

Evaluation of Socio-Cultural and Political Factors on Small Scale Business Performance



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ABSTRACT: The research explores the influence of environmental factors on the performance of Small and Medium Scale Enterprises (SMEs) in Oda, Ondo State. Primary data were gathered through the administration of questionnaires to the selected SMEs. Analysis of the data was conducted utilizing Simple Percentage, Chi-Square (X²), and Regression Techniques. The findings of this study clearly show that political and social-cultural factors have significant impact on SMEs performance in Ondo state with the result of hypotheses shown that there were significant positive effect of political and socio-cultural factors through monetary and fiscal policies on the existence of small scale business in Ondo state as the situation was showed through t-statistic and p-value ($P = 0.022 < 0.05$) on coefficient value ($t = 2.098 > 2.00$) and F-stat value $7.617 = p(0.034)$ that showed the robustness of the model with significant differences on the impact of economic factor through government measurement and control from how it was before the inception of this government tenure in Ondo state. The research concludes that environmental factors significantly affect the performance of SMEs in Niger State. In light of these findings, it is recommended that owners and managers of SMEs strategically involve themselves in ongoing monitoring and environmental scanning. This involves a thorough analysis of strengths, weaknesses, opportunities, and threats to consistently assess the overall health and vulnerabilities of their businesses.

KEYWORDS: Environment, Performance, Employees, SME

1. INTRODUCTION

The importance of small scale business concerns and a good number of comprehensive public policies have been formulated to encourage their operations as well as the owners. According to Tambari, Chioma and Ononogbo (2018), Small and medium-scale enterprises (SMEs) in Nigeria face significant challenges in adapting to changes in the operational environment. This is largely attributed to their limited capacity to compete with larger firms and imported products from countries with lower production costs, particularly those within Africa. SMEs in Nigeria encounter reduced government protection and are vulnerable to a lack of social capital. These factors collectively exert pressure on the overall productivity of SMEs in the country. Aduga, (2013) posited that environment refers to the societal structures and phenomena which determine and influence business activities. These structures are often classified into social, economic, political, physical and legal. Other environmental variables include the availability of labour and the conditions of employment, the nature of demand and supply for goods and services, the government and its policies and actions, the various laws and their administrative system, etc. All of these variables constitute the environment of business. As per Onwukwe and Ifeancha (2011), the business environment encompasses factors such as competition, market dynamics, technological advancements, legal frameworks, government policies, and socio-economic trends. In the definition provided by Obiwuru, Oluwalaye, and Okwukwe (2011), the business environment encompasses both external and internal factors that significantly impact the survival and growth of businesses. The productivity of entrepreneurs is thereby influenced by various environmental elements, including the technological, economic, social, and political dimensions, all of which play crucial roles in determining overall productivity. Despite these influences, managers and business owners must adeptly respond to challenges and capitalize on opportunities within their environment. Recognizing and efficiently addressing these challenges and opportunities is vital for optimal business performance (Ogundare, 2019). It is no doubt that the success and performance of any SMEs in any part of the world depends heavily on the environment. The environment in which the business operates can influence the performance of such business either positively or negatively through internal or external environmental factors. Thus, the importance of business environment to the performance of SMEs in Nigeria cannot be overemphasized.

Small-scale businesses are marked by their dynamism, clever innovations, and efficiency. Their relatively small size enables faster decision-making processes. The focus of this research is to examine the impact of environmental factors on the performance of small-scale enterprises. The ability to identify, evaluate, and effectively respond to challenges is crucial for the performance of

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small-scale businesses. There are numerous environmental factors affecting the performance of business in Nigeria, other feasible problems which include poor workers motivation, poor competitive strategies, low core competence, poor infrastructural facilities, financial constraint and excessive overhead and operating costs among others. These features define the operational problems which greatly limit the ability of the small scale business to achieve optimization efficiency in their respective area of business.

Finally, small scale enterprises as a labour intensive industry is likely to be consistent with employment and income distribution objective as being practiced by some selected blocks making industries located in Oda in Akure South Local Government, Ondo State. It is against this background that the study seeks to examine the effect of environmental factors on the performance of Small and Medium Scale Enterprises (SMEs) in Ondo State.

Statement of the Problem

The expansion and progress of small-scale businesses are influenced by a combination of internal and external environmental factors. The performance of small scale business is affected by the internal environmental factors such as sole proprietor's competency, competition, size of the entity, resource, organizational feature, commitment (Kebede and Simesh, 2015). Whereas the external environment factors that hinders the operations of small scale business are technology, economical, legal, political, and socio-cultural. The rate at which small scale businesses are folding up is at an alarming rate and this is due to insecurity challenges, poor power supply, government policies, technological changes, lack of infrastructure, and persistent increase in interest rate. These challenges decrease productivity, reduce profitability and therefore their overall performance is badly affected. And this in turns increase the level of poverty, unemployment rate which have negative effect on the economic development of any country.

Therefore, this study examined effect of environmental factors on the performance of small scale businesses in Ondo State, Nigeria. The following research questions were answered: Can influence of socio-cultural factors determine small scale business in Oda town Ondo State? Can political factors affects small scale businesses on operational environments in Oda, Ondo State?

Research Objectives

- i. To examine the influence of socio-cultural factors on small scale business in Oda town, Ondo State.
- ii. To evaluate the effect of political factors on small scale businesses and their operating environments in Oda, Ondo State.

Research Hypotheses

The following hypotheses were formulated and tested for the research work;

- i. **H₀₁**: influence of socio-cultural factors has no significant on small scale business development in Oda town, Ondo State.
- ii. **H₀₂**: effect of political factors has no significant on small scale businesses development and their operating environments in Oda, Ondo State.

2. LITERATURE REVIEW

Environmental Factors

The environment holds significance as it provides a broad foundation for expanding consumer bases, facilitating the growth and development of both nations and businesses. Furthermore, it plays a crucial role in enhancing the economic standing of nations and nurturing positive business relationships with other countries. The environment encompasses diverse factors that influence business operations, and these factors are beyond a business's control. They include external barriers imposed by the environment, such as societal norms, government policies, legislation, competition, technology, and other external variables that impact a business. Political/Legal factors include the political constraints and instability dictate the pace of business performance in any given nation. Political factors either increase opportunities or registers threats to the progress of organizations in terms of potential growth and revenues, raise or lower corporation tax, increase value added tax on products. Government policies, tax, political instability, corruption and labour trade are political factors that can make or mar the breakthrough of small scale business. The legal factors such as rules and regulations guiding the operations of business (Tambari et al., 2018). All operating business must abide by the government legislation. Increased privacy regulations may present both threat and opportunity. Socio- cultural trends affect business due to influences from consumer behaviour and expectations, perception, level of consumerism which affect sales of products. The socio-cultural environment pertains to the aspects of people's way of life, encompassing norms, beliefs, customs, attitudes, and religions prevalent in the society (Abdullahi & Zainol, 2016). Socio-cultural factor include the collection of activities, and people's relationships, personal and private lives such as age, religion, lifestyles, population features, ageing, career views, cultural barriers, ethnicity, and attitude. Socio- cultural trends affect business due to influences from consumer behaviour and expectations, perception, level of consumerism which affect sales of products.

Small Scale Business

There is no single acceptable criterion for classifying a going concern into small, medium or corporate. The definition varies from country to country and from industry to industry. Various scholars and schools of thought attribute the characteristics of small-scale businesses to factors such as the number of employees, capital outlay, sales turnover, market share, fixed capital investment, available plant and machinery. It's important to note that these characteristics may vary from country to country (Zhiri, 2017). The

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Central Bank of Nigeria, in its credit guidelines, classifies small-scale businesses as entities with an annual income or asset value of less than half a million naira (N500,000). Furthermore, the Federal Government Small Scale Industry Development Plan of 1980 delineates a small-scale business in Nigeria as any manufacturing process or service industry with a capital not exceeding N15,000, with a specific focus on the capital allocated to manufacturing equipment alone. Also, its employees are between 10 and 300 people (Ayodeji, 2015).

Small enterprises are characterized as business entities employing between ten to forty-nine employees, with assets (excluding land and buildings) ranging from five million naira to less than fifty million naira. In the context of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2013), medium enterprises are characterized as business entities with a staff strength ranging from fifty to one hundred and ninety-nine employees. Additionally, their assets, excluding land and buildings, are valued within the range of fifty million naira to less than five hundred million naira. In the context of Nigeria, the third National Development Plan specifies that small-scale businesses are manufacturing establishments employing fewer than ten people or whose investment in machinery and equipment does not exceed six hundred thousand naira. The Nigeria Industry Development Bank (NIDB) defined small scale business as enterprises with project cost (investment and working capital not exceeding (₦ 750000). The micro cottage industries have their total investment cost at (₦ 100000) including capital but excluding

Characteristics of Small Scale Enterprises

The following are characteristics of small scale business enterprises: cordial relationship between the entrepreneur, customers and his employees and he has virtually all necessary information regarding them; decision making authority is centralized and this lead to tight control in the enterprises; small scale business is labor intensive; access to financial assistance in the financial market is limited in scope because of inability to provide the needed collateral security; simple organization structure design; high rate of mortality; low management techniques and skills and these often lead to business inefficiency; owner/management exercise all the functions of management to meet the objective of the business; open competition through ease of entry; inability of the owner to separate the private funds from the company's fund lead to poor performances of most small business; usually reluctant to take risk; performance standards are almost impossible to measure because of non-formalized systems of operation; and difficulties in diversification of business to another incentive ventures.

Business Environment and Performance

Business environment was viewed as set of ethics, norms and frameworks that guide the conduct of business, and influence can be either negative or positive on markets' outcomes, the outcome of markets, factors of production and the cost of doing business (Essie, 2012). These categories of influence can be internal or external forces on the business operations and organisational function (Olota et al., 2018). The business environment is broadly defined as the sum total of all internal and external variables that are significant for the growth, survival, and prosperity of an organization. It constitutes the collective influence of intricate and interrelated forces beyond the boundaries of business organizations that have relevance to their everyday operations. This characterization is in line with the perspective articulated by Obasan (2014).

Obiwuru, Okwu, Akpa, and Nwankwere (2011) contend that performance can be assessed by evaluating an organization's standing in terms of loyalty, investment, profit, revenue, growth, expansion, and employee satisfaction. Furthermore, Luper and Kwanum (2012) suggest that organizational performance can be measured by assessing output levels. Understanding the determinant factors of SMEs' performance is considered a crucial focus in enterprise management (Rosli, 2011). The performance of a firm is seen as the outcome of aligning its design with the context in which it operates. Evaluating firm performance can be approached from various perspectives, whether internal (firm-centric) or external (environment-centric). The concept is explained further by considering firm performance from two opposite directions: the first being from an internal viewpoint, and the second from an external standpoint. As a result, business performance is influenced by a combination of internal factors within the firm and external factors stemming from its environment.

Empirical Review

Tambari et al. (2018) conducted a study that explored the implications of environmental factors on the productivity of selected Small and Medium Scale Enterprises (SMEs) in Rivers State. The research employed a descriptive survey approach and utilized a Five-Point Likert scale questionnaire as the primary data source. The collected data were analyzed using multiple regressions with the assistance of the Statistical Package for the Social Sciences (SPSS) version 20.0. The study's findings indicate that SMEs experience more significant impacts from economic and political environmental factors compared to socio-cultural factors.

Adeyori and Agbadudu (2018) carried out a study to investigate the impact of business environmental factors on the survival of micro, small, and medium enterprises (MSMEs) in Ondo City Metropolis, Nigeria. The research employed a descriptive survey as the primary research design and utilized simple random sampling. The study population comprised all MSMEs in Ondo City Metropolis, with a sample size of four hundred systematically selected from the overall population. The study utilized multiple regressions to test the hypotheses, and the results revealed a statistically significant relationship between business environmental factors and the survival of Micro, Small, and Medium Enterprises (MSMEs) at a significance level of $P < 0.05$.

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Olakunle, Timothy, and Yusau (2018) conducted a study to explore the relationship between environmental factors and the performance of Micro and Small Scale Enterprises (MSEs) in Nigeria, focusing on selected MSEs in Ondo State. The researchers gathered data for the study through a structured questionnaire and employed descriptive statistics and Spearman Product Moment Correlations for analysis. They utilized a purposive sampling technique, surveying 204 owners/managers of MSEs. The study findings revealed a statistically significant ($p = 0.05$) and negative relationship between environmental factors (specifically, inadequate finance, inadequate infrastructure, and poor managerial skills) and MSEs' performance in terms of profit, revenue, and employees. As a recommendation, the study suggests that the government should implement more MSEs-friendly policies, particularly in terms of improving loan access and offering zero-interest rates.

In a study conducted by Eze, Ojo, Adedeji, and Nwaba (2018), the objective was to investigate the business environmental factors affecting the survival of Small and Medium Enterprises (SMEs) in Oyo State, Nigeria. The researchers adopted a Survey research design and distributed structured questionnaires to selected owners or chief executives of SMEs in Oyo State. The study findings revealed that when considered individually, business development support, infrastructural facility, and regulatory services each had a positive and significant effect on the survival of SMEs in Oyo State, Nigeria.

In a study conducted by Mbah and Felix (2019), the objective was to investigate the environmental factors and entrepreneurial productivity of selected hospitality firms in Delta State, Nigeria. The research utilized a Survey research design and collected data from 25 hospitality firms in the study area. The statistical tools employed for data analysis included descriptive characteristics of data, group correlation methods, and multiple regression tests conducted using Stata version 13.0 software. The results of the study revealed a significant positive relationship between environmental factors and entrepreneurial productivity, indicating that the studied environmental factors had a favorable impact on the productivity of the hospitality firms in Delta State, Nigeria.

3. METHODOLOGY

Research Design

Descriptive research design will be used in the course of the study since it is relatively impossible to study all the elements that made up the mode of operations and management of all the small scale industries in Nigeria.

The purpose of survey research is particularly versatile and practical for the administration and therefore identify the current condition for the administration but provide information based on sound decision.

Study Area

This research was carried out in Oda town in Akure South Local Government in Ondo State. Particularly, the field research was conducted in Oda Township. This town is major town and as well populated with different small scale businesses of which, Block industries are counted as one.

Population of the Study

The population of the study will comprise several block industries in the designated town as the Study Area, with a total of two hundred and fifty (250) establishments. The characteristics of this population, under scrutiny in any research, serve as a basis for estimating the extent to which the research findings and conclusions can be generalized. The sample for this study consist of one hundred (154) selected block industries in Oda town and sub Local Government, as being analysed below; Emiloru 25; Kajola ,35; Weliweli, 45; Aaye Community 24; Oke-ekan, 25 and the total is 154 block Industries to be surveyed.

Sampling Techniques

The sample identifies the unit of people chosen from the aggregate population of the study. The study employed a census sampling technique to select respondents, utilizing the organization's register as the sampling frame. The selection criteria for the sample were based on employees' experience and the duration of their association with the business. The sample size for this study will be census sampling using Yamane (1967);

=N

$\frac{N}{1+N(e)^2}$

N=p

e=0.05

Where

n=Anticipated total sample size

e = accepted error term

N = population

Therefore, to compute a sample size “n” which will be representative of all confidence limit or 0.05 significance level, this researcher used Yamene’s (1967) formula. The sample size is as follows:

$\frac{250}{1+250(0.05)^2}$

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$$1 + \frac{250}{1 + 250(0.0025)}$$

$$= \frac{250}{1.625}$$

Therefore sample size = 154

The sampling technique for this study shall be heterogeneous purposive sampling techniques. The choice for this sampling technique is based on the fact that SMEs are of different types. The researcher personally have to visit the respondents to administer the questionnaires and also made contact with selected respondents. The research instrument will be subjected to content and construct validity to ascertain the validity of the instrument and reliability through Cronbach's Alpha Coefficient. The content validity will be established in consultation with supervisor in charge of the project from Oda, Ondo State.

To establish the reliability of the study, the research used pilot study in sampling of 10 business units at Oda, in Akure South local government area of Ondo state. They was administered with the questionnaire at an interval of two weeks. The score obtain from the administration of the instrument will be subjected to correlation analysis using Pearson Product Moment Correction Analysis which will yield a coefficient of.

Method of Data Analysis

The data for this study was analyzed using both descriptive and inferential statistics, employing chi-square (X²) and Ordinary Least Squares (OLS) regression techniques. Descriptive statistics were utilized to extract information related to respondents' demographic characteristics. On the other hand, inferential statistics, particularly chi-square and OLS regression, were employed to elucidate the relationship between the independent variable (environmental factors) and the dependent variable (SMEs performance)

The qualitative data used in this study will be analyzed using the statistical package for social science (SPSS), In this study, the independent variable is management by objective, which the dependent variable is employee's performance. For the purpose of data analysis, both descriptive and inferential statistics such as frequency tables, regression and chi-square analysis was used. Since it shows the impact of the variable on the other variable. The regression model were used to test the effect of economic factors on the growth of small scale businesses and political factors affects small scale businesses on operational environments by objective on performance of small scale business in ondo state.

Regression is given as:

$$SSB = f(EF, PF)$$

Linear form becomes, where;

SSB= Small Scale Businesses Growth (Dependent Variable)

EF= Economic Factors

PF= Political Factors

$$SSB = \beta_0 + \beta_1 EF + \beta_2 PF$$

Constant; β_0

β_1, β_2 = Gradient or the slope

EF= Effect of Economic Factors, PF = Political Factors Affects (Independent Variables)

E = Error Terms.

4. DATA ANALYSIS AND DISCUSION

Out of 154 questionnaire copies distributed among small scale businesses settling in, Oda, Ondo State, returned fully completed via one on one form thus representing an effective response rate of (150) 97% out of 154.

Data Analysis

Table 1: Gender of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	42	28.0	28.0	28.0
	Female	108	72.0	72.0	100.0
	Total	150	100.0	100.0	

Source: Fieldwork, 2023

Out of 150 respondents captured among business structure, 42 respondents representing (28.0%) were males, while 108, (72.0%) were female. This indicates that all most of business owners came from female fossil, because this means, more women engaged in

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business in that environment than men and base on this experience, their experience count better. This is shown in the presentation below.

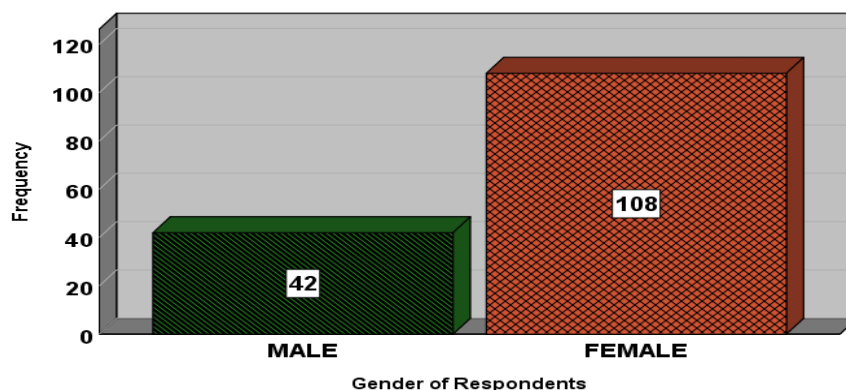


Table 2: Age of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30yrs	34	22.7	22.7	22.7
	31-40yrs	46	30.7	30.7	53.3
	41-50yrs	60	40.0	40.0	93.3
	51-60yrs	5	3.3	3.3	96.7
	61yrs and Above	5	3.3	3.3	100.0
	Total	150	100.0	100.0	

Source: Fieldwork, 2023

The table 2 above, showed that 34 respondents representing (22.7%) ranged between 21-30years, 46, (30.7%) of the business man/woman captured were young. within 31-40years, 60, (40.0%) of them being within 41-50years, and 6, (3.3%) of them being within 51-60years also 61years and above. This implies that the most of the business owners were range between 21-50 years on the bases of their experience concerning business expertise and issues, only (6.6%) were old and ageing in this response. The structure is below.

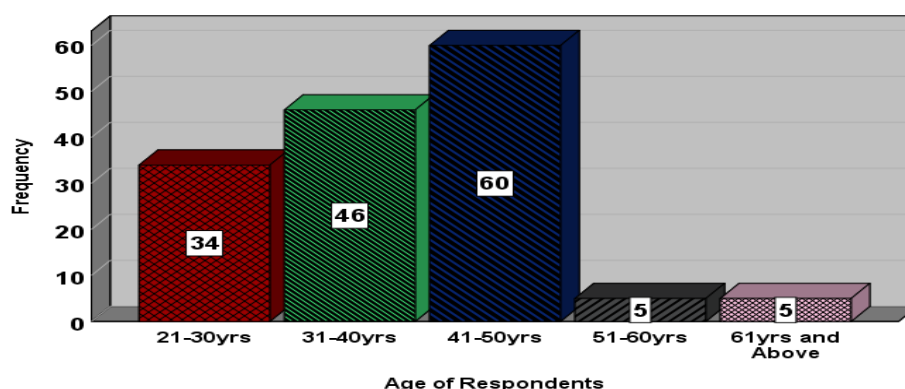


Table 3: Marital Status of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	61	40.7	40.7	40.7
	Married	70	46.7	46.7	87.3
	Divorced	19	12.7	12.7	100.0
	Total	150	100.0	100.0	

Source: Fieldwork, 2023

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The table above shows the years in marital status of respondents on the business link at Oda, Ondo state, under the effect of environmental factors on small scale business owners. 61, (40.7%) were single, 70, (46.7%) also had married, 19, (12.7%) has married, while 19, (12.7%) had divorced. This champion that more family business owners are with more responsibility on higher range.

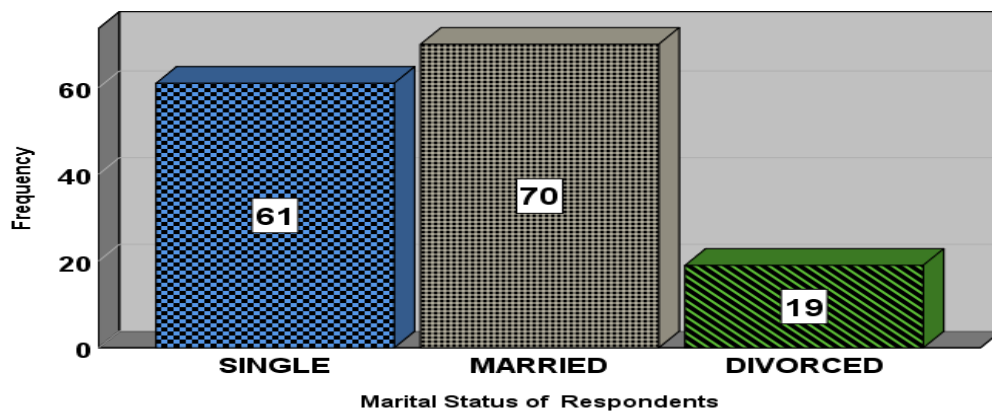


Table 4: Educational Status of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary Six	25	16.7	16.7	16.7
	SSCE	47	31.3	31.3	48.0
	ND	67	44.7	44.7	92.7
	HND/B.Sc.	11	7.3	7.3	100.0
	Total	150	100.0	100.0	

Source: Fieldwork, 2023

The present position showed the academic level small scale business owners response that were captured in the table 4 above; 25 of them have knowledge of Primary School representing (16.7%), 47 of them were Secondary School Holders representing (31.3%), 67 of them were National Diploma Holders representing (67.7%), 11 of them were others have Tertiary Institutions knowledge representing (7.3%). The table showed that more of business men/women owners captured had educational background to do businesses with their investment in knowledge seeking till National Diploma, this is captured below.

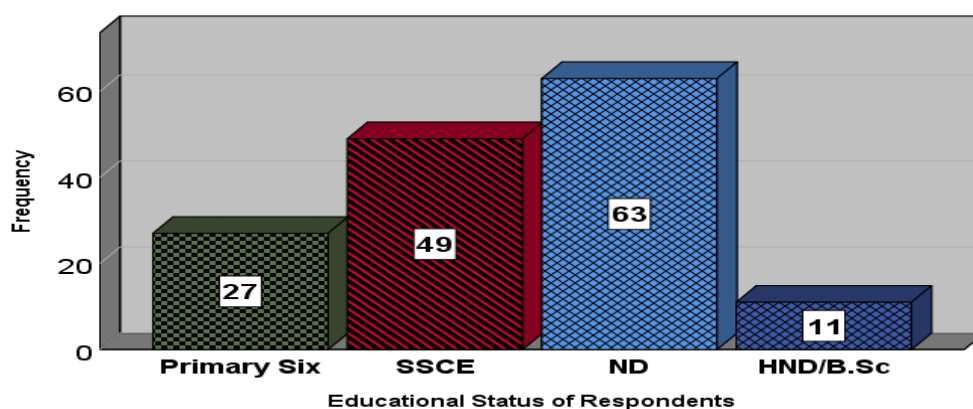


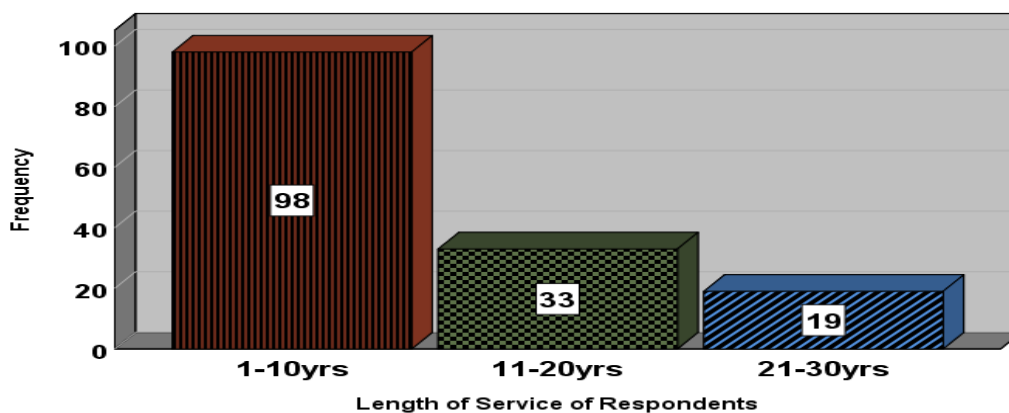
Table 5: Length of Service of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-10yrs	98	65.3	65.3	65.3
	11-20yrs	33	22.0	22.0	87.3
	21-30yrs	19	12.7	12.7	100.0
	Total	150	100.0	100.0	

Source: Fieldwork, 2023

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The table 5 above, showed how of small scale business owners at Oda Ondo state on the time they have being spending on the business they are, 98 (65.3%) had spent (1-10years), 33 (22.0%) had spent (11-20years) and 19 (12.7%) had spent (21-30yrs). This means that most of the businesses had spent more than 10years as a business man and woman.



Testing of Hypotheses

H₀₁: economic factors has no significant on the growth of small scale businesses development in Oda, Ondo State.

The Model for testing for economic factors effect on small scale businesses development at Oda town in Ondo state as was stated below;

$$SSB = \beta_0 + \beta_1 EF + e \dots\dots\dots 1$$

Here, SSB is the outcome variable (dependent variable) representing small-scale business development, and EF is the independent variable representing the economic factor. The parameters quantify the relationship between SSB and EF. The error term, U, captures unobserved factors or random variations that affect SSB but are not explicitly included in the model.

Table 6: F-Statistic of Roles of Economic Factors On Small Scale Business

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.740	1	3.740	7.617	.034 ^b
	Residual	72.657	148	.491		
	Total	76.697	149			

Source: Field Survey, (2023).

Table 7: Coefficient of determination on Economic Factors On Small Scale Business

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.664 ^a	.604	.603	.701	1.856

Source: Field Survey, (2023).

Table 8: significant relationship of Economic Factors and Small Scale Business on Economic Development

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		β	Std. Error	Beta	t	
1	(Constant)	3.268	.097		33.667	.000
	Effect of Economic Factors	.006	.032	.003	2.098	.022

Source: Field Survey, (2023).

Table 6-8 show regression and ANOVA results on the roles of Economic Factors on Small Scale Business in Oda, Ondo state, as economic factors is independent variable and small scale business is dependent variable. The inferential statistical test was run to infer whether there was or there was no significant relationship of economic factors (EF) on the growth of small scale businesses development (SSB) in Oda, Ondo State and also, significant difference in the involvement of economic factors through monetary and fiscal policies on Small Scale Business (SSB) in Ondo state as was stated. There was a significant positive effect of economic factors through monetary and fiscal policies on the existence of small scale business in Ondo state as the situation was showed

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through t-statistic and p-value ($P= 0.022<0.05$) on coefficient value ($t=2.098>2.00$) and F-stat value $7.617= p(0.034)$ that showed the robustness of the model with significant differences on the impact of economic factor through government measurement and control from how it was before the inception of this government tenure in Ondo state. Upon this, null hypothesis one (H_{01}) was rejected on the ground that, economic factors has no significant on the growth of small scale businesses development in Oda Ondo State and agreed that, there was significant impact/effect of economic factors on the growth of small scale businesses development in Oda, Ondo State.

H₀₂: effect of technological factors has no significant on the survival of small scale business development in Oda town, Ondo State.

Table 9: Chi-Square Tests for Hypothesis Two

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.186 ^a	9	.006
Likelihood Ratio	9.542	9	.389
Linear-by-Linear Association	.255	1	.614
N of Valid Cases	150		

Source: Field Survey, (2023).

The information provided suggests that a chi-square test of independence was employed to examine the significance of technological factors on the survival of small-scale business development in Oda town. The results, presented in Table 9, reveal a statistically significant relationship between technological factors and the survival of small-scale business development. The calculated chi-square value (20.186) exceeded the critical chi-square value (16.92) at the 0.05 level of significance, with degrees of freedom (df) equal to 9. The p-value ($p < 0.05$) further supports the conclusion that there is a significant prediction of technological factors on the survival of small-scale business development in Oda town. Consequently, the null hypothesis was rejected.

DISCUSSION OF FINDINGS

Based on the result of the hypotheses tested as follows:

The description provided by Wetherly and Otta (2011) characterizes the socio-cultural environment as everything outside the domains of the economy or political system. They explain that the socio-cultural setting is a compilation of activities and relationships in which people engage in their personal and private lives. This encompasses various aspects, including population features, age, ethnicity, religion, values, attitudes, lifestyles, and social connections. Furthermore, Abdullahi and Zainol (2016) emphasized that the socio-cultural environment deals with the way of life exhibited by people, encompassing norms, beliefs, customs, attitudes, and religions within a society. The relationship between socio-cultural factors on the survival of small scale business development in Oda town was significant since calculated χ^2 (20.186) was greater than the critical χ^2 (16.92) at the 0.05 level of significance ($\chi^2 = 70.741$, $df=09$, $p<05$). This implies that there is a significant predication of technological factors on the survival of small scale business development in Oda town, hence the null hypothesis was rejected.

There was a significant positive effect of economic factors through monetary and fiscal policies on the existence of small scale business in Ondo state as the situation was showed through t-statistic and p-value ($P= 0.022<0.05$) on coefficient value ($t=2.098>2.00$) and F-stat value $7.617= p(0.034)$ that showed the robustness of the model with significant differences on the impact of economic factor through government measurement and control from how it was before the inception of this government tenure in Ondo state. Upon this, null hypothesis one (H_{02}) was rejected on the ground that, economic factors has no significant on the growth of small scale businesses development in Oda Ondo State and agreed that, there was significant impact/effect of economic factors on the growth of small scale businesses development in Oda, Ondo State.

CONCLUSIONS AND RECOMMENDATIONS

The finding shows that business environment such as exchange rate, interest rate, inflation rate, economic policies put in place by government are factor affecting SME's business performance.

The study indicates that socio-cultural factor such as religious activities, cultural background, religious believe and the way of life of the people affects SME's business performance. Lastly, the study also shows that political factors such as kidnapping, Political unrest, Herdsmen Vandalism and Boko Haram activities have affected SMEs performance in Ondo state. The findings of this study is a clear evidence that business environment is a key factor in determining business performance and productivity in Nigeria. Given this, it becomes imperative to acknowledge the key environmental factors that influence the performance of small and medium-sized enterprises (SMEs) in Ondo State. Owners and managers of SMEs should place a premium on addressing these environmental factors to improve operational efficiency. Drawing from the research outcomes, the study reaches the conclusion that environmental factors exert a significant impact on the performance of SMEs in Niger State. Consequently, the following recommendations are proposed based on the study's findings:

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- i. It is imperative for the government to scrutinize economic factors imposing unnecessary constraints on businesses in Nigeria. Stakeholders in charge should address Nigerian economic trends, including interest rates, inflation rates, and unemployment, to foster a conducive business environment.
- ii. Owners and managers of SMEs are advised to engage in strategic and tactical monitoring, conducting continuous environmental scans both before and after establishing their businesses. This involves thorough analysis of strengths, weaknesses, opportunities, and threats, enabling them to consistently assess the health and vulnerabilities of their enterprises.
- iii. Owners and managers, Small and medium-sized enterprises (SMEs) should align their operational strategies with current market dynamics and environmental trends, adhering to global best practices. This necessitates regular updates and adjustments in business strategies and systems to stay in sync with the evolving global landscape.
- iv. Business owners and managers should cultivate a positive outlook toward the economic environment, recognizing that customers now wield significant influence. Acknowledging the customer's control over the economic landscape, focusing on producing high-quality goods that align with customer demand becomes pivotal for enhancing business performance.

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