necessarily mean physical surroundings in management, but is used to describe all the influences affecting the individual organization. The environment is made up of social, technological, economic, legal and political factors outside the control of business (STEP). It offers opportunities or poses threats to the organization. The modern business of today is complex, diverse and dynamic; the most dynamic shift has been that of competitive pressure if there is any word that can best be used to describe the business of today (Mishra et al, 2019).

The Nigerian business environment has witnessed a lot of changes from the period of the oil boom in the 1960s and the early 1970s. Austerity measures in the early 1980s and the structured adjustment programme in the late 1980s from the company act of 1960s allied matter decree in the 1990s, undoubtedly brought in the eighties' the opportunities to be exploited by some firms or the problems that inhibit the survival of so many business (Ogundele, 2013). The relationship between business and its environment is one of mutuality, that is, the environment exerts pressure on the business while the business, in turn influences some aspects of its environment. The environment tends, shape the outlook, and goal of the organization by placing constraints on them. These constraints in the environment of organizations goal could be in the form of competition, this sets a limit on the goals specify by the organization. For instance, trade union asking for increase in salary, will affect the shareholder dividend; change in income and inflation will affect demand for goods and services; change in government policies could also affect means and level of production and finally affect profit. All these settings provide multiple contexts that influence how the organization operates and how and what it produces. It is obvious then that business environment and organizational objectives must interrelate and co-exist for firms to be what they ought to be (Karam, 2019; Eruemegbe, 2015). Business environment and environmental forces have been found to be capable of either impeding or facilitating operational activities and objectives in any organization.

The studies of the relationship between organizations and their environment have a long history. It started in the later part of the 20th century when organizational practitioners and researchers began to realize that organizations could not seal themselves off from the rest of society without a penalty. For organizations to survive and justify their existence by realizing their objectives, they must monitor, adapt and relate very closely with their environments because organizations require resources and markets from the environment to continue to operate. Political, legal, social and technological conditions generate pressing requirements which demands attention. Increasingly, the desire to achieve organizational objectives and goals means being alert and responsive to a complex and dynamic world (Akindele et al, 2012). In the past, most especially in the early part of 20th century, organizations did not have to be much concerned with their environments. Environment back then were relatively stable, less complex and undemanding compared to the dynamic and turbulent environments of today. There was less governmental involvement in organizational affairs and the effect of economic policies was not as daunting and challenging as it is today. The effect of globalization and penetration of internet was not a major concern to most business managers, workers were less demanding and the challenge of managing industrial relations and human relations at work place was not with stress. In addition, the number of different customers, competitors, imitations, regulations and suppliers an organization had to contend was not as many as it is in contemporary times (Jackline, et al, 2020; Aluko, 2018; Basil, 2018). For contemporary business, it is no longer possible for an organization to insulate itself from its environment for any reason as that will be counter-productive and perilous. On-going improvement and continuous vigilance is required of nearly all modern organizations in order to survive, grow and enhance performance and effectiveness. Organizational objectives can no longer be planned in isolation of the environment. In fact significant input on the objectives must put the environment into consideration because of the pressure it exerts on the running and administration of the organization. Succinctly put; the simplicity of earlier environments has turned to complexity and tranquility to turbulence. Hence it becomes imperative to examine the impact of external business environment on organizational objectives in selected manufacturing companies in Lagos state.

To achieve the stated objectives of this study the following hypotheses will be tested:

Null Hypothesis One (H1) – There is no significant relationship between external business environment and organizational objectives in the selected manufacturing companies in Lagos State.

Null Hypothesis Two (H2) - Political/Legal Environment does not have any influence on business profitability of the selected manufacturing companies in Lagos State.

II. REVIEW OF RELEVANT LITERATURE

A. Concept of Business and Business Environment

Business is an important institution in society. Be it for the supply of goods or services, creation of employment opportunities, offer of better quality life, or contribution to the economic growth of a country, the role of business is crucial. Any economy that is tagged as developed, productive and engaging must be one that businesses are thriving and many people are engaged in one economic activity or the other. The beauty of any economy is the volume of business the economy is capable of generating. Business therefore is any activity that deals with production and distribution of goods and services that satisfies human wants and needs there meeting the economic needs of the business owner. Such engaging activities could be buying, selling, trading, financing, and many more. Ashwathapa (2018) posited that business is a complex field of commerce and industry in which goods and services are created and distributed in the hope of profit within a framework of laws and regulations. Akanbi (2018) advanced that for an activity to be tagged business it must be able to meet certain societal needs and must be conducted within the ambit of the law. According to Eruemegbe (2015) a business is an economic institution concerned with production and or distribution of goods and services in order to earn and acquire wealth. According to Karam (2019); Obasan (2014) and Adeoye et al (2012), whatever may be the nature and scale of operations of a business, a business enterprise possesses the following characteristics:

- ✚ Dealing in goods and services: The first basic characteristic of a business is that it deals in goods and services. Goods produced or exchanged, may be consumers' goods, such as bread, rice, cloth, etc. or producers' goods such as machines, tools, etc. The consumer goods are meant for direct consumption, either immediately, or after undergoing some processes, whereas the producers' goods are meant for being used for the purposes of further production.
- ✚ Production and/or exchange: Every business is concerned with production and exchange of goods and services for value. Thus, goods produced or purchased for personal consumption or for presenting to others as gifts do not constitute business, because there is no sale or transfer for value. For example, if a person cooks at home for personal consumption, it is not business activity. But, if he cooks for others in restaurant and receives payment from them, it becomes his business.
- ✚ Creation of form, time and place utility: All business activities create utilities for the society. Form utility is created, when raw materials are converted into finished goods and services. Place utility is created, when goods are transported from the place of production to the place of consumption. Storage of

goods creates time utility. This helps in preserving the goods, when not required and making them available, when demanded by the consumers.

- ✚ Profit motive: Another important feature of a business activity is its objective. The chief objective of a business is to earn reasonable profits or surplus as it is called in case of public enterprises. The survival of a business depends upon its ability to earn profits.
- ✚ Uncertain return: In business, the return is never predictable and guaranteed, i.e. the amount of money which the business is going to reap is not certain. It may be possible that the business earns a huge profit or suffer heavy losses.
- ✚ Element of risks: Risk is the key element of every business, concerned with exposure to loss. Efforts are made to forecast future events and plan the business strategies accordingly. However, the factors that affect business are uncertain and so does the business opportunities, which can be a shift in demand, floods, fall in prices, strikes, lockout, money market fluctuation, government legislation, shift in taste, competition, and many more.

B. Types of Business Environment

Business environment are broadly divided into two namely:

- ✚ Internal business environment
- ✚ External business environment

Internal business environment: Internal environment refers to environment within the organization. It includes internal factors of the business which can be controlled by business. It includes objective of business, managerial policies, management and employees of the organization, labour management relationship, brand image and corporate image working conditions in the organization, technological, research and development capabilities. Internal environment includes 5Ms+T, meaning, Men, Material, Machinery, money, Management and time available with business organization. These components listed below are usually within the control of business (Sangeetha, 2019; Ogundare, 2020).

- ✚ Value system: The value system of the founders, Board of Directors, managers, workers of the organization has important bearing on the strategies of the organization, and so it is always coordinated and controlled through organizational policies and programmes.
- ✚ Mission and objectives of the business: Firm's philosophies, priorities, development, policies are guided by the mission & objectives of the organization. Mission and objectives are the first steps in the development of the organization. Basically the organizations will always highlight the objectives they hope to pursue for them to realize and justify the purpose of their existence.

- ✚ Organization Structure: Organizational hierarchy is the authority which flow of from top to bottom. It determines the level and process of command with the hierarchy of the organization. Some management structure and styles delay decision making, while others facilitates quick decision making. It is expected that organization will develop structure that will aid communication and quick organizational decision.
- ✚ Financial capability: Financial factors like financial policies, financial positions audit, access to capital and capital structure affect corporate strategies and decisions.
- ✚ Human Resource Management: The characteristics of the Human resources like skill, quality, morale, commitment, attitude, knowledge etc. could contribute to the strength and weakness of an organization. Some organizations find it difficult to carry out restructuring or modernization because of resistance from employees.
- ✚ Marketing capability: the marketing capabilities of an organization must be strengthened internally to gain some relevance. Enabling the provision of competitively superior value to customers, resisting duplication by competitors, ability to read the market, building customer relationship management, marketing audit, and marketing productivity analysis are all marketing capabilities that organizations needs to build to assist in building a good internal marketing structure.

External business environment: External environment refer to external aspects of the surroundings of business enterprise which have influence on the functioning of business. These factors are beyond the control of business. External environment includes factors outside the firm that can provide opportunities or pose threats to the firm. External environment is divided into two categories namely;

- ✚ Micro Environment - The micro environment of a company consists of elements that directly affect the company. It includes suppliers, customers, market intermediaries, competitors and customers etc.
- ✚ Macro Environment - Macro environment are forces that creates opportunities and pose threats to the business units. The macro environment consists of the Political/Legal environment, Economic environment, Socio-cultural environment, and Technological Environment

C. Political/Legal Environment of Business

A stable and dynamic political environment is necessary for business growth. Political environment includes political stability in the country, relation of the government with other countries, welfare activities of government, centre-state relationship and views of opposition parties towards business. It also includes legislations and laws that are enunciated to regulate business operations. The legal

environment is derived partly from the political climate in a country and has three distinct dimensions to it: (a). the law of the home country (b) the law of the foreign markets (c) International law in general. If the political system is stable and efficient then the business grows. Fagbohunbe (2015) elaborated on the nature and picture of our political environment.

- No defined political ideology or doctrine;
- Military incursion into politics;
- Frequent changes in government policies and lack of continuity of programmes and policies;
- Unnecessary political interference in organizational operations most especially government parastatals;
- Lack of budgetary discipline;
- Poor legal environment which could not guarantee property right and safety;
- Lack of good governance;
- Low commitment of government to industrial development and politicizing citation of government businesses;
- Victimization and annihilation of political opponents, rigging and manipulations of elections and other vices that tends to make political climate unstable;

D. Concept of organizational objectives

Organizational objectives are the goals that a company wants to achieve within a determined period of time. Organizational objectives are short-term and medium-term goals that an organization seeks to accomplish. An organization's objectives will play a large part in developing organizational policies and determining the allocation of organizational resources. Achievement of objectives helps an organization reach its overall strategic goals. Objectives are measurable ends for a set process where goals are identified and actions taken to make them happen. Organizational objectives help in setting goals in a way that all company-wide activities lead to one single direction. Because of the significant importance of organizational objectives to organizational development, it must be SMART – Specific, Measurable, Achievable, Relevant and Time-bound. For most organization objectives varies. While for some objectives such as quality, speed, dependability, cutting production cost, customer satisfaction, could be applicable, while for others objectives such as competition, access to the market, corporate social responsibility could be relevant. Objectives typically must (1) be related directly to the goal; (2) be clear, concise, and understandable; (3) be stated in terms of results; (4) begin with an action verb; (5) specify a date for accomplishment; and (6) be measurable.

III. THEORETICAL REVIEW

This study is anchored on systems theory because organization and its environment is seen as connection of people, ideas and operations that are combined to achieve

organizational objectives. At its creation, Systems Theory (or The Systems Approach) had nothing to do with business management and everything to do with biology. That is because Ludwig von Bertalanffy (1901-1972) a biologist at the time founded general systems theory (GST) in an attempt to refute reductionism and revive the unity of science. The premise of general systems theory is that a system is composed of interacting elements that are affected by their environment. Because of this interaction, the system as a whole can evolve (develop new properties) and self-regulate (correct itself). When applied to business, experts shorten “general systems theory” to just Systems Theory. In actual fact, Systems Theory is more a perspective than a fully formed practice. Systems Theory encourages you to realize that your business is a system and is governed by the same laws and behaviors that affect every other biological organization. This introduces such concepts as:

Entropy: The tendency for a system to run down and die (a thing to be avoided in business).

Synergy: Working together, the parts can produce something greater than those same parts could produce on their own.

Subsystem: The whole (your business) is built on subsystems, which themselves are built on yet more subsystems.

IV. EMPIRICAL REVIEW

Wakama, J & Onuoha, B (2020). The paper examined the impact of business environment on the entrepreneurial performance of bottled water companies in Nigeria. Literature on the business environment and entrepreneurial performance in Nigeria is also presented. Second, on the basis of a sample of 3 bottled water companies with a sample size of 105, a questionnaire was developed to gather information from respondents, using a correlation analysis, the collected and analyzed data. In conjunction with measures such as productivity and customer satisfaction, dimensions such as the internal environment and the external environment include a moderating variable which is organizationally structured to capture all aspects of the model. The study found that the internal environment, a proxy for business environments, shows a positive and significant relationship with productivity as the best measure for the environment in bottled water companies in Port Harcourt, and the external environment shows a positive and meaningful relationship with productivity as the best measure for the environment in bottled water companies in Port Harcourt. It is recommended that, as far as possible, the management of Bottled Water companies should provide employees with an attractive working environment and provide opportunities for development to enhance employee career growth and make them satisfied to remain in the organization and plan strategically for changes to the external environment. The study concluded that there was an impact

on entrepreneurial performance on the external business environment, political, economic, technological and sociocultural.

Rukun-Santoso, et al (2020). This research on the construction service industry in DKI Jakarta aims to analyze the influence of the external and internal business environment on corporate performance, to analyze the influence of the external and internal business environment on business strategy, and analyze the influence of business strategy on the corporate performance. This research uses a quantitative research approach. The number of samples was 370 top management/heads of construction service companies in DKI Jakarta. Data were collected through questionnaire and interview instruments. Data analysis was performed by SEM with Partial Least Square (PLS). The analysis shows that the external and the internal environment have a significant influence on business strategy and performance. The business strategy also influences the performance of construction service companies in DKI Jakarta. These findings suggest that construction service companies are always on the lookout for turmoil that occur in the external environment, so that they can be major consideration for companies in setting their strategies both in the short and in the long term.

Jackline-Bett et al (2020). Studied on the empirical analysis of changing business environment on the performance of five star hotels in Nairobi Kenya. A census survey was done in all the ten five-star rated hotels in Nairobi, from which three respondents comprising of the marketing officer, the front office manager, and the finance manager were selected from each hotel. This made up a sample size of 30 respondents who were interviewed using semi-structured questionnaires. The relationship between the environmental variables and performance of the hotel industry was investigated using multiple regression analysis. The results obtained indicated that economical, technological, international and political aspects positively and significantly influenced the performance of five-star rated hotels, with coefficients of 1.467, 1.226, 1.444 and 1.246 respectively at 5% level of significance. From the findings, it is recommended that five-star rated hotels should exploit internal capabilities, utilize technology and innovation in order to optimize performance. They should also engage with various government and service industry players when formulating policies affecting their industry.

Ajayi (2016) Investigated the Impact of External Business

Environment on Organizational Performance of Small and Medium Scale Enterprises in Osun State, Nigeria. The findings from reviewed literature showed that the external business environment (economic, political, legal, socio-cultural environment, demographic, natural, technological, global and financial environment) have influence on MSMEs operators in Nigeria. It was also discovered that there exists relationship between SMEs and the environment in which it occurs. The study concluded that SME operators should understand all these types of external business environment and their implications on organizational performance of their business activities in order to identify opportunities and threats to their businesses and update their knowledge, understanding and skills to meet the predicted changes in realm of their enterprises.

V. RESEARCH METHODS AND PROCEDURES

This section presents the sequence of methods and procedures adopted in carrying out the study. The study covered selected manufacturing companies in Lagos State. Lagos state was chosen because most industries are situated in Lagos State as the commercial capital of Nigeria (National Bureau of Statistics, 2018). Furthermore, the strategic role of manufacturing sector in revitalizing the economy and capacity for large employment cannot be over-emphasized (Ejiofor, 2015, Nyong, 2013). The study population for the study is from the three manufacturing companies was used for the study using random sampling techniques. Total number of 380 respondents was drawn from the following companies

S/N	NAME OF COMPANY	TOTAL NUMBER
1	Nigerian Bottling Company	150
2	Rite Foods Limited	100
3	Sandtex Paints Nigeria Limited	130

Pearson's' product Moment Correlation Coefficient was used to analyse hypothesis one, while hypothesis two was analysed using linear regression

VI. ANALYSIS AND INTERPRETATION OF RESULTS

A. Data Presentation

Political/Legal Environments

Research Question on Political/Legal Environments	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
Government always evolve policies that affect your operations	55 (42.3%)	52 (40.0%)	11 (8.5%)	3 (2.3%)	9 (6.9%)
Operations are at time halted because you did not do the necessary filing and enforcement	80 (61.5%)	9 (6.9%)	39 (30.0%)	2 (1.5%)	9 (6.9%)

agents are around					
You do not think the government is interested in business growth because of many regulatory laws	79 (60.8%)	40 (30.8%)	0 (0.0%)	2 (1.5%)	9 (6.9%)
The regulatory agencies are not doing enough to protect business organizations in Nigeria	79 (60.8%)	32 (24.6%)	8 (6.2%)	2 (1.5%)	9 (6.9%)
All those regulatory laws are necessary and essential to business growth	73 (56.2%)	27 (20.8%)	8 (6.2%)	0 (0.0%)	9 (6.9%)
The Regulatory agencies and those duties and levies seems too much and not necessarily helping business achieve their objectives	63 (48.5%)	48 (36.9%)	6 (4.6%)	4 (3.1%)	9 (6.9%)

Source: Field Survey, (2024).

Customer Service

Research Questions on Customer Service	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
Your product is always gaining the needed attention in the market	83 (63.8%)	38 (29.2%)	0 (0.0%)	1 (0.8%)	8 (6.2%)
Complaint on your product is quite frequent in recent time	83 (63.8%)	29 (22.3%)	9 (6.9%)	1 (0.8%)	8 (6.2%)
Your suggestion box is not always attended to on daily basis because other administrative issues is calling for attention	78 (60.0%)	26 (20.0%)	20 (15.4%)	0 (0.0%)	6 (4.6%)
Customer complaint is always being processed as and when due	62 (47.7%)	55 (42.3%)	3 (2.3%)	2 (1.5%)	8 (6.2%)
Customer service report on daily basis gets management attention	57 (43.8%)	60 (46.2%)	5 (3.8%)	0 (0.0%)	8 (6.2%)
Customer suggestion and complaint has always been part of your production process	90 (62.2%)	28 (21.5%)	4 (3.1%)	0 (0.0%)	8 (6.2%)

Source: Field Survey, (2024)

Quality Product Development

Research Question on Quality Product Development	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
Your product is developed from the feedback from the customers	64 (49.2%)	42 (32.3%)	11 (8.5%)	5 (3.8%)	8 (6.2%)
Customer's complaints is on the increase in recent time	33 (25.4%)	39 (30.0%)	25 (19.2%)	20 (15.4%)	13 (10.0%)
The expected standard you set for your product is not being realized because of paucity of fund	31 (23.8%)	35 (26.9%)	37 (28.5%)	14 (10.8%)	13 (10.0%)
Your product has been failing quality assurance test and certification	64 (49.2%)	44 (33.8%)	10 (7.7%)	4 (3.1%)	8 (6.2%)
You have master plan for your production process but seems your production personnel is not abreast of the plan	85 (65.4%)	36 (27.7%)	1 (0.8%)	0 (0.0%)	8 (6.2%)

You need to still improve on your product for market acceptability	83 (63.8%)	34 (26.2%)	10 (0.0%)	1 (0.8%)	12 (9.2%)
--	------------	------------	-----------	----------	-----------

Source: Field Survey, (2024).

B. Test of Hypotheses

Hypothesis One

H₀: There is no significant relationship between external business environment and organizational objectives in the

selected manufacturing companies in Lagos State.

H₁: There is significant relationship between external business environment and organizational objectives in the selected manufacturing companies in Lagos State.

Correlations

		External business Environment	Organizational Objectives
External business Environment	Pearson Correlation	1	.681**
	Sig. (2-tailed)		.000
	N	130	130
Organizational Objectives	Pearson Correlation	.681**	1
	Sig. (2-tailed)	.000	
	N	130	130

** . Correlation is significant at the 0.01 level (2-tailed).

Hypothesis Two

H₀: Political/Legal Environment does not have any influence on Business Profitability of the selected manufacturing companies in Lagos State.

H₁: Political/Legal Environment has an influence on Business Profitability of the selected manufacturing

companies in Lagos State.

Model Representation

$$\text{Log BP} = \beta_0 + \beta_1 \log(\text{PLE}) + \mu_i$$

Where: BP = Business Profitability (dependent variable)
PLE = Political/Legal Environment (independent variable)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.621 ^a	.603	.595	1.247	1.802

a. Predictors: (Constant), Political/Legal Environment

b. Dependent Variable: Business Profitability

ANOVA^a

Model	Sum of Squares	Mean Square	Sig.
1	Regression 16.232	2	8.116
	Residual 141.427	91	1.554
	Total 157.660	93	

a. Dependent Variable: Business Profitability

b. Predictors: (Constant), Political/Legal Environment

Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients	Sig.
-------	-----------------------------	---------------------------	------

		B	Std. Error	Beta		
1	(Constant)	1.299	.514		2.525	.013
	Political/Legal Environment	.386	.121	.319	3.207	.002

a. Dependent Variable: Business Profitability

C. Discussion of findings

The table in hypothesis one shows the Pearson's product Moment Correlation Coefficient (PMCC) result for the relationship between External Business Environment and Organizational Objectives. The correlation is significant at the **0.05 and 0.01** level of significant; therefore, correlation coefficient is statistically significant at 95% confidence level. From the result above it shows that there is positive correlation between the External Business Environment and Organizational Objectives at $r = (0.681)^{**}$ implying that as we 68.1% increases in External Business Environment, Organizational Objectives also increases. As a result of this, the stated hypothesis that says "*There is significant relationship between external business environment and organizational objectives in the selected manufacturing companies in Lagos State*" is thus accepted. This conform with the result of Wakama & Onuoha (2020) and Arapaja (2018) which stated that external business environment significantly affect organizational objectives because what happens in the environment dictate the operation of most businesses. In hypothesis two, using linear regression, the estimation results show that the variable- Political/Legal Environment (PLE) has statistical significant impact on the Business Profitability (BP) at the 5% alpha level of significant. Therefore, the estimation shows that the co-efficient of determination R-squared is 0.603. This reveals that the explanatory variables account for 60.3% changes in Business Profitability. This conforms with the result of Basil Hans (2018) which confirms a positive relationship between Political/Legal environment and business profitability.

VII. RECOMMENDATIONS

This study examined external business environment in selected manufacturing companies in Lagos State. Nigerian Bottling Company, Rite Foods Limited and Sandtex Paints Nigeria Plc were used as case study. From the analysis of the result it shows that there is positive correlation between the External Business Environment and Organizational Objectives at $r = (0.681)^{**}$. From the analysis of second hypotheses Durbin Watson statistics is (1.802), implying that there is no serial or autocorrelation. So there is evidence of no first order serial correlation. Also the F-statistics value is (8.222) with a probability or significant level of P-value $0.002 < 0.05$ showing the overall analysis of variance of the model. In view of the result of the analysis the study concluded that political/legal environment can bring

significant changes in business profitability. The study concluded that the Nigeria's business environment despite its prospect is characterized by challenges of various kinds, which range from lack of infrastructure such as poor electricity supply, poor road, network, Insecurity, multiple tax system, inadequate financial service, corruption to policy instability. To evolve a conducive business environment in Nigeria, the study recommended that infrastructure and regulatory institutional framework must be strengthened and that businesses should do all they can to avoid government sanctions that can waste their operation hours and also ensure they do not engage in sharp practices that will erode their good will.

REFERENCES

- [1] Adeoye, A. O., & Elegunde, A. F. (2012). Impacts of external business environment on organizational performance in the food and beverage industry in Nigeria. *British Journal of Arts and Social Sciences*.
- [2] Akindele, R. I., Oginni, B. O. & Omoyele, S. O. (2012). Survival of Private Universities in Nigeria: Issues, Challenges and Prospects. *International Journal of Innovative Research in Management*, 1 (2), pp. 30-43
- [3] Aluko, M.A. (2005). The Impact of the Environment on Organizational Performance in Selected Textile Firms in Nigeria. *Global Journal of Social Sciences*. Vol. 4 (2), 1 -7.
- [4] Basil, H (2018). Business Environment – Conceptual Framework and Policies. *International Educational Scientific Research Journal*. Vol. 4 (3), 67 – 74.
- [5] Eruemegbe, G., O. (2015). Impact of Business Environment on Organization Performance in Nigeria: A Study of Union Bank of Nigeria. *European Scientific Journal*. Pp. 478 - 494
- [6] Fagbohungebe, O.B (2015). Labour Casualization in Nigeria: The Way Forward. *Journal of Law, Policy and Globalization*. 4(2), 88- 99.
- [7] Jackline B, Jennifer K, Joseph K, R & Sammy, K. (2020). Empirical analysis of changing business environment on the performance of five-star rated hotels in Nairobi County, Kenya. *Global Journal of Business Management*. Vol. 14 (2), 1 - 6
- [8] Karam, P. (2019). *Business Environment & Sustainability*. Answarpha Publication, India.
- [9] Obasan, K.A (2014). The Impact of Business Environment on the Survival of Small Scale Businesses in Nigeria. *International Journal of Business Management and Research*. Vol. 4 (3), 165 - 170
- [10] Ogundare, O.S (2020). Empirical Analysis of Emotional Intelligence on Leadership Performance in the Nigerian Manufacturing Company. *Journal of African Contemporary Research*, Imo State University, Vol. 10 (2), Pp. 10-28.
- [11] Ogundele O.J.K (2013). *Management and Organization*.

- Theory and Behaviours” Sabte Book series, Lagos Nigeria.
- [12] Mishra, D., Luo, Z., Hazen, B., Hassini, E., & Foropon, C. (2019). Organizational capabilities that enable big data and predictive analytics diffusion and organizational performance: A resource-based perspective & Management Decision. *Journal of Science Technology and Management Concepts*, Vol. 2 (2), 34 - 45
- [13] Rukun S, Bambang P, Husein U, Joseph M J (2020). The Effect of Business Environment on the Corporate Performance through Business Strategies in the Construction Service Industry in DKI Jakarta, Indonesia. *International Journal of Managerial Studies and Research*. Vol. 8 (4), 1 -12.
- [14] Sangeetha, N. (2019). *Business Environment and design*. Mason, OH: South-Western Cengage Learning.
- [15] Wakama, J. J & Onuoha, B.C (2020). Business Environments and Entrepreneurial Performance: A case study of Bottled water companies in Rivers State. *EPR International Journal of Environmental Economics, Commerce and Educational Management*. Vol. 7 (3), 12 -24.



IFERP[®]
Explore Your Research Journey...