AWARENESS LEVEL OF SME MANAGERS ON THE INFLUENCE OF SOCIO-CULTURAL FORCES ON BUSINESS OPERATIONS IN ANAMBRA STATE

Onyemechara,ChiamakaChikezie
Nnamdi Azikiwe University, Awka.
E-mail: chiamakand@gmail.com

And
Dr. (Mrs.). A. U. Okeke
Department of Technology and Vocational Education, Faculty of Education
Nnamdi Azikiwe University, Awka
E-mail: au.okeke@unizik.edu.ng

ABSTRACT
The study sought to determine the awareness level of SMEs managers' on the *influence of socio-cultural environmental forces on their business operations in Anambra State. One research question and two null hypotheses guided the study. Descriptive survey design was adopted. The research population comprise of 811 managers of small and medium enterprises registered with the Anambra State Ministry of Commerce and Industry. A sample size of 243 SMEs managers was selected for the study using proportionate stratified random sampling. A structured and validated five point rating scale questionnaire containing 10 items was used for data collection. Cronbach Alpha method was used to establish the reliability of the instrument which yielded coefficient of 0.85. The researchers administered the instrument with the help of three research assistants in the state. Data collected were analyzed using mean and standard deviation to answer the research question while t-test and Analysis of Variance (ANOVA) were employed to test the hypotheses at 0.05 level of significance. Findings revealed that SMEs managers' in Anambra State were highly aware of the influence of socio-cultural environmental forces on their business operations. The study further revealed that gender and years of experience were not significant factors on the SME managers awareness level of the influence of socio-cultural forces on their business operation. It was concluded that majority of the owners of SMEs in Anambra State understands the importance socio-cultural environmental forces can play in success of their business operations and are conscious of the changes in the business that could result as a result in these socio-cultural forces. The researchers recommended among others that SME managers should constantly review, modify and develop new policies in line with changes in socio-cultural environmental forces. This is because high awareness alone without proper implementation of policies cannot guarantee business success. SMEs*

NAU Journal of Technology & Vocational Education Vol.3 No.1 2018. All Rights Reserved.
http://www.naujtved.com.ng

managers should engage in regular market research in order to recognize current needs, value, taste and preference of the type of goods consumers are looking for in the marketplace.

Key Words: Awareness, Socio-cultural Environmental forces, SMEs

Introduction

Business enterprises are organizations concerned with the production and rendering of goods and services that meet and satisfy human wants. Business enterprises produce goods and services for consumers with the aim of making profit. They are categorized into small and medium scale enterprise and large scale enterprise. The United States of America Small Business Administration in Oghojafor, Okonji,Olayemi and Okolie (2011) viewed a small and medium scale enterprise (SME) as a business enterprise independently owned, which is not a dominant entity in its field of operation.

Small and medium scale enterprises (SMEs) are self-generated ventures, operating in small capacity within any economy. SMEs play indispensable roles in stimulating and transforming entrepreneurial ventures in developed and developing economies of the world and provide cheaper outlet for an entrepreneur to explore and enter the business world. There is no universally acceptable definition for SMEs among scholars as every country defines it differently but the common characteristics in the definitions are coined around the number of employees, annual sales turnover and management style. According to Gbandi and Amissah (2014), SMEs in Nigeria are based on capital employed, turnover and number of employees. For instance, in the archives of the Central Bank of Nigeria (CBN, 2005), small and medium scale enterprises was defined as all businesses with a total assets and investment of less than one million Naira (₦1,000,000) with a total number of employees less than fifty. Similarly, Sokoto and Abdullahi (2013) defined SMEs as business enterprises with total capital employed of not less than ₦1.5 million but not above ₦200 million, including working capital but excluding the cost of land with not less than 10 staff but not exceeding 300.

An SME exists within an environment which consists of a set of physical, biological, socio-cultural and political forces that surround and ultimately determine the sustainability of SMEs. The success of SMEs is a product of many actors within the environment which pose great challenges that have to be overcome by the organization . In contemporary Nigeria business environment, different forces which are called environmental forces affect business operations and organizational performance either positively or negatively. Environmental forces consist of external influences peculiar to the activities of a business enterprise in a locality. Environmental forces create challenges and opportunities for business enterprises (Pearce & Robinson, 2007). The changing and dynamic nature of an environment

NAU Journal of Technology & Vocational Education Vol.3 No.1 2018. All Rights Reserved.
http://www.naujtved.com.ng

demands that SMEs have to act and react to events that happen outside and within the business premises. Environmental forces can be micro or macro in nature.

Macro-environmental forces are often referred to as remote, general or operating environment. Macro-environmental forces affect the internal functions, objectives and strategies of SMEs and are not easily influenced by management since they are external to the enterprise. One of these macro-environmental forces is the socio-cultural environmental forces. Socio-cultural environmental forces regulate the values, attitudes, taste, fashion and customs of a society. They are social conditions and aspects of a country's culture that create environmental goodwill or present pressures that could stifle the operational activities of SMEs (Gurol & Aitsan, 2006). SME managers must change their operational strategies overtime and start to produce up-to-date goods that will attract and retain customers in order to remain in business (Aliyu, 2014).

Business enterprises are established to achieve and accomplish certain profitable objectives. Thus, the success of every SME depends on how well it adapts to the socio-cultural forces within which it operates. Presently, managers SMEs in Nigeria are faced with a number of socio-cultural forces compelling them to re-think their approach to various business operations. The manager of SMEs could be male or female for it is not gender sensitive. According to Salami (2013), socio-cultural forces are the most difficult uncontrollable variables to predict. Therefore it is important for the managers of SME, whether male or female irrespective of gender to be conscious of its influence so as to achieve business goals. Gender as a variable could play an important role in the level of awareness of managers of SMEs. Similarly, years of experience (0-5 years, 6-10 years and above 10 years) could influence awareness of SME managers on the influence of socio-cultural environmental forces on organizations' business operations. Managers with above 10 years experience could have a higher level of awareness than those with 6-10 years experience while those with 6-10 years could be more aware than those with 0-5 years experience. The differences in level of awareness could be as a result of having been in the business for long and acquiring more knowledge of the significance of socio-cultural forces on business dealings. Awareness is the act of knowing something, knowing that something exists and its importance (Hornby, 2015). In the context of this study, awareness is the act of being conscious of the impacts of socio-cultural forces on the operations of SMEs.

In spite of the laudable role of SMEs in the economy, it is discouraging to observe that many of them that enter the business world in Nigeria every year fail rather than succeed. Nwachukwu (2009) regretted that only about ten percent of SMEs in Nigeria survive the first few years of operation. This means that 90 percent are either ailing or have closed down. The failure could also be attributed to insufficient awareness of managers on the influence of socio-cultural forces such as age distribution of consumers, ethnic values of consumers, social status of the consumers, religious affiliations of the consumers, social classes in the society among

NAU Journal of Technology & Vocational Education Vol.3 No.1 2018. All Rights Reserved.
http://www.naujtved.com.ng

others on SMEs' operational activities. There is therefore the need for managers of SMEs to be aware of the changes that constantly occur in the business environment because the success or survival of business enterprises could be determined by how knowledgeable managers are. It is against this backdrop that this study sought to determine the awareness level of SMEs' managers in Anambra State on the influence of socio-cultural forces on their business operations in Anambra State

Statement of the Problem

A business enterprise and its environment are mutually inter-dependent. One of the surest ways through which SMEs attain success in their business operations is through effective handling of socio-cultural forces because managers of business enterprises operate in a dynamic environment. According to Alexander (2000), the dynamic and rapidly changing environment in which most owners of SMEs compete have macro-environmental forces such as socio-cultural among others that play major roles in the survival and performance of their enterprises. These roles include among others, determining the total amount of money available to customers and businesses to make purchases, enhancing the ability and willingness of individuals and SMEs to perform transactions to acquire goods and services they want and influencing customers' behaviour which affect sales volume and profit.

Small and medium scale enterprises do not pay needed attention to their environment by conducting and embarking on periodic environmental scanning. Hence, an SME manager who wants to succeed must have a clear understanding and awareness of socio-cultural forces that can positively or negatively affect their business operations. It seems that the managers of these SMEs fail to adopt appropriate environmental strategies that will ensure long-term sustainability of their business enterprise. Through this research, managers will be able to plan, implement and evaluate their business operations by anticipating environmental changes, remaining flexible and acting progressively to maximize and actualize success in their business.

The problem of this study is that despite the vital roles of SMEs in any economy, their failure level in Nigeria has remained consistently high while theawareness level of SMEs managers on the influence of socio-cultural environmental forces on their operational activities in Anambra is not clearly known. Hence, this study is imperative as it will reveal the level of awareness of SMEs managers on the influence of socio-cultural environmental forces to enable them take objective actions to remedy any difficulties.

Purpose of the Study

The purpose of this study was to determine the awareness level of SMEs' managers on the influence of socio-cultural environmental forces on their business operations in Anambra State.

NAU Journal of Technology & Vocational Education Vol.3 No.1 2018. All Rights Reserved.
http://www.naujtved.com.ng

Research Question

The following research question guided this study:

1. What is the awareness level of SME managers on the influence of socio-cultural environmental forces on their business operations in Anambra State?

Hypotheses

The following null hypotheses were tested at 0.05 level of significance

1. Male and female respondents do not differ significantly in their mean ratings on the awareness level of the influence of socio-cultural environmental forces on their business operations in Anambra State.
2. Managers of SMEs do not differ significantly in their mean ratings on the awareness level of the influence of socio-cultural environmental forces on their business operations in Anambra State as a result of years of experience (0-5 years, 6-10 years and above 10 years).

Method

Descriptive survey research design was adopted for this study. This study was carried out in Anambra State. The population for this study consisted of 811 managers of small and medium enterprises registered with the Anambra State Ministry of Commerce and Industry as at 17th August, 2017. A sample size of 243(143males and100 females) managers of SMEs in Anambra State was selected using proportionate stratified random sampling technique. The sample size was determined by 30% of male and female owner each. The data for the study was collected through questionnaire titled "Influence of Socio-cultural Environmental Forces on SMEs Questionnaire (ISEFSMEQ)". The questionnaire has two sections, A and B. Section A contained items on demographic information of the respondents such as gender and years of experience while Section B contained 10 items and structured on a 5 point rating scale of: Very Highly Aware (VHA), Highly Aware (HA), Moderately Aware (MA), Slightly Aware (SA) and Not Aware (NA).

The face validity of the instrument was ascertained using the opinions of two experts in Business Education and one in Measurement and Evaluation from Nnamdi Azikiwe University, Awka. Cronbach Alpha method was used to establish the internal consistency of the items in the instrument. The reliability coefficients obtained was 0.85. Data collected were analyzed using mean, to answer research question and standard deviation to determine the closeness or otherwise of the respondents' responses to the mean; while t-test and Analysis of Variance (ANOVA) were used to test the two hypotheses.

Results

Data collected in respect to this research question were analyzed and the result is presented below

NAU Journal of Technology & Vocational Education Vol.3 No.1 2018. All Rights Reserved.
http://www.naujtved.com.ng

Table 1
Respondents' mean ratings on their awareness level of socio-cultural environmental forces on their business operations

S/N	Items on socio-cultural environmental forces	π	SD	Remarks
1	Changes in the pattern of fashion have influence on the decision of customers to purchase clothing from SMEs	0.79	0.70	Highly Aware
2	Disparities in consumer sensitiveness to products have influence on the production capacity of SMEs	3.82	0.64	Highly Aware
3	Age distribution of consumers have influence on the consumption of SMEs products	3.74	0.74	Highly Aware
4	Ethnic values of consumers have influence on sales of SMEs products	3.81	0.59	Highly Aware
5	Social status of the consumers in the society have influence on the business packaging system	3.79	0.57	Highly Aware
6	Religious affiliations of the consumers have influence on the type of products offered by SMEs	3.76	0.63	Highly Aware
7	Social classes in the society have influence on the channel of distribution of products offered by SMEs	3.86	0.65	Highly Aware
8	Customers' educational background has influence on the quality of SMEs products	3.74	0.66	Highly Aware
9	Cross cultural difference of customers have influence on the type of products offered to them by SMEs	3.85	0.62	Highly Aware
10	Language of the people have influence on the operations of SMEs	3.76	0.63	Highly Aware
	Cluster Mean	**3.79**		**Highly Aware**

Data in Table 1 show that the 10 items have mean ratings ranging from 3.74 to 3.86 with a cluster mean of 3.79. This means that SMEs managers were highly aware of the influence of socio-cultural environmental forces on their business operations in Anambra State. The standard deviations for all the items are within the range of 0.57 to 0.74 showing that the respondents are not wide apart in their ratings.

NAU Journal of Technology & Vocational Education Vol.3 No.1 2018. All Rights Reserved.
http://www.naujtved.com.ng

Table 2
t-test summary analysis of awareness level of male and female SME managers on the influence of socio-cultural environmental forces on their business operations

Gender	N	π	SD	df	t-cal	t-crit	Decision
Male	103	3.96	0.82				
	190	0.30	1.96		Not Significant		
Female	89	3.92	0.84				

The result in Table 2 shows that male respondents (103) had a mean response of 3.96 and a standard deviation of 0.82 while the female respondents (89) had mean response of 3.92 and a standard deviation of 0.84. The calculated t-value of 0.30 is less than the t-critical value of 1.96 at 0.05 level of significance and 190 degree of freedom. This revealed no significant difference and therefore, the null hypothesis is accepted. This means that male and female respondents do not differ significantly in their mean ratings on their awareness level of the influence of socio-cultural environmental forces on their business operations in Anambra State.

Table 3
One – way Analysis of Variance (ANOVA) for the mean of SMEs managers with 0-5, 6-10 and above 10 years of experience on their awareness level of the influence of socio-cultural environmental forces on their business operations

Sources of Variance	Sum of Squares	DF	π Square	F-cal	F-crit	Decision
Between Groups	0.01	2	0.05	0.33	3.35	Not Significant
Within Groups	4.11	27	0.15			
Total	**4.12**					

Data on Table 3 shows that F-cal of 0.33 is less than the F-crit of 3.35 (0.33 < 3.35) at 0.05 level of significance with 2 and 27 degree of freedom therefore the null hypothesis is accepted. This means that respondents did not differ significantly in their mean ratings on their awareness level of the influence of socio-cultural environmental forces on their business operations in Anambra State as a result of years of experience.

NAU Journal of Technology & Vocational Education Vol.3 No.1 2018. All Rights Reserved.
http://www.naujtved.com.ng

Discussion of Results

Findings of the study revealed that managers of small and medium scale enterprise in Anambra State are highly aware of the influence of socio-cultural environmental forces on their business operations. Changes in the pattern of fashion, disparities in consumer sensitivities to products, age distribution of consumers, ethnic values of consumers, social status of the consumers in the society, religious affiliations of the consumers, social classes in the society, customers' educational background, cross cultural differences of customers and languages of the people have influences on the operations of SMEs. This finding tallies with that of Wanjohi and Mugure (2008) which discovered that managers of small and medium scale enterprises are highly aware of the influence of socio-cultural environmental forces on their business operations. Socio-cultural environmental forces affect the marketstrategies put in place by any business enterprise, whether big or small in the market place.The outcome of this study also agrees with the finding of King and McGrath (2010) that managers of small and medium scale enterprises are highly aware of the influence of socio-cultural environmental forces on their business operations.

The high awareness of SMEs managers on the influence of socio-cultural environmental forces on their business operations is important to the success of SMEs businesses. However, the fact that SMEs have continued to fail could be attributed to poor planning and inadequate utilization of marketing strategies in their marketing campaigns so as to stand a better chance of attracting more customers. Zimmerer and Scar-borough (2009) stated that awareness alone does not bring business success, but SMEs managers must put in place and utilize marketing strategies so as to respond to changes in socio-cultural environmental forces which could negatively affect customers' perception about the products offered.

Furthermore, this study also found no significant difference in the mean ratings of respondents on their awareness level on the influence of socio-cultural environmental forces on their business operations as a result of gender and years of experience. This is in agreement with the findings ofHenry, Foss, Fayolle, Walker and Duffy (2015), that there is no significant difference in the awareness level on the influence of socio-cultural environmental forces on their business operations as a result of gender and experience of SMEs managers on the ground that socio-cultural environmental forcesaffect individuals, business thought and behavior within social setups.

Conclusion

In the light of the findings of this study, the researchers conclude that the majority of the managers of SMEs in Anambra State understand the importance the socio-cultural

NAU Journal of Technology & Vocational Education Vol.3 No.1 2018. All Rights Reserved.
http://www.naujtved.com.ng

environmental forces can play in the success of their business operations and are conscious of the changes in the business that could result as a result of changes in this environmental force.

Recommendations

Based on the findings of the study and conclusion drawn, the following recommendations are made:

1. SME managers should constantly review, modify and develop new policies in line with changes in socio-cultural environmental forces. This is because high awareness alone without proper implementation of policies cannot guarantee business success.
2. Managers of SMEs should engage in regular market research in order to recognize current needs, value, taste and preference of the type of goods consumers are looking for in the marketplace.
3. The teaching of socio-cultural environmental forces should be integrated into the curriculum of Business Education in order to expose students to the complex nature of the business environment upon graduation.

References

Aliyu, M. S. (2014). Relationship between market orientation and firm performance: A look at Nigerian SMEs. *Developing Country Studies, 4*(2), 87-93.

Alexander, L. D. (2000). Successfully implementing strategic decisions.*Long Range Planning, 18*(3), 91-97.

Central Bank of Nigeria (2010).Business expectations survey.A Quarterly Publication of the Central Bank of Nigeria, 2nd Quarter, 2010.

Gbandi, E. & Amissah, G. (2014).Financing options for small and medium enterprises (SMEs) in Nigeria.*European Scientific Journal, 10,* 1-14.

Gurol, Y. & Aitsan, N. (2006).Entrepreneurial characteristics amongst university students: Some insights for entrepreneurship education and training in Turkey. *Education + Training, 48*(1), 25-38.

Henry, C., Foss, L., Fayolle, A., Walker, E. & Duffy, S. (2015). Entrepreneurial leadership and gender: Exploring theory and practice in global contexts. *Journal of Small Business Management,53*(3), 581–586. http://dx.doi.org/10.1111/jsbm.12174

NAU Journal of Technology & Vocational Education Vol.3 No.1 2018. All Rights Reserved.
http://www.naujtved.com.ng

Hornby, A. S. (2015). *Oxford Advanced Learners' Dictionary of current English*. Ney York, USA: Oxford University Press.

King, K., & McGrath, S. (2010). Globalization, enterprise and knowledge: Educationaltraining and development. *International Review of Education*, 50(1), 74 – 76.

Nwachukwu,. A. C. (2009). The role of entrepreneurship in economic development: The Nigerian perspective. *European Journal of Business Management, 4*(8), 119-125.

Mawoli, M. A. & Aliyu, A. N. (2010).*Entrepreneurship and Small Business Management in 21st Century Nigeria*. Makurdi: Aboki Publishers.

Oghojafor, Okonji,Olayemi&Okolie, (2011). Fifty years of entrepreneurship development in Nigeria: Challenges and prospects. 10th International Entrepreneurship Forum, Tamkeen, Bahrain, 9-11 January 2011.

Pearce, J. A., & Robinson, Jr. R. B. (2007).*Formulation, implementation and control of competitive strategy(10th Ed.)*. Chicago: Richard D. Irwin.

Salami, S. S. (2013).Awareness on the influence of macro-environmental forces on marketing activities of small scale business operators in Oyo State. (*Masters degree thesis*), University of Nigeria Nsukka.

Sokoto, A. A. & Abdullahi, Y. Z. (2013).Strengthening small and medium enterprises (SMEs) as a strategy for poverty reduction in north western Nigeria.*American Journal of Humanities and Social Sciences,1*(3), 189-201.

Wanjohi, A.M., & Mugure, A., (2008).Factors affecting the growth of MSEs in rural areasof Kenya: A case of ICT firms in Kiserian Township, Kajiado District of Kenya.

William, D. P. & McCarthy, J. E. (2002). *Basic marketing: A global managerial approach.* Michigan: Times Mirror Higher Education Group. Inc. Company.

Zimmerer, T. W., & Scarborough, N. M., (2009).Essentials of entrepreneurship and small business management. New York: Prentice Hall.

NAU Journal of Technology & Vocational Education Vol.3 No.1 2018. All Rights Reserved.
http://www.naujtved.com.ng