**THE INFLUENCE OF ENVIRONMENT VARIABLES ON THE PERFORMANCE OF SMALL SCALE BUSINESS IN AKWA IBOM STATE. (A STUDY OF EKET SENATORIAL DISTRICT, AKWA IBOM STATE).**

**CHAPTER ONE**

1. **INTRODUCTION**

The influence of environmental variables in any organization is to be considered important, because it is the totality of situations and factor that can have direct or indirect effect or influences on the performances or output of managerial efforts in any given organization. Every organization is affected by environmental variables.

In most cases, these environmental variables or elements present challenges and becomes problems to the business. The overwhelming mass of literature in the field of management is directed essentially on the larger scale manufacturing business, this leaving the small scale business enterprises to still exists in our economy and perform a vital and indispensable role and a such warrant more attention in a research of this kid than they normally received.

In an area when planned economic development has been identified as the only means of achieving an economic take-off in developed and developing countries all over sectors of the economy need to be alert and the role of small scale business should be stressed.

Small scale enterprises makes up a very vital segment or sector of the economy of any country. It is highly noted that the complexity of environmental variables have caused disturbances the management performances of both public and private organizations. Having in mind the sensitivity of this study, and the importance and impact of the small scale businesses to the economy, this study will create awareness on the significance of small scale enterprises. It will enhance and provide more solutions to the problems that affect the performances of scale business and hence offer greater scope for it and in addition to the already existing literature on small scale business enterprises.

**1.1 THE HISTORICAL BACKGROUND**

Mayer (1982) describes environmental variables as temporary changes those impacts on organization are descriptive and potentially inimical. Whatever the abstractions of environmental force the point being, made is that the rate of change in the environment is grave and constitute the bulk of problems in enterprises management.

Draft (1986), has argued that environmental instability is not necessarily detrimental to the success of organizations so long as they take measures to institute effective environmental management to achieve a reasonable degree of predictability, perception and nationality in environmental relation. Therefore the problems of the small scale business have become a sources of concern to individuals entrepreneurs and government alive.

Officials definition of small scale business since 1986 has been firms whose capital does not exceed N750,00. However, the opinion of this work is that for nay business in Nigeria to be regarded as small. its annual turnover capital investment or total assts should be reserved upwards to be between N1.5 million and N2.0 million as opposed to the current figures of between N150,000.00 and N750,000.00.

The World Bank (1990) used the following criteria to classify firms as small scale business small manufacturing firms that are relatively modern. Organized manufacturing firms such as those engaged in construction repair, and transportation and trading. enterprise not organized in modern manner. Examples include transition artisan, petty traders, and transport owners in the informer sector. In this regard, neither the number of people employed not the amount of initial capital is pended.

Banangida (1990) referred to small scale enterprises as those which do not employed more than 50 employees and have initial capital equipment of N600,000.00 in the Nigerian context, therefore, a small business is any business that is owned, managed and controlled by a sole proprietor, on the partners of about two persons has total asset of less than four million Nigerian, and a relatively small share of the market and does not have more than fifty employees.

**1.2 STATEMENT OF THE PROBLEM**

The complexities of environmental variables have caused disturbance to the management performance of both public and private organizations in Akwa Ibom State.

Most Nigeria small business in a higher degree depend imported raw materials and equipment for direct operation. This inglorious and testable situation is apparently most devastating in Nigeria. This is evidenced in high unemployment rate, poverty, low living standard, high crime rate etc. this is a clear evidence.

**1.3 OBJECTIVES OF THE STUDY**

The objectives are;

1. To determine whether environmental variables influences small sale business performance.
2. To determine the challenges caused by the environmental variables to the small scale business performances
3. To determine how the activities of small scale business contribute and enhance economic development in Akwa Ibom State.
4. To make recommendation based on findings

**1.4 RESEARCH QUESTION**

To guide this research work the following research question were formulated:

1. Does an environment variable influences the control and management of small scale business?
2. Does small scale business contribute to economic
3. Does small scale business encounter problems in their business performances?
4. Does environmental variables affect the performances of small scale business?

**1.5 HYPOTHESES**

The following hypotheses were draw to guide this research work. It is stated in both null (Ho) and alternative (Hi) forms.

**Ho:** There is no significance relationship between variables and business performances

**Hi:** There is significance relationship between variables and business performances

**Ho:** There is no significance relationship between business performances and economic development.

**Hi:**  There is significance relationship between business performances and economic development.

Also, it will be useful to govern in formulating reliable policies and strategies. It will also enable managers/entrepreneur to variables their effort towards curbing the environmental variables that affect the performance of small scale business. This enables them to formulate and implement realistic policies to take the environment variables.

**1.6 DELIMITATION OF THE STUDY**

The focus of this study is the impact of environmental variables involve in venturing into the performances of small scale business in Akwa Ibom State through the use of structure questionnaire.

**1.7 LIMITATION OF THE STUDY**

The major hindrances to this research work include sample and sampling size, new information or material keeps coming in as the researcher are conducted. Poor response by the respondents, transportation network and the areas of study. This limited the strength of the researcher to certain degree as the could not cover all area of the interest.

**1.8 DEFINITION OF TERM**

For the purpose of clarity the following is defined.

**Influences**: This is something that affects the way you behaves or think.

**Environmental variables:** These are the temporary changes whose impact on organizations a re disruptive and potentially inimical.

**Challenges:** This means some difficult tasks that test somebody’s ability.

**Perception:** Is the process by which individual access information from the environment, organize it and make out meaning from it.