The nexus between business environment and business performance of oil blending companies

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Abstract

In view of the collapsing state of businesses in Nigeria, this study was carried out to examine the impact of business environment on business performance of oil blending companies in South-Eastern, Nigeria. It examines the relationship between business environment components and business performance of these oil blending companies. This study adopted a quantitative method approach. The population of the study comprises the staff, general managers, executive managers or managing director and customers of the 14 licenced oil blending companies in south-eastern Nigeria. The target population were the four selected oil blending companies which were purposively selected based on their year of establishment. Two hundred and sixty participants were selected using simple random techniques. A cross-sectional approach was adopted and data were collected using business environment questionnaire and business performance questionnaire" with the help of three research assistants. The returned and valid questionnaire were analysed using Statistical Packages for Social Science (SPSS) version 25 and Structural Equation Modelling analysis techniques (Smart PLS) version 3.2.6. The results showed a moderate level of financial performance of these Oil blending companies while the relationship between business environment and business performance is adjudged to be very high. Therefore, it was concluded that business environment is one of the major determinants of the business performance of oil blending companies in South-Eastern Nigeria. This research recommended that to be more strong and competitive in the market, Organizational managers must be strategically aware of customer needs and offer unique products and services that satisfy such needs.

Keywords: industrial environment, task environment, business environment, competitive advantage, business performance

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Introduction

Business environment comprises all factors and stakeholders that have impacts on the internal operations of an organization. A business environment is made up of strengths which the business organization could harness to expand its market shares and as well made up threats that are competitors to the business. The knowledge of these environmental factors will further assist a business to lay strategic plans towards having edge over competitors in the market. A business environment is made of political, economic, cultural and social factors. Government plays key roles in shaping business environment.

In today's rapidly changing economic and business environments, organisations compete with products and services for customers, revenue and market share by satisfying the needs of customers. Competitive environment instils technological advances and a diverse variety of products and services, as customers demand products / services of superior quality at lower prices.

The elevated rate of competition causes businesses and sectors to fall out of existence. This has also resulted in a great deal of focus being put on developing expertise, strengths, resources and establishing a competitive advantage that is assumed to promote an edge over other competitors. Nonetheless, among other goals an industry or a firm would like to accomplish, the two significant goals are competitive advantage and improve the efficiency and sustainability of the organisation compared to that of its rivals (Raduan, Jegak, Haslinda, & Alimin, 2009). Businesses must understand the organization's internal strengths and weaknesses in relation to their environment, as well as the potential effects on their organization's survival. The task and industrial environment play vital role in the survival of a business organization. An environment must be supportive in term of basic amenities that are needed for business organizations to thrive. The environment plays key role in determining the spate of available human and material resources for production and the ease with which an organization can carry out its activities. Poor governmental decisions on industrial environment could trigger high interest rates in the financial sector, inflation, deflation, and other decontractionary situations that could plung hosts of businesses into recession. When the task and industrial environment are not conducive for production, this will affect aggregate demand of firms which could push some businesses out of production. Organizational business Managers must identify what the rapidly evolving environment will look like, and adjust their systems, attitudes and other related factors to reap the benefits of changing times. Policies and strategies must be made dynamic in such a way that competitive advantage will be reaped, which make an organization expand in business activities.

Also, a business organization has to determine the type of policies to run in the industry environment and the scope within which it will achieve it. It must be such that will be compatible to the reality of the industrial and task environments. Part of the factors in the industrial environment are the competitors, companies should be evaluated in different dimensions, such as scale, growth and profitability, credibility, priorities, culture, cost structure, strengths and weaknesses, market strategies, barriers to exit etc. All these will enable business to design and adopt the right strategy in dealing with competition and also enable government to play the right role as partner in every business. When there are disjoints between organizational policies and external forces affecting the business, it affects profitability of companies and durability. In such situation the economy will suffer depriving it many advantages like, absorption and reduction of people in the labour market, if it happens the industries become moribund among others. Business fields and the retail markets of modern years in particular are undergoing a global surge of technology-driven competition, industrial globalisation due to faster transformative content and money flows, shortening product life cycles, the need for greater technical convergence and increasingly sophisticated consumers (McGrath, Anthony & Shapiro, 1992). These are external factors from the environment that need to be properly understood by business managers for their businesses to thrive. It calls for studying the relationship between the industrial environment, task environment and business performance since the industrial world is an open system where there is constant influx or exchange between the industries and the environment. They take their inputs from the environment and their outputs return to the society. The knowledge of these factors as they affect the industrial world will make industries firm during turbulent periods in the industry. This therefore justify the need to study the relationship between industrial environments, task environment as they affect performances of business.

Research Questions

i) What is the level of business performance of oil blending companies?

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ii) How does the respondents perceive the business environment of oil blending companies?

iii) What is the relationship between business environment and business perfomance of oil blending companies?

Research Hypotheses

H_1: The industrial environment has a positive and significant influence on business performance of oil blending companies in South Eastern Nigeria.

H_2: The task environment has a positive and significant relationship with business performance of oil blending companies in South Eastern Nigeria.

Literature Review

Concept of business environment

There is an understanding that their success is significantly influenced by the environments under which businesses work. Economic factors have considerable effect on the efficiency of the companies. The business environment can either strengthen or stifle the business. Yet the existence and magnitude of the environmental effect on any one firm depends on such a company's internal configuration. Performance is affected by internal environment , industry environment and macro environment. A lot of research has been done on the impact of the environment on different sectors of the Nigerian economy and by the extension of Nigerian enterprises, which is the engine of the economy. Normally, every work takes up a specific aspect of the environment and explores its effect on an economic field. Eze & Ogiji (2013) looked at the effect of Fiscal Policy on Nigerian companies' production efficiency. We demonstrated a long-term relationship between, on the one hand, government spending and, on the other hand, production efficiency and capacity utilisation which was positive and important. Kwaghe (2011) pointed out that power failure in Abuja , Nigeria, raises the output costs for small and medium-sized enterprises. Adelegan (2011) examined infrastructural deficiencies and investment in the Nigerian manufacturing companies. Similarly, Gado & Nmadu (2011) showed that electricity as an infrastructural resource substantially determines the output of textile companies in Nigeria's North West region. Adenikinju (2008) highlighted the effect of the energy sector on the competitiveness of the Nigerian economy, while Iarossi & Clarke (2011) found that energy supply was seen as the number one problem among Nigerian businesses. These issues impose challenges on the business climate in Nigeria, and affect strategic management practise and strategic growth. The peculiarity of the different countries 'economic and environmental factors places different effects on different countries' businesses. To sustain business development Nigeria lacks the basic infrastructure and logistics. In order to run a successful business in Nigeria, you must have your own infrastructure, such as starting a manufacturing company in Nigeria, providing your own water supply and other facilities that enable the business to function. These will increase your overhead cost compared to some other countries. Poor power supply; this militates against the successful growth of business in Nigeria. You need to provide alternative source of power due to the erratic power supply in Nigeria. Security; this is the next challenge you must deal with if you want to invest in Nigeria.

Concept of business performance

A business is said to be high in performance when it is in a position that allows it to be competitive over time (Zehir et al., 2011). Performance is closely associated with the efficient and effective

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use of human and material resources use in a business organization. Its measurement is dependent on variety of factors. Business performance in this study is predicted on the assumption that industrial and task environment environments of a business organizations are key environmental resources that are germane to the vitality of an organization. Performance of a business organization is hinged on the assumption that businesses must adapt to their environmental manifestations for them to survive. Organizational outcomes are predicted in part by the environmental manifestations according to Bagire and Namada (2013). Business performances is however, seen as when a group of people come together in a structured environment and are willing to carry out goals and objective as well as planning and strategizing for the sole purpose of achieving organizational goals and objectives. Business performance is influenced by the environment. The objectives to be achieved are the business guides in which their attainment are subject to favourable conditions in a business industrial and task environment. Some of the indicators used to measure business performance in this study are sales growth, employment growth, market share growth, cash flow, return on investment, customers satisfaction level, employees performance level, ways of delivering services to customers among others. Business organization performance achieve a strategic advantage when their market success aligns with the needs of their clients. Customer satisfaction management is a possible method for increasing sales and improving competitive advantage (Ogawa & Pongtanalert, 2013; Terpstra, Kuijlen & Sijtsma, 2012). The better the relationship between the business and business customers, the greater the profit margin for the business. Ability of the business to keep or sustain its customers for a long time, is a sign of vitality in the business. A business cannot be said to be high in performance when the business cannot keep up to its customers taste. Business managers need to gain three levels of confidence, including exchanging new ideas with clients, knowing consumer companies, and meeting market place customer needs (Lee, 2013). When the business is able to maintain high customers' satisfaction, such will lead to continuous sales growth in the business. Sales growth provides opportunities for economies of scale and learning curve benefits and translates to low cost of production. The manager can decide to sell below the market price to gain market share or sell at market price to boost the profit margin of the firm. All these lead to increase in profitability of the organization. There must be a balance between investments and returns that suits individual investors (Bauman and Miller, 1994). The main purpose of investing in any business is to gain a return better than if the same money were not invested. The returns can be in form of a regular income, dividends, interest or growth in capital value which the companies give bonuses or sometimes a combination of dividend and bonuses (Greg and Alec 2011). In conclusion if a firm cannot be able to make profit for a long time, it poses danger to that organization and may result in collapse of the business. Many firms have come to understand that to provide value and continue to attract customers, improvements in consumer needs need to be detected rapidly and reliably, more nuanced solutions need to be created that can address those needs and offer higher standards of consumer care and services. Environmental and operational factors can have a significant effect on both the ability to strategically adapt and the performance of the organisations.

Relationship between business environment and business performance

There is an assumption that company performance is significantly influenced by the environments under which businesses work. Economic factors have considerable effect on the efficiency of the companies. The business environment can either strengthen or stifle the business. Yet the existence and magnitude of the environmental effect on any one firm depends on such a company's internal

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configuration. Performance is affected by internal environment , industry environment and macro environment.

A lot of research has been done on the influence of the environment on different sectors of the Nigerian economy and by the enhancement of Nigerian enterprises, which is the engine of the economy. Normally, every research takes up a specific aspect of the environment and explores its effect on an economic field.

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These issues place complexities on Nigerian business environment, and affect the practice of strategic management and development of strategies. The peculiarity of the economic and environmental factors in different countries places different effects on businesses of different countries. As a result of these peculiarities, there is need to deal with the factors base on Nigerian context. The natures of business challenge you will face when doing business in Nigeria include infrastructural challenge, government inconsistency in their policies, poor transportation system; inability to access funds and banks unwillingness to support some businesses, government's insensitivity and societal preferences on imported goods.

Industrial environment and business performance

The intensity of competition defines the extent to which it will dissipate the value generated by an industry through head-to - head competition (Karagiannopoulos, Georgopoulos, & Nikolopoulos, 2005). Intense competition stems from a variety of overlapping structural factors: multiple or similarly distributed competitors, sluggish growth of the market , high fixed or storage costs , lack of differentiation or switching costs, increased flexibility in large increments and diverse competitors (Botten and McManus, 1999).

Rivalry comes about because competitors either feel the pressure or see the opportunity to improve product or service position. Companies aren't independent and are affected by other companies' actions. Competitors with resource bases which are overwhelmingly large can be violent and build a powerful rivalry. Defining the nature of rivalry in each market, and the industry as a whole, is important.

The possibility of new entrants to the market relates to the risk of new players joining an industry. The most common barriers to entry are: Scale economics, product differentiation, capital requirements, switching costs, access to distribution channels, independent cost disadvantages, and government policy (Botten & McManus, 1999). Obasa, (2014) in his investigation of impact of business environment on the survival of Nigeria business, identified different aspect of the

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environment as problem of small businesses. It concluded that small business operators must learn how to adapt and cope with them in order to remain in business. But adaptation will only occur within the adaptable limit of which any increase beyond that point will be disastrous to the business and may lead to collapse of the business. Government as partner in every business should create business friendly environment to enable strategies to be implementable. Again they should allow the level of competition advantageous to the businesses and the society because the effect of continuous increase in competition on business performance is not always linear. Although some industries Have high entry barriers, such as large amounts of investment required, but there is still a danger of companies or individuals investing in those industries. Several firms have sought to make it difficult for entrants to join by actively marketing their own products, aiming to build competition and loyalty to customers. Others sought to build barriers to entry by patents , trademarks and franchises. The environmental scanning expertise is a vital tool for effective companies (Jenkins, 2005). Understanding the world would seem a crucial element in the execution of the plan (Crichton & Edgar, 1995). Karagiannopoulos, Georgopoulos, & Nikolopoulos (2005) , found that strengths in the market are important for formulating business strategy in the Internet industry. The company identifies the market position and formulates strategies to counter the competition which threatens its strategic position. The idea is that businesses need to follow a more competitive approach to protect themselves against systems in the industry and raise their market share (Covin & Slevin, 1990). To build a strategic plan, the company must have experience of the outside conditions of the industry (Barth, 2003). Weerawardena et al . (2006) explored the relationship between the structure of the market, the powers of the business, organisational learning, creativity and the success of firm brands. The study hypothesised that companies perceiving their market environment as highly competitive prefer to find new ways of doing business to boost the value of the firm 's brand. Knowledge of competitive market forces illustrates a firm's strengths and weakness, and provides a basis for evaluating its place in the industry.

Task environment and business performance

Task environment is made up of stakeholders that are external and internal to the firm such as individuals and associations who communicate directly with the organisation and have a significant impact on the achievement of the target of production and organisation. This goes further to consisting of all external factors that may affect the technical impact of an entity in the industry.

The productivity of every business enterprise and the achievement of successful output rates depends very much on the business organisation's operating climate. The external company climate that lies beyond the organisation's influence has too much effect or impact on such organisation's operational activities. Palmer and Bob (2002) claim that the external environment contains both non-organizational powers and incidents that influence their activities. External environment could be seen to be of two interwoven sets of measures, that playing significant role in identifying opportunities, areas of strengths and weaknesses, external threats and constraints that could affect organizational performance in both the short and the long run. The first of such measures are factors operating beyond the control limit or scope of the organization. These factors could be economic, political, social or technological. They are external to the organization but are wielding maximum control over the operating activities of these organizations. These are also referred to as macro environment (Pearce and Robinson, 2007). The measure is the micro

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environment of the business organizations. These are factors surrounding the day to day operation of these business organizations. They are the inputs used in production process. The market itself which comprises the labour and material markets, activities in these markets shape decisions relating pricing mechanisms of these business organizations. The customers patronizing these organizations are also significant player as well as the organizations' raw material suppliers. Task environment of business orgainizations comprises of forces that could promote business activities at the same time, threats. This could be seen in the emergence of new competitors into the markets. This create rivalry which could be healthy or unhealthy in the market. This will no doubt, force some business outlets out of the market especially if the rivalry turm sout to price war among the competitors. This could force price to go down to the level at which costs of production might get too high for some business organizations to cover. These forces are said to either encourage or hinder the achievement of defined goals, and also influence the organisation's key internal functions and probably its priorities and strategies (Gupta, 2009). Tolbert and Hall (2009) conceptualise the external environment from five key dimensions of environmental ability, heterogeneity, concentration of the environment, domain consensus and environmental uncertainty. Environmental capacity focuses on a given organisation's level of resources. Heterogeneity refers to the degree to which various stakeholders face different demands of the company (Dowell, 2006). The environment plays key role in determining the spate of available human and material resources for production and the ease with which an organization can carry out its activities. Poor governmental macroeconomic policies could trigger high interest rates in the financial sector, inflation, deflation, and other decontractionary situations that could plung hosts of businesses into recession. When the income level of household is also affected, this will affect aggregate demand of firms which could some businesses out of production. Environmental characteristics and efficiency such as poor road, electricity and telephone line infrastructure can also hinder performance (Lusthaus et al., 2002). Any attempt to assess and enhance an organisation's performance includes an appreciation of the outside factors that can encourage or impede that success (Savedoff, 1998). Variations in external environment variables, such as political , legal and competitive environment, are causing environmental uncertainty (Pearce & Robinson, 2002). When this level of certainty grows very high, the business environment turns hostile for business organizations to thrive. It affects decision making and formulation of vital policies in these organizations.

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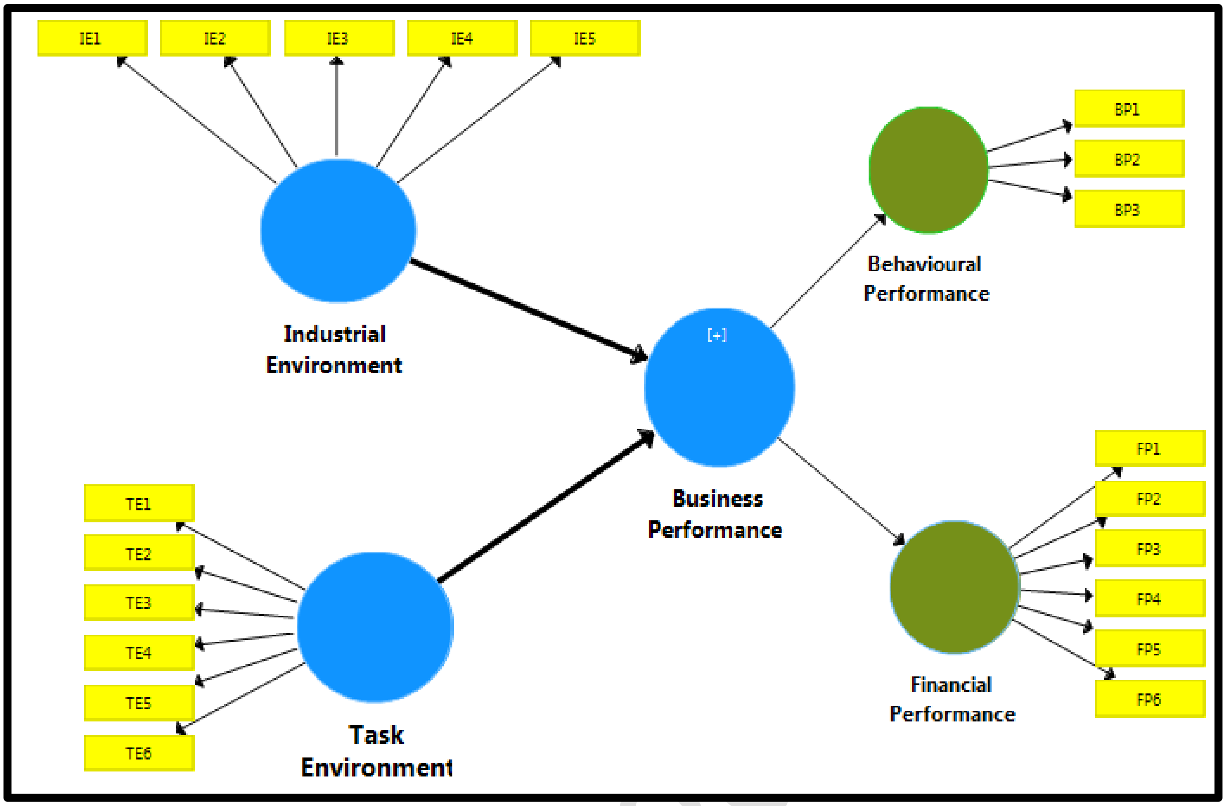

Figure 1: model

Methodology

This study adopted a quantitative research design with the aim of understanding and describing the cause-and-effect relationship between business environment and business performance of oil blending companies in south eastern Nigeria.

The target population for this study are the customers, staff, general managers and executive managers or managing director of 14 licensed oil blending companies in South-Eastern Nigeria. This population of study were selected based on higher number of oil blending companies in that geo-political zone. The sample size for this study is 260 participants comprising staff and customers of four oil blending companies in south eastern Nigeria. The sample size was reached after considering many justifications for choosing sample size. These 260 respondents were choosing using purposeful and simple ramdom technique. The four oil blending companies in the south eastern Nigeria (Ibeto Petro-chemical Industries Ltd, Whiz Oil Ltd, Dozzy Oil and Gas Ltd and A-Z Petroleum products ltd) were purposively selected because of their characteristics in terms of years of establishment, workforce capacities. Then respondents from each of these four companies were selected using simple ramdom techniques.

The study used questionnaires as the instrument of data collection. Two sets of questionnaire titled business environment questionnaire (BEQ) and Business performance questionnaire (BPQ) were adopted to collect data for this study. The questionnaire has three sections, with the first section covering the demography of the respondents. The second section is on business environment questionnaire (BEQ) which has four components (low cost leadership, differentiation strategy, resource strategy and capability strategy) that was administered to the staff, HR manager, general

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manager or managing director. Participants were asked to suggest their business environment on a six-point Likert scale ranging from 1 (least emphasised) to 6 (most emphasised) over the previous three years.

Pilot-test was carried out among randomly selected customers and staffs of oil blending companies who were the sample for the final study to ensure face validity. Cronbach's alpha was used to examine the reliability of the instruments.

A total number of 260 questionnaires were distributed to 260 staff and customers of four (4) oil blending companies in south eastern Nigeria. Out of the 206 questionnaires, 185 questionnaires were returned of which 14 were unusable due to the high rate of items that were not correctly filled by the respondents. As such, only 171 questionnaires were returned and usable for this study. This accounted for 65.77% valid response rate. The mean value was categorized into three namely: 1.00 - 2.66 as low; 2.67 - 4.33 as moderate and 4.34 – 6.00 as high. Personal profile of the respondent and data for descriptive research questions were analyzed using statistical packages for social sciences (SPSS) version 25 while the research hypotheses were analyzed using the smartPLS 3.6.2.

Results

The descriptive statistics of the research Constructs

The descriptive statistics for all the constructs for this study were computed using mean and standard deviation. The six-point response Likert scale was used to measure the indicators for all the items adopted for the constructs of this study. The descriptive statistics in the form of means and standard deviations for the latent variables were computed. The results as presented in Table 1 which for more straightforward interpretation, the mean value was categorized into three namely: 1.00 - 2.66 as low; 2.67 - 4.33 as moderate and 4.34 – 6.00 as high (Sassenberg, Matschke, & Scholl, 2011).

As shown in Table 1, the mean values of the business environment construct which has two-dimensions are 4.558 and 4.501; while the composite mean of business environment is 4.529. This equally shows that the respondents' adjudge their business environment to be favourably high. Furthermore, business performance with two dimensions has a composite mean value of 4.195, and the mean value of its dimensions are 4.982 and 3.851. This suggests that Financial performance is high in the selected oil blending companies in south eastern Nigeria.

Table 1
Mean values of the constructs

Constructs	Mean	Std. Deviation	Decision
Industrial Environment	4.558	0.66482	High
Task Environment	4.501	0.78163	High
Business Environment	**4.5294**	**0.58387**	High
Behavioural Performance	4.9825	0.59876	High
Financial Performance	3.8509	1.03517	Moderate
Business Performance	**4.4167**	**0.56273**	High

Note: 1.00 -2.66 (Low); 2.67 – 4.33 (Moderate) and 4.34 - 6.00 (High

Assessment of the Measurement Model

The PLS-SEM was used to estimate the theoretical model for the research using SmartPLS 3.2.6 application software (Ringle, Wende & Will, 2005). The PLS-SEM approach as a variance based

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approach was chosen as the significant analysis techniques for this study instead of Covariance-Based SEM (CB-SEM) because it is appropriate for a complex model; it can be used for model with a large number of indicator or observed variables; it is suitable for model development and prediction and; it can be used when normality assumption of data are not met (Hair et al., 2014; Hair, Ringle, & Sarstedt, 2011; Urbach & Ahlemann, 2010).

Indicator or individual item reliability is the proportion of indicator variance that is explained by the latent variable, and the value lies between 0 and 1. Following the rule of thumb that any reflective indicators whose loadings within the PLS model are smaller than 0.7 should be eliminated (Hair et al., 2014; Peng & Lai, 2012); all items measuring all the latent variables in this study except four items (IE1, IE6, TE 4 & TE 6) have loadings greater than 0.7. This is shown in Tables 2. This means that all the items of all the latent constructs used in this study are reliable.

Internal Consistency Reliability

The internal consistency reliability is assessed after the unidimensionality of the indicators has been carried out. The PLS-SEM as used in this study employs the use of composite reliability (ρ_c), Cronbach's alpha (α) and rho_A to estimate the reliability based on the inter-correlations of the observed indicators variables to measure the internal consistency reliability. Although, the prioritization of items in accordance with their individual reliability by PLS-SEM couples with the limitations of Cronbach's alpha (α) such as it assumes equality of all indicators loadings; it underestimates the internal consistency reliability and; it is sensitive to the number of indicators on a construct has made it imperatives for an alternative means of measuring internal consistency reliability which composite reliability (ρ_c) has readily filled the gaps. According to Hair et al. (2014), composite reliability (ρ_c) takes note of the outer loadings of every indicator variables.

As shown on Table 2, the composite reliability coefficient of each latent variable measuring business environment (Industrial environment and task environment) has composite reliability of 0.881 and 0.873 while the two elements of business performance (Behavioral performance and financial performance) have composite reliability values of 0.886 and 0.906 respectively. Thus, suggesting the adequacy of internal consistency reliability of the measures used in this study.

Table 2

Psychometric properties for Teaching Reading Comprehension Skills components construct

Constructs	Components	Items	Loadings	Cronbach's Alpha	rho_A	CR	AVE
Business Environment	Industrial Environment	IE2	0.755	0.819	0.829	0.881	0.649
		IE3	0.751				
		IE4	0.850				
		IE5	0.861				
	Task Environment	TE1	0.820	0.806	0.811	0.873	0.632
		TE2	0.817				
		TE3	0.799				
		TE5	0.742				
		BP1	0.894	0.804	0.808	0.886	0.723

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Business Performance	Behavioural Performance	BP2	0.901				
		BP3	0.747				
	Financial Performance	FP1	0.772	0.875	0.877	0.906	0.616
		FP2	0.800				
		FP3	0.760				
		FP4	0.753				
		FP5	0.830				
		FP6	0.794				

Results of Hypothesis Testing

With the establishment of the measurement model, the next stage is to test the hypotheses formulated for this study through the structural model. The structural model, according to Ee, Halim, & Ramayah, (2013) indicates the causal relationships between the constructs in the model which estimates the R^2 value and the path coefficients that determine the predictive power of the model. Table 3 and Figure 3 present the results of the structural model. The industrial environment has a positive and significant relationship with business performance (β= 0.156, t=1.909 $p<0.05$). Therefore, the first hypothesis which stated that there is a significant relationship between industrial environment and business performance is supported.

Furthermore, the result of the study indicated that the task environment is positive and significantly related to business performance (β= 0.652, t=8.356, $p<0.001$). This shows that the second hypothesis, which stated that there is a significant relationship between the task environment and business performance, was also supported.

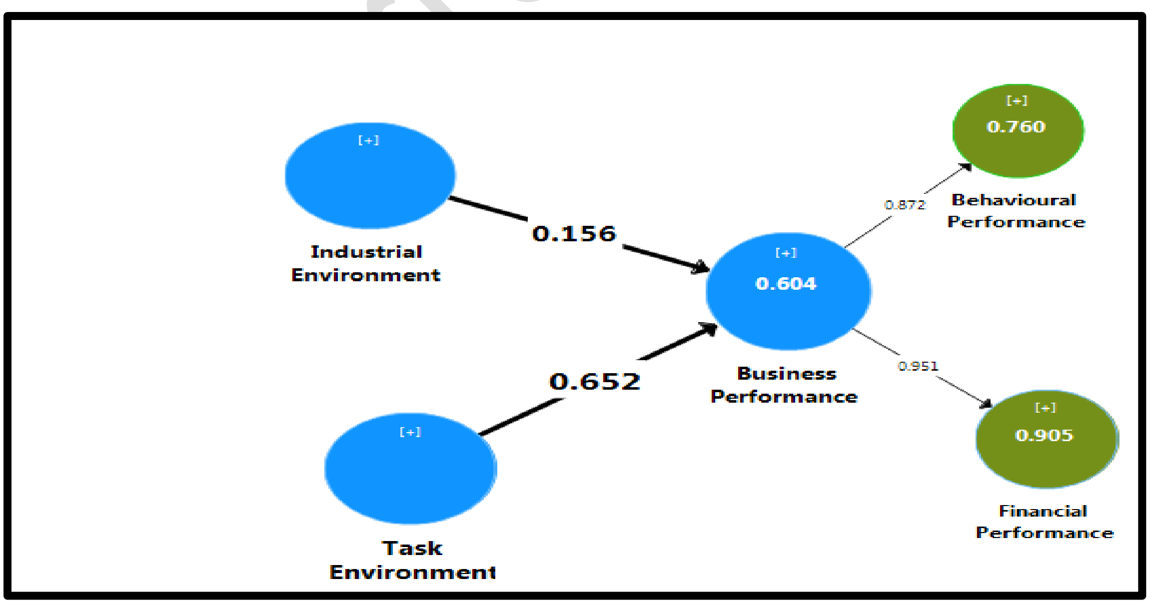

Figure 2. The structural model with β value

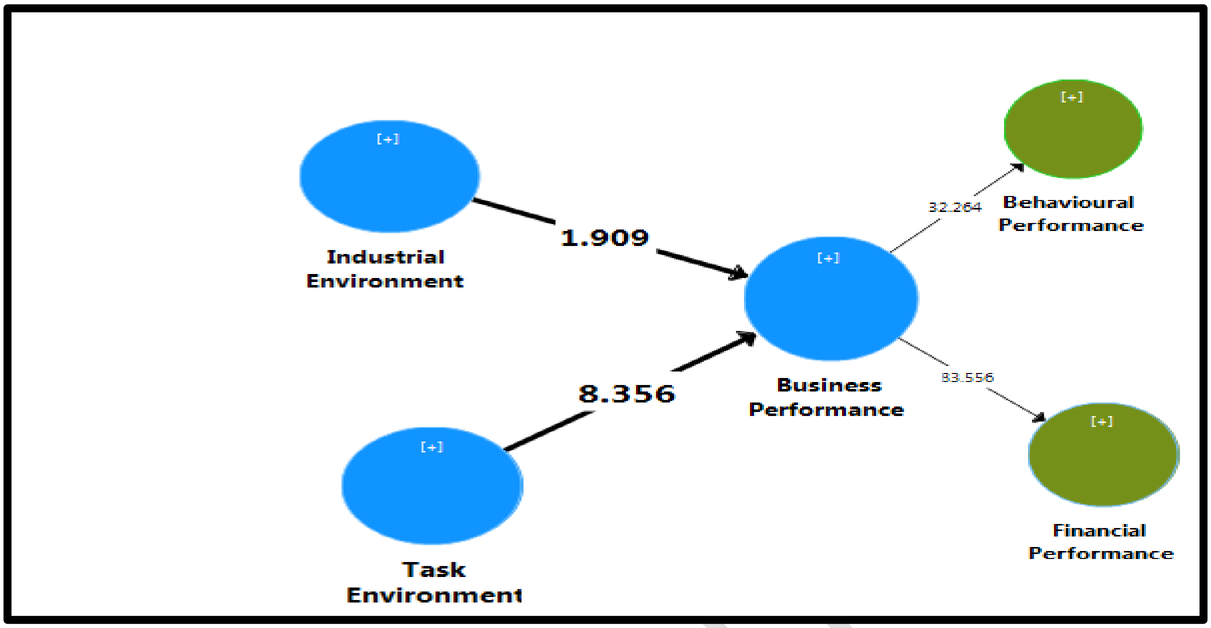

Figure 3. The structural model with t value

Table 3

Hypotheses testing

Hypo Theses	Relationship	Path Coeff. (β)	SE	T Statistics	P Values	f^2	Q^2	Decision
H_1	**Industrial Environment -> Business Performance**	0.156	0.082	1.909	0.0284	0.0255	0.3126	**Supported**
H_2	**Task Environment -> Business Performance**	0.652	0.078	8.356	0.0000	0.4463		**Supported**

Importance-Performance Matrix Analysis (IPMA)

The Importance-Performance Matrix Analysis (IPMA) was performed by the researcher to extend the result of the PLS-SEM. The IPMA identifies the relative importance of the independent variables in a study by assessing the direct, indirect, and total relationships to the dependent variable. It also includes the actual performance of each construct in the model using the latent variable scores of the PLS-SEM results.

As revealed in Figure 4 business environment has a performance index of 50.142% towards business performance with 60.495%,. Therefore, there is a need to focus on business environment in enhancing business performance in oil companies.

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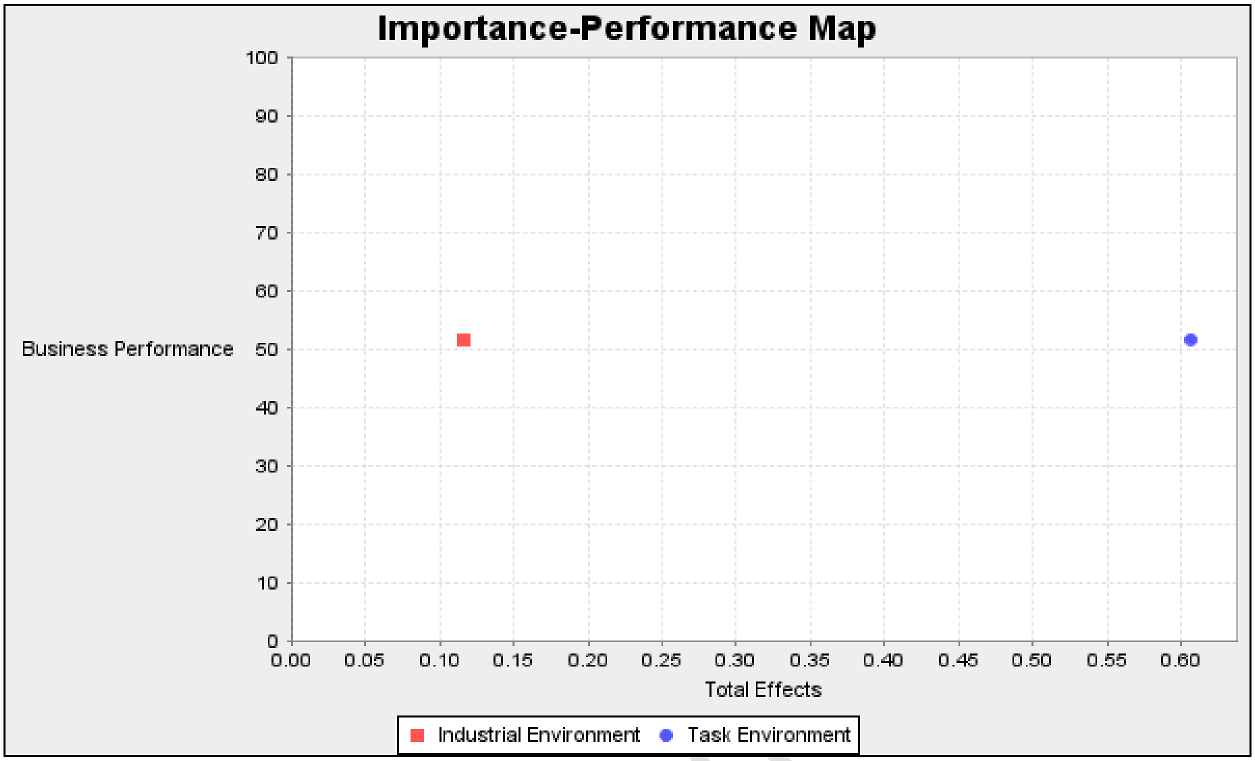

Figure 4: IPMA

Discussions

The discussion was aligned with the research questions raise in this study.

Research Question One: What is the level of performance of oil blending companies?

To answer the first research question on the level of business performance of oil blending company in southern Nigeria, a descriptive analysis was done. The mean value of the financial performance is 3.85 which is adjudged to be moderate while that of the behavioral performance is 4.98 which is high and the composite mean for oil blending business performance with the mean value of 4.42 is adjudged to be high. Therefore, the level of business performance of oil blending company is high and can be concluded that oil blending companies are performing well. The findings of the study are in line with Pertusa-Ortega, Jose, Molina-Azorı´n & Claver-Corte´s (2010), they asserted that organizational structure does not exert direct influence on performance, but has an indirect influence through competitive strategy

Research Question Two: How does the respondents perceive business environment of oil blending companies?

Business environment has two components (industrial environment and task environment). Using the threshold value of 1.00 -2.66 (Not favorable); 2.67 – 4.33 (Averagely favorable) and 4.34 - 6.00 (Highly favorable), both industrial and task environment are adjudged to be highly favorable, and the composite mean for the business environment of the mean value of 4.53 is also adjudged to be high. Therefore, business environment of oil blending companies in the south eastern part of Nigeria are said to be highly encouraging. The result of this study is also consistent with Luqman, Oyewobi & James,(2016) studies which indicates that organizations that combine sustained organizational characteristics and strategy tend to experience high performance over those that do not.

Research Question three: To what extent does the business environment influence business performance of oil blending companies?

To answer this research question, a research hypothesis was formulated to determine the impact of the business environment on business performance in oil blending companies in southern Nigeria.

H_1: The industrial environment has a positive and significant influence on business performance of oil blending companies in South Eastern Nigeria.

Table 3 and Figure 2 and 3 presents the results of the structural model. The result of the study indicated that Industrial environment is positive and significantly related to business performance (industrial environment - β= 0.156, t=1.909, p<0.001). This shows that the first hypothesis, which stated that industrial environment has a positive and significant influence on business performance of oil blending companies is accepted. This result is in congruent with Jenkins (2005), which discussed in his investigations that industrial environmental scanning is a key resource for successful firm.

H_2: The task environment has a positive and significant relationship with business performance of oil blending companies in South Eastern Nigeria.

Table 3 and Figure 2 and 3 also presents results of the second hypothesis which stated task environment has a positive and significant relationship with business performance of oil blending companies. Outcome of results made the hypothesis to be accepted (task environment - β= 0.652, t=8.356, p<0.001). This shows that the second hypothesis, which stated that task environment environment has a positive and significant influence on business performance of oil blending companies is accepted. This result is in congruent Obasa, (2014) in his investigation, environmental factors are said to be very important to the length that firms and industries must learn how to adapt and cope with them in order to remain in business.

Conclusion and Recommendation

The study focused on the relationship between business environment and business performance in selected Nigeria oil blending companies. The study discussed the impact of business environment on the survival of these oil blending companies in south eastern Nigeria. Oil blending companies engage on a wide range of competitions among themselves in order to make a profit and outperform others which makes it paramount for managers in the company to keep abreast happenings in their business environment germane to the survival of their organizations. The environment is in a constant influx of changes and the spate of competitions to boost profit margins is increasing every day. It is their desire to continue to operate successfully by creating and delivering superior value to their customers while also learning how to adapt to a continuous and dynamic business environment. Keeping abreast of happenings in the environment is a sine qua non to staying afloat of competition and ensure long term survival and growth. This will, in turn,

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ensure that competitive advantage is created so that the company will not only outperform competitors but also guide it successfully in all the changes in the environment.

The study recommends that oil blending companies should stay conversant of societal demands as this is very important to staying relevant in the market. They must keep information flowing from their environment as this will tailor them towards meeting the needs of their customers. Human resources should be strengthened by employing competent and professional persons that have the expertise, skills and capacity to share with the other members of the business and to analyse the strength and weaknesses of these organizations. It is also very important for them to be on the lookout at all time for opportunities in their operating environment. Happenings in the international environment is also very vital in shaping the operating activities of these Oil blending companies. It is equally important to get their managers to modern managerial techniques. Incentive and welfare motivation should be given to encourage them to perform the job well.

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