

EFFECT OF ENVIRONMENTAL FACTORS ON BUSINESS LOCATION

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ABSTRACT

Nowadays, every company is in a very difficult position because the competition is tough and the economy has become difficult. Still, every company tries to be successful by focusing on critical success factors and adopting the concept of Business Excellence. Over the last few years, many companies have collapsed, with others opting to sell their shares to avoid eventual loss. As such, it is important for companies to study environmental factors in which the businesses operate since they collectively affect performance dictating whether a system will thrive or collapse. The purpose of the study was to investigate the effects of environmental factors affecting the PACRA. The study employed qualitative design and used a sample size of 40; data was collected using both primary and secondary data. Excel spreadsheet was used to analyze the data. Therefore, the study revealed and concluded these main points below:

I INTRODUCTION

This first chapter presented the introduction of the study on the effects of environmental factors on the performance of a company/ business. The first part was a background of the study, the statement of the problem, objectives of the study, research questions, and significance of the study and organization of the research report. The last section dealt with the summary of the chapter. The environment in which business organizations operate is a complex, multi-focus dynamic and has a far reaching effect on such organization. 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. Unethical behaviour also affects profit. All these settings provide multiple contexts that influence how the organization operates and how and what it produces.

In management, the word “Environment” does not necessarily mean physical surroundings, but is used to describe all those influences that bear upon the individual organizations. Business environment is used to mean anything, which surrounds the business organization. It affects the decisions, strategies, process and performance of the business. The environment is consisting of factors which are beyond the control of the business (STEP) social, technological, economical, legal and political. It provides opportunities or poses threats to the organization. Since business makes demand on the society and the society makes demands on the business, managers in any organization must interact with and respond to environmental factors internal or external to their organizations. The sum of these interrelationships within the business and between the business and the society is what is the management regarded as business environment.

BACKGROUND OF THE STUDY

Individuals have needs and business organizations exist to satisfy the needs and wants of the society. An appropriate method toward understanding form of business ownership will require the provision of conceptual frame work for the word BUSINESS. BUSINESS in a capitalist economy can be described as the sum of all the activities involve in the production and distribution of goods and services for profit. This definition implies that business assume responsibilities for two of the basic human activities; Production i.e. Fabrication of physical objects through the use of men, machine, and material and distribution of these product/service as the consumers. The second implication of the definition is that all business organizations should strive to survive and continue to provide employment for workers and good returns to the owner sake profit. They are not charitable organizations; they must make profit in order to Functionally, Business means those human activities which involve production or purchase of goods with the object of selling them at a PROFIT. In the work of Uric and Hunt , a ‘Business is any enterprise which makes, distributes or provides any articles or service which other member of the community need and are able and willing to pay for.

OBJECTIVES

The objectives of this research are as follow;

- To provide a basic understanding on the concept of business environment.

- To determine the problem imposed by the influence of business environment in an Organization.
- To recommend solutions on environmental problems as they affect business
- To recommend measures in order to make the environment more conducive for business

STATEMENT OF PROBLEM

The major focus of this study is to find out the extent at which business activity is influenced by its environment. To this end, the study will address itself for a number of specific problems which include the following;

- The impact of environment on business
- The extent to which business activities are independent of some of the forces of the environments.
- How businesses react to the change in business environment
- How business activity in any way influenced the environment

In the phase of changing economic times and systems fueled by diverse factors, any company needs to update their systems to survive and thrive in the market. Over the last few years, many companies have collapsed, with others opting to sell their shares or businesses as a whole to avoid eventual loss. As such, it is important for companies to study environmental factors in which the businesses operate since they aggregately affect performance dictating whether a system will thrive or collapse.

SCOPE OF THE STUDY

The study will look at the effect and impact of business environment on Cadbury Nigeria plc. It will also look at the general view of business as applicable in Food & beverages companies in Nigeria with emphasis on the type of internal and external environment.

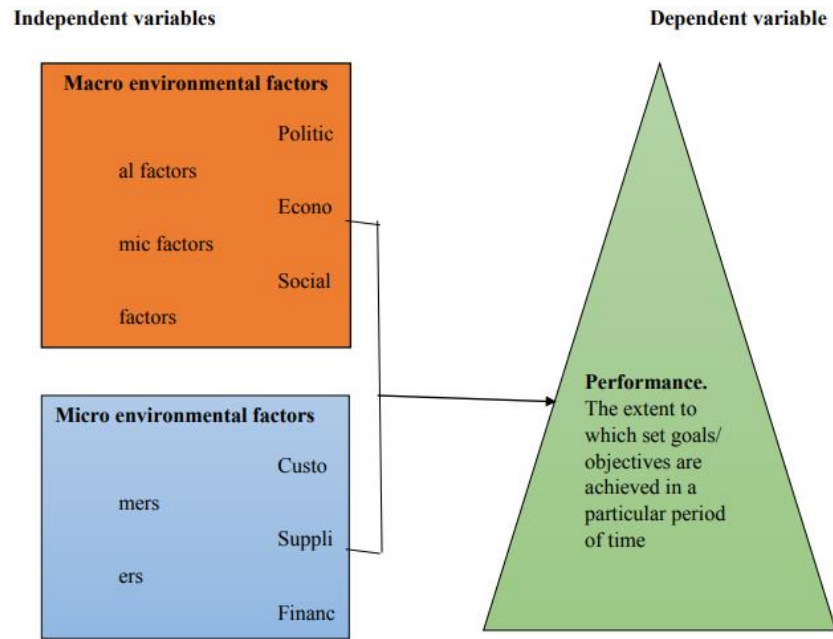
II REVIEW OF LITERATURE

INTRODUCTION

The chapter endeavored to review the literature that has been conducted on the subject under study. The previous chapter provided a brief explanation of the research area and the effect of environmental factors on the performance of a company. The researcher further elaborated, with the help of decent literature, examining the topic under study. This chapter attempts to identify the environmental factors affecting the performance of a company, the effects of environmental factors on performance and how to manage the effects of environmental factors in order to increase performance.

CONCEPTUAL FRAMEWORK

To understand the long-term forces on the market is very important, it is also vital to know how they change. By recognizing and understanding the relevance of these changes faster than the competitors, the company can gain an advantage (Chevron, 2004). Political factors, economic factors, technological factors and legal factors all combine to form the macro-environmental factors that play a big role in influencing the performance of PACRA. At the same time, competitors, suppliers, customers, marketing intermediaries, financiers, the public, labor and regulatory agencies combine to form the micro environment that also affects the performance of PACRA. The overall performance of the institution is affected by a combination of the environmental factors.



Source page (Cheverton, 2004)

EFFECTS OF ENVIRONMENTAL FACTORS ON PERFORMANCE

The environment of a business may be defined as the total surroundings, having a direct or indirect bearing on the functioning of business. It may also be defined as the set of external factors, such as economic factors, social factors, political and legal factors, and demographic factors, technical factors, among others, which are uncontrollable in nature and affect the business decisions of a firm (Obasan, 2014). Different institutions are affected by different numbers and kinds of environmental factors. External environmental factors change speedily, are uncertain, and complex, and may create problems for organizations if not closely monitored. Any organization ignoring or being unresponsive to environmental factors is creating trouble or inviting trouble. Environment factors affect the relationship between strategic planning and performance (ChengHua et al., 2011). Several researchers have argued that the direction of performance depends on the organizational environment. For example, the relationship between market orientation and performance may be moderated by market and technological turbulence and competitive intensity (Subramanian et al., 2009).

III RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

This study was qualitative in nature this is because qualitative research has an advantage over quantitative approach in studying human behavior because it allows the researcher to go beyond the statistical results. Human behavior is best explained by observing qualities of behavior such as attitudes and other emotions. Descriptive research design was employed so as to precisely capture the respondents' views and opinions.

3.2 AREA OF THE STUDY

The study was carried out at PACRA-Kitwe branch

3.3 TARGET POPULATION

The target population involved employees from PACRA. These groups of people were deemed to be the information-rich cases for the study hence; they provided valuable and required information on the subject matter. Therefore, the following formula by Yamane Taro (1970) was used to come up with the members of staff.

The formula:
$$n = \frac{N}{1 + N(e)^2}$$

Whereas: **N= Target population**

n=Total sample size

e = Desired margin error

Members of staff sample size from PACRA (Kitwe)

N=50, desired margin error (0.05)

$n = 50/1+50 (0.05)^2 = 40$ respondents.

3.4 SAMPLE SIZE

Basically, a sample is a number of people or things taken from a large group and used in tests to provide information about the group. The sample size comprised of 40 workers at PACRA

3.5 SAMPLING TECHNIQUES

The sampling technique is the part of the study that indicates how respondents were selected to be part of the sample and were not selected haphazardly but chosen systematically. Purposive sampling method was used in this study because it is a qualitative method. Purposive sampling targets only the people believed to be reliable for the study and it is equally applicable in qualitative. The power of the purposive sampling technique also lies in selecting information-rich cases for in-depth analysis related to the central issue being studied.

IV ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION:

The previous chapter presented the methodology of the study. This chapter presents the findings of the study on the effects of environmental factors on the performance of a company. A case study of PACRA. The study was guided by three (3) research questions as follows. However, the demographic characteristics were presented first.

- Types of the environmental factors affecting the performance of PACRA as a company?
- What are the effects of environmental factors on PACRA's performance?
- What measures has PACRA put in place to manage the effects of environmental factors in order to increase performance?

BACKGROUND CHARACTERISTICS

This section presented the demographic characteristics of employees from PACRA- Kitwe branch as captured by data collection tools used in the study. These characteristics were essential in analyzing the effects of environmental factors on the performance of a company.

GENDER OF RESPONDENTS

Gender is very critical and important in social science research because it helps in understanding gender relations and dynamics in work places and in this case, its relationship with culture at the workplace. It is for this reason that this part was dedicated to present findings from the reached respondents based on gender.

Table 4.1 Gender of Respondents

| Gender | Frequency | Percentage |
|--------------|-----------|-------------|
| Male | 15 | 37% |
| Female | 25 | 63% |
| Total | 40 | 100% |

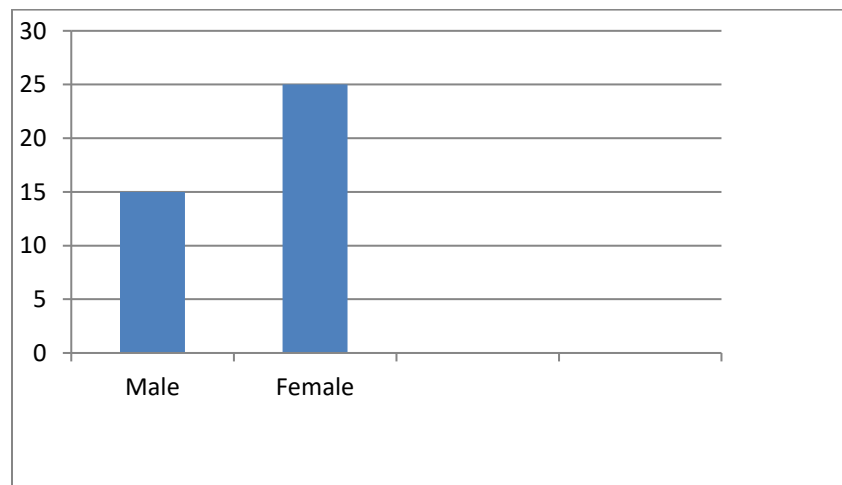


Figure 4.1 Genders of Respondents

In the above figure and table, the study sought to indicate the gender of the respondents. As indicated the roll data show that the majority (25) 63% were females. Whilst (15) 37% were the males.

Table 4.2. Education of Respondents

| Option | Frequency | Percentage |
|--------------|-----------|-------------|
| Certificate | 8 | 20% |
| Diploma | 22 | 55% |
| Degree | 10 | 25% |
| Total | 40 | 100% |

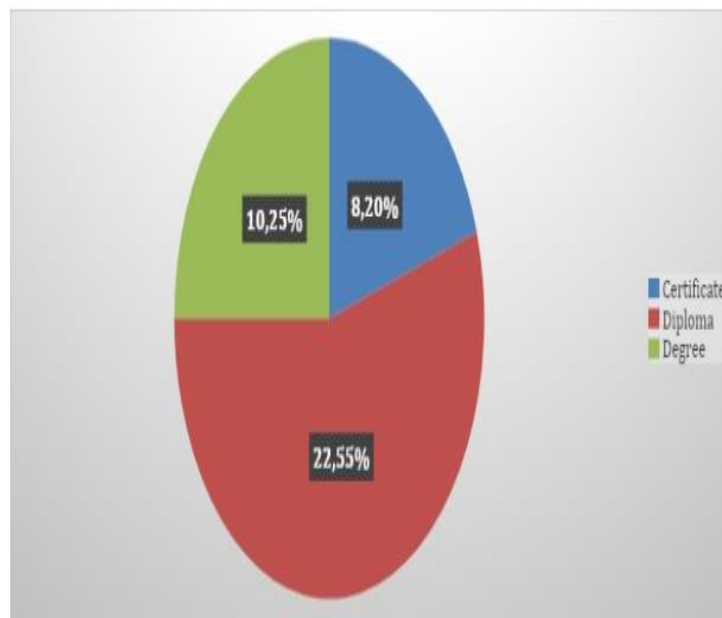


Figure 4.2. Education of Respondents

The figure and table above revealed the educational background or environment present at PACRA. Firstly, that out of the 40 respondents, 8 of the respondents had certificates which represent 20%. Secondly, it was seen that 10 representing 25% had degrees. Thirdly, only 22 representing 55% had diplomas. This shows that most of the respondents had diplomas. The education level of the respondents was ideal in carrying out the study since they were able to respond to questionnaires considerably.

Table 4.3 Numbers of years working for PACRA

| Ranks | Frequency | Percentage |
|--------------------|------------------|-------------------|
| 1-5 years | 18 | 45% |
| 6-10 years | 12 | 30% |
| 11 years and above | 10 | 25% |
| Total | 40 | 100% |

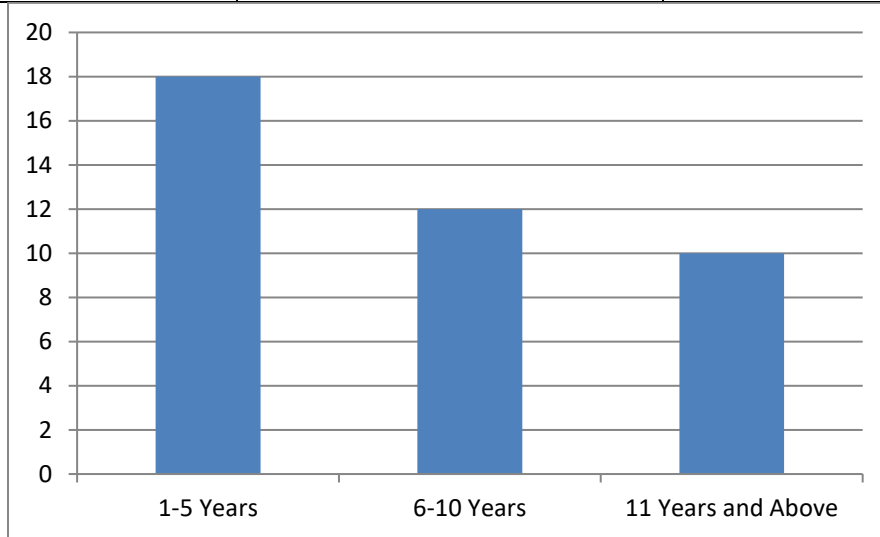


Figure 4.3 Numbers of years working for PACRA

The above figure and table showed the years that PACRA employees have worked. However, the majority workers representing 45% are new in the company and have worked between 1 to 5 years. These were seconded by 25% those who have worked for over 11 years while the other respondents representing 30% have worked longer than 5 years but less than 10 years, i.e. 6 to 10 years.

V FINDINGS SUGGESTION & CONCLUSION

5.1 INTRODUCTION

This chapter discusses the findings of the study based on the research questions namely;

- i. What are the types of environmental factors affecting the performance of PACRA as a company?

- ii. What are the effects of environmental factors on PACRA's performance?
- iii. What measures has PACRA put in place to manage the effects of environmental factors in order to increase performance?

The study showed that the majority (25) 63% were females while (15) 37% were the males. They revealed that 8 of the respondents had certificates which represent 20%. Secondly, it was seen that 9 representing 23% had degrees. Thirdly, only 21 representing 53% had diplomas. This shows that most of the respondents had diplomas. The education level of the respondents was ideal in carrying out the study since they were able to respond to questionnaires considerably. The study indicated that the majority workers representing 45% have worked between 1-5 years. These were seconded by 30%, these employees are employees who have worked for over 11 years while the last respondents representing 25% have worked for 6 to 10 years.

5.2 CONCLUSION

- The study revealed that the environmental factors (internal and external) are the types of environmental factors that refer to anything within the company and under the control of the company no matter whether they are tangible or intangible.
- The study also indicated that internal factors can affect how a company meets its objectives. Strengths have a favorable impact on a business while weaknesses have a harmful effect on the firm.

The study found that workers trust environmental scanning which is helping them in monitoring of the organization's internal and external environments for early signs that a change may be needed, to accommodate potential opportunities or threats, and to make adjustments to allow the company's strengths to combat its weaknesses.

5.3 RECOMMENDATIONS

- I. Managers should be sensitive towards the external environment which is so dynamic, it extremely influences decision making,
- II. Managers ought to be flexible and they should be able to change the way they make decisions if they want their business to have sustainable competitive advantage.

- III. To gain and sustain competitive advantage into the future, firms need to pay attention to the external and internal factors,
- IV. Policy makers should conduct seminars regarding the effects of environmental factors on performance so as to come up with sound and realistic policies and formulate laws geared towards performance appraisal and improvement.
- V. Finally businesses should continuously scan the environment for any opportunities or threat and be prepared to deal with such eventualities.

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