

# Environmental Dynamics and Firm Operational Stability of Selected Firms in Rivers State

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## ABSTRACT

The study examined how environmental dynamics affected the operational stability of selected multinational corporations in Rivers State, Nigeria. The research is primarily intended to ascertain the effect of political/legal, economic, sociocultural, physical, and technological/international environments on the operational stability of the organisations. In Rivers state, a descriptive survey approach was used with a population of 1,317 employees of the multinational corporations. For the study, 153 senior employees and management staff from the multinational corporation served as the sample size. The data was collected via a questionnaire, and all of the stated hypotheses were tested using the Pearson product moment correlation (PPMC) in SPSS version 21. The study discovered that the firm's operational stability is significantly influenced by the political/legal, economic, socio-cultural, physical, and technological/international environments. From the findings, environmental dynamics significantly enhanced firm's operational stability. The study recommends, that the management of the corporations should properly evaluate economic issues. A comprehensive evaluation of economic elements by the firms would make it possible to understand how these environmental changes would affect the stability of the firms.

**Keywords:** Political/legal Environment, Economic Environment, Socio-cultural environment, Physical Environment, Technological/International Environment, firms Operational Stability productivity

## I. INTRODUCTION

Any commercial or economic activity with a profit-oriented goal is considered a business. Business organisations' main goals are to turn a profit, expand, and endure in the environment in

which they operate. There is a lot of uncertainty present in every business environment on the planet. Due to the dynamic nature of Nigerian society, which has a significant impact on the operational stability of the firm, this is also the scenario there (Kotler, 2018). According to Ogbojafor (2015), as it is impossible to foresee what changes will occur in business organisations' internal and external settings, the degree to which society is changing influences the degree to which business organisations must adapt their operations in order to stay synergistic. Planning and implementation are tough because of how quickly things are changing, which can lead to company failure. Therefore, it is important for managers to lessen the level of environmental uncertainty. This may be achieved by keeping an eye on events in the business settings and attempting to adjust as needed.

The political, economic, sociocultural, physical, technical, and global contexts all undergo change. Erumegbe (2015) contends that because Nigerian organisations function in these environmental settings, any alteration to one of these environments' dimensions would have a significant impact on those operations. For instance, a political choice can have an impact on a society's economic, social, technical, and foreign activities. Nwaeke (2013) asserts that due to the effects of these factors, corporate organisations would need to develop policies and strategies that will allow them to fast change in order to stay in operation. Internal changes are another possibility. Though, management may be more interested in looking at the output of the employees whereas, the employee may be interested in creating a productive environment for themselves (Orishede, Echimina, Uyo & dewor, 2023). A corporation that intends to implement a new business strategy must also make certain adjustments to its structural

framework. An opportunity arises when a corporation experiences the favourable effects of environmental changes. However, it becomes a danger when it has a detrimental impact on the business. Whatever way changes may have an impact, they often encourage the adoption of survival techniques.

In every dynamic society, but particularly in one that is attempting to modernise, there will inevitably be some level of political instability. The interaction between external pressures and organisational adaptation mechanisms, and how this might lead to operational stability and efficiency in business, is crucial. Organisations that are unable to operate because they do not understand the notion of flexibility should not be in business. On the other hand, understanding of the environment (adaptive relationship with the political, economic, sociocultural, physical, technological, and international environments) seems to improve an organization's ability to deal with quick environmental changes, which will make them effective, efficient, and stable in their operations, as such strategic planning is necessary for survival and sustainability. According to Orishede (2020), strategic planning puts an organization in a favourable position (in the future) in every aspect of its operations.

The business environments in Nigeria, according to Nwaeke (2013), have been extremely unfriendly to corporate performance and effectiveness. Due to this, firms are unable to adhere to their goals. An organization's operational stability is built on a careful understanding of its strengths and shortcomings, as well as a careful evaluation of the possibilities, dangers, complexity, and generosity that come with its environs. It has been challenging for Nigerian organisations to prepare for success because of the number of decrees and statutes that have been published in the country to address these characteristics. Instead, in order to stay in business and be successful, they are always planning and re-planning to make place for the greatest candidates. Prices Control Decree of 1970, Standards Organisation of Nigeria (SON) Decree of 1971, Nigerian Enterprises Promotion Decree (NEPD) of 1972, 1973, 1974, 1976, 1977, and 1989, SFLM Decree of 1986, SAP Decree of 1986, and Economic Stabilisation Act of 1982 are just a few of these decrees and acts (Nwaeke, 2013).

Despite these Decrees and Acts, there were still issues with stable corporate operations. These issues weren't brought on by developmental tendencies, but rather by difficulties with foreign

exchange. Since the Structural Adjustment Programme was implemented, companies have had to import their raw materials and replacement components. With less demand for goods and substantially lower capacity utilisation, inflation, job losses, and business closures were all exacerbated. The researcher made the decision to focus on the relationship between environmental dynamics and a firm's operational stability by conducting a critical analysis of multinational corporations in Rivers State.

### 1.2 Problem Statement

Since the 1960s and the beginning of the 1970s, when the oil boom was in full swing, a lot has changed in the corporate climate in Nigeria. The company act of 1960 and related matter decree in the 1990s undoubtedly brought in the eighty's the opportunities to be exploited by some firms or the problems that prevent the survival of so many business firms. Austerity measures in the early 1980s and the structural adjustment programme in the late 1980s. The operational stability of businesses both inside and outside of Nigeria has been impacted by the aforementioned developments in one way or another. The operational stability of business in Nigeria has fluctuated, making it necessary to study the business environment given that business organisations do not operate in a vacuum. Effective management in a complex and dynamic society like Nigeria necessitates the assessment of the organization's strengths and weaknesses as well as the opportunities and threats that may be present. Organisations need to adjust to these changes if they want to survive and develop. How do the political, economic, sociocultural, physical, technical, and international contexts impact on the operational stability of organisations, Therefore, the study examined the effects of environmental dynamics on firm's operational stability of selected corporations I Rivers state, Nigeria.

### 1.3 Objectives of the Study

The objectives of the study is to examine the effects of environmental dynamics on firm's operational stability. Specifically, the study will examine the relationship between:

- i. Political/legal environment and firm's operational stability
- ii. Economic environment and firm's operational stability
- iii. Socio-cultural environment and firm's operational stability

- iv. Physical environment and firms' operational stability
- v. Technological / international environments and firms' operational stability

#### 1.4 Hypotheses of the study

The following null hypotheses were tested guided the study

- i. There is no significant relationship between political/legal environment and firm's operational stability of multi-national companies in River State
- ii. There is no significant relationship between economic environment and firm's operational stability of multi-national companies in River State
- iii. There is no significant relationship between socio-cultural environment and firm's operational stability of multi-national companies in River State
- iv. There is no significant relationship between physical environment and firm's operational stability of multi-national companies in River State
- v. There is no significant relationship between technological/international environment and firm's operational stability of multi-national companies in River State.

## II. REVIEW OF RELATED LITERATURE

### 2.1 Concept of environment

Environment, in a broader sense, is the entirety of the surrounds of the organisation. Harrison (2016) defines environment as all the factors that surround and have an impact on how an organisation as a whole or any of its internal systems develops. He claimed that the environment includes complex forces that are dynamic to variable degrees at various times and under various conditions. According to Atsegbua (2012), the environment is a system of abiotic, and concurrent interactions to which he adapts, modifies, and uses to meet his requirements. Employees adaptability is a general term that explains employee's ability to alter behavior or their responses towards the changing organizational environment and circumstances (Orishede & Igbigbisie, 2022). The physical, economic, cultural, aesthetic, and social situations and variables that surround and influence the attractiveness and value of property as well as the quality of people's lives are described in the sixth edition of The Black Law Dictionary.

The word "environment" is used in environment to refer to all the factors that have an

impact on the specific organisation. According to Bernard (2019), the environment is made up of atoms, molecules, groups of moving objects, laws of men, feelings triggered by physical laws, social laws, social concepts, norms, and behaviour, as well as pressures and resistances. In addition, governments and the private sector contribute to creating a good atmosphere for business to thrive but this is not without disagreements. In numerous cases, the collusion of interest between government and that emerging private sector, contributed to blurring the lines between politics, entrepreneurial venture and public governance (Orishede & Ogor, 2020). They have an endless number and are constantly evolving. Because of the way the environment is made up, management frequently has to make judgements in the face of great ambiguity. The unpredictable character of factors, whose influences on the results of activities started inside the organisation are similarly complicated, are seldom effectively identified. However, the frequent lack of control does not imply that management should ignore the environment; rather, it requires ongoing monitoring of the environment in order to be prepared to react to unfavourable reactions or outside developments. No organisation can survive by itself; each one depends on the others to some degree. Every organisation has objectives and duties that connect to other people in its surroundings. In addition to managing its surroundings and coordinating everyone's concerns, an organisation must also take other people's aims into account while determining its own objectives and carrying out its operations.

### 2.2 Business environment

Business environment is thought of as a difficult and significant issue, hence many academics have approached it in a variety of ways. For instance, Ola (2013) appears to think that the business environment is a phenomenon that is too variable and complicated to be well described by a single term. Numerous academics have emphasised the importance of the corporate environment, including Oyebanji (2014), Lawal (2013), and Aldrich (2019). All of these academics have thoroughly examined how a group's business environment might be influenced in a specific circumstance to inspire others to reach their aims. The term "environment" in management does not necessarily refer to the physical surroundings; rather, it refers to the forces and variables that influence a company's ability to operate effectively and achieve its goals. Oyebanji (2014), a person's business organisation may be influenced by the

business environment. He emphasised further by stating that despite their disparities in position, every organisation must consider the environmental restrictions, material resources, and human resources in their various businesses since the impact of the environment is cumulative. At the same time, the outcomes in a work context might take the form of wages, social approval, job security, promotion and career opportunities (Orishede & Bello, 2019). Since firms are founded and run inside economies, Ola (2013) defined the Nigerian business environment as the Nigerian economy. He believed that the current situation had a big impact on the businesses operating in that sector. Oyebanji (2014) further attested that the 1960s oil boom, early 1970s austerity measures, and the 1980s structural adjustment plan all contributed to a complete transformation of the Nigerian corporate climate. According to Aldrich (2019), the environment consists of homogeneous, heterogeneous, rich and poor, complex and simple, unexpected factors that can be both stable and unstable. He emphasised further that environmental impacts may be steady for a while and that business environmental elements vary along with production factors.

Ashley and Van de Van (2016), who held the opinion that the manager's fundamental responsibility is to be able to manage and control the organisation in times of difficulty and emergency, provided support for the claim. Changes manifest. To maintain survival and effectiveness, the manager must understand the process and adapt the internal organisational structures to a changing environment. Given that business organisations do not operate in a vacuum, it is crucial to study the business environment. More so that for a wide assortment of employees to function effectively as an organization, the leadership of the organization including its human resource professionals, needs to deal effectively with issues such as communication, adaptability and changes (Orgbor & Orishede, 2018). Effective management of a complex and dynamic society necessitates an evaluation of the organization's strengths and weaknesses as well as the opportunities and threats presented by the challenges of the external environment. For survival and growth, organization must adapt these changes.

### 2.3 Operational Stability

One of the key issues in organisations is operational stability. Larger organisations in particular struggle to have a more reliable IT

environment. Political disagreements are all too frequently keeping them from taking action. Organisations who have effective development teams in place, according to Oyebanji (2014), may simply grin since they are able to maintain control over their complete supply chain from development to production. When an operating system is stable, the time it takes for all of the system's processes (the value stream), whatever they are defined, to finish, is highly predictable. The system has to be devoid of unique reasons of variation in order to be highly predictable. Throughput is increased, waste and related expenses are decreased, and production and quality goals are fulfilled thanks to stability. In achieving system stability, the human element must be plan for, according to Odim, Orishede & Clinton (2017), one important outcome of human resource planning is succession planning which is a process of identifying a long-term plan for the orderly replacement. Utilising operational data is the key (Harrison, 2016). In order to achieve steady operations, Bernard (2019) argues that you must create a five-level information flow within the organisation. Combine the information you have gathered. When a variation is found, implement a mining execution system or mining operation management platform to make the data usable. Your operational systems should be integrated with enterprise resource planning.

### 2.4 Empirical Review

Several studies have examined the impact of the environment on business performance, for instance. In the states of Kano and Sokoto, Abubakar (2015) investigated how environmental variables affected the performance of small-scale businesses. The majority of the data collection techniques employed on the selected small-scale businesses were questionnaires. Multivariate discriminant analysis and multiple regression techniques were used to analyse the data in order to determine the significance of the association as well as the degree of performance. The results of this study unambiguously demonstrate that SSBs perform poorly over the course of the study period and that environmental conditions in the states of Kano and Sokoto significantly affect their performance. The report urges the government to foster a climate that is favourable to SSBs by providing enough infrastructure, financial assistance, and the establishment of laws that benefit both current and future investors in the industry.

Shehu and Mahmood (2014) looked at how the business climate affected the performance

of Nigerian companies' small and medium-sized businesses (SMEs). A cross sectional research strategy was used, with a quantitative methodology. 640 respondents' data were gathered using the self-administration technique. SMEs are crucial to the development of Nigeria's economy since they provide a substantial amount of employment, make a significant contribution to industrial development, generate cash, and foster the growth of handicraft. To investigate the link, a model was created based on theoretical considerations. A substantial and favourable association between the business climate and the performance of SMEs was found using multiple regression analysis. Future research directions and implications were explored.

Muhammad (2014) conducted a comparative analysis of established, emerging, and developing economies to assess the influence of internal and environmental variables on a firm's financial behaviour. In order to examine the empirical ramifications and hierarchical significance of company, sector, and country-level determinants, this study examines the dynamical economic consequences of internal and external capital structure factors in Spain, Malaysia, and Pakistan. This study examines the relative significance of each level of capital structure determinants and the explanatory power of capital structure theories using cross-sectional regression on panel data for the years 2001–2011. The analysis's findings revealed a number of significant indirect implications on company determinants of leverage from factors at the firm, sector, and national levels as well as a number of structural variations in financial behaviour between established, emerging, and developing nations. Theoretically, the results of this study contribute significant new threads to the literature on capital structure and design financing mechanisms for businesses based on the relative relevance of external factors that might potentially affect a company's leverage.

Vo-Van (2015) used empirical data from the Mekong Delta to examine how local business settings affect SME performance. 63 manufacturing and service SMEs located in three provinces of the Mekong Delta were surveyed between 2011 and 2012 for the purpose of collecting data for the hypotheses. The empirical findings show that local government policies that support private businesses and the labour force have a favourable impact on the performance of SMEs using fixed effect and random effect models. The findings showed that while bribery has a

positive correlation with SME performance, this correlation changes when bribe levels are high. A crucial conclusion of the study is that SMEs will have a better grasp of how to handle local environmental issues that have a big impact on their success. The findings of this study may also be used as a guide for anybody interested in beginning their own business, offering insights into choices that must be made while doing so, as well as for any SMEs that want to maintain and expand.

In their 2015 study, Mark and Nwaiwu looked at how the political climate in Nigeria affected the performance of international corporations. The manufacturing enterprises in Nigeria that are cited are the study's population. A total of about twenty-seven (27) of these businesses were found, and the relevant information was gathered from the World Development Indicators of the World Bank Group and the Nigerian Stock Exchange Fact Book of 2012. Political climate was assessed based on the level of political stability and the lack of violence, while business performance was assessed using the businesses' productivity between 1999 and 2013. The results demonstrated that Nigeria's political climate has a negative, considerable influence on the business performance of multinational corporations. On the basis of the aforementioned, we recommend that the Nigerian government refrain from making frequent changes to its policies and programmes and maintain the political cohesion and stability of democratic institutions. These are required for economic growth and development in order to create a political environment that is stable and free from violence.

Eruemegbe (2015) used Union Bank of Nigeria to study the effect of the business environment on organisational performance in Nigeria. Only 20 of the 39 questionnaires that were given to personnel at the Union Bank of Nigeria in Lagos and sent to the research were correctly completed and returned. A 51% effective response rate resulted from this. The nonparametric methodology used for data analysis and the testing of the operational hypothesis is the chi-square statistic. The poll found that the top 10 key factors—teamwork, contract-based collaboration, leadership-based supervision, and equipment provision—had a significant influence on both employee motivation and productivity. More specifically, communication, affection, and a sense of belongingness, the chance to take on difficult tasks, affiliation with a purpose, and overtime were among the crucial elements.

In tiny, open economies, Apsalone and Rikaumilo (2015) looked at how socio-cultural elements affected global competitiveness. Correlation and regression analysis were used to assess hypotheses in survey research. Six socio-cultural factors—Collectivism and Hierarchy; Future, Cooperation and Performance Orientation; Self-expression; Monochronism and Rationality; Economic Orientation and Social Structure—have been identified after an analysis of the relationships between 400 socio-cultural indicators and competitiveness indicators such as productivity, economic development, business and government efficiency, innovation capacity, and infrastructure in 37 countries. Collectivism and Hierarchy, the first element, tend to weaken global competitiveness; the other five have a favourable impacts.

### III. METHODOLOGY

The research used a descriptive survey method. The population of the study consists of employees, including management staff, of four multinational corporations operating in Rivers state: (1) Nigerian Bottling Company Plc, which employs 359 people; (2) Nestle Food Nigeria Plc, which represents MNCs and employs 159 people; (3) Dangote Sugar Refinery Plc, which employs 381 people; and (4) Flour Mills Nigeria Plc, which employs 132 people and represents domestic manufacturing firms. African Petroleum Plc, a domestic company with 141 employees, and Lafarge/West African Portland Cement Company

Plc (WAPCO), a company with 145 employees, are both included in the petroleum marketing. According to the state ministry of Commerce and Industry's Human Resources Management forecast from 2022, this results in a total workforce of 1,317 employees. 153 senior employees and management staff from a multinational organisation were selected as the study's sample size, or around 12 percent of the entire population. The adopted a random sampling approach to choose a sample size that reflects the population of multinational firms listed on the NSE due to the magnitude of the study's population. The data required for the analysis were collected using a questionnaire instrument. The face and content validity were used. The reliability of the instruments was tested using test-retest and Cronbach's Alpha, which produced a result of 0.77 and was deemed adequate for the research. The Pearson product moment correlation (PPMC) was used to analyse the survey-generated data. All posed hypotheses were tested using SPSS version 21. The relative predictive power of the independent factors on the dependent variable was evaluated using the PPMC.

### IV. ANALYSIS OF DATA AND TEST OF HYPOTHESES

**4.1 Hypothesis One:** There is no significant relationship between political/legal environment and firm's operational stability in multi-national companies in River State.

**Table 1: Relationship between political/legal environment and firm's operational stability in multi-national companies**

	N	M	Sd	Df	R	r <sup>2</sup>	.P
<b>Political/legal environment</b>	153	3.88	.80				
				151	-.48	.23	.001
<b>Operational Stability</b>	153	2.6	1.01				

Both the point estimate and the confidence interval estimate demonstrated a significant outcome. Operational stability (M = 2.6, SD = 1.01) and the political/legal climate (M = 3.88, SD = .80) diverge by 1.08. The range of this difference's 95% confidence level is between 0.52 and 0.43. The result is statistically significant at the .05 level (two-tailed) since this interval did not contain the value 0.00 (zero). The political/legal environment and a company's operational stability have a substantial inverse connection, as shown by

the Pearson correlation coefficient (Table 1):  $r(153) = -.48, p < .001$ . This suggests that as the political and legal environment improves for the organisation, commercial activities become more stable. As a result, hypothesis 1, which contends that there is no discernible link between the political/legal environment and the operational stability of enterprises, was disproved. According to the  $r^2$  statistic, the political/legal context contributed to a variation in operational stability of 23%. The effect size data, which also show that the

$r^2$  was 0.23, show a medium effect size and suggest that the political and legal context has little bearing on the operational stability of the company.

**4.2 Hypothesis Two:** There is no significant relationship between economic environment and firm's operational stability in multi-national companies in River State

**Table 2: Relationship between economic environment and firm's operational stability of multi-national companies**

	N	M	Sd	Df	R	$r^2$	.P
<b>Economic Environment</b>	153	3.80	.80				
				151	-.47	.22	.001
<b>Operational Stability</b>	153	2.9	.99				

Both the point estimate and the confidence interval estimate pointed to a significant outcome. Economic climate (M = 3.80, SD = 2.81) and operational stability are different by 0.99. This difference's 95% confidence interval is 1.44. The results are statistically significant at the .05 level (two-tailed) since this interval did not include 0.00 (zero). The Pearson correlation coefficient (Table 2) shows a significant inverse link ( $r(153) = -.47, p < .001$ ) between the business environment and operational stability. This suggests that as the economy changes, so do the operational stability of businesses. As a result, hypothesis 2, which asserts that there is no meaningful connection between the

economic climate and the operational stability of businesses, was rejected. The  $r^2$  statistic indicates that economic environment explained 22 percent variance in Operational stability. The effect size statistics, in order word called the  $r^2$  was 0.22, indicate medium effect size, and it implies that economic environment have important impact on firm's operational stability.

**4.3 Hypothesis Three:** There is no significant relationship between socio-cultural environment and firm's operational stability of multi-national companies in River State

**Table 3: Relationship between socio-cultural environment and firm's operational stability of multi-national companies**

	N	M	Sd	Df	R	$r^2$	.P
<b>Socio-cultural environment</b>	153	3.88	.80				
				151	-.21	.04	.001
<b>Operational Stability</b>	153	2.6	.82				

The point estimate indicated significant result, so was the confidence interval estimate. The difference between socio-cultural environment (M = 3.88, SD = .80) and operational stability (M = 2.6, SD = .82) is 0.47. The 95% confidence interval for this difference is - 0.26. Since this interval did not include 0.00 (zero), the difference is statistically significant at .05 level (two-tailed) Pearson correlation coefficient (Table 3) indicates significant negative relationship between socio-cultural environment and operational stability,  $r(153) = -.21, p < .001$ . This implies that as socio-cultural environment balance, there is stability in firms operation. Therefore, hypothesis three that

states no significant relationship between socio-cultural environment and firms operational stability was rejected. The  $r^2$  statistic indicated that socio-cultural environment explained 4 percent variance in operational stability. The effect size statistics, which is also the  $r^2$  was 0.04, indicates small effect size, and it implies that socio-cultural environment have trivial impact on operational stability of firms.

**4.4 Hypothesis Four:** There is no significant relationship between physical environment and firm's operational stability of multi-national companies in River State.

**Table 4: Relationship between physical environment and firm’s operational stability in multi-national companies**

	N	M	Sd	Df	R	r <sup>2</sup>	.P
<b>Physical Environment</b>	153	3.88	.80				
				151	.07		.001
<b>Operational Stability</b>	153	2.6	.91				

Both the point estimate and the confidence interval estimate demonstrated a significant outcome. Operational stability (M = 2.6, SD =.91) and the physical environment (M = 3.88, SD =.80) diverge by 0.63. The difference has a 95% confidence interval of -0.72. Since 0.00 (zero) was not included in this range, the outcome is statistically significant at the 0.05 level (two-tailed) (table 4). This suggests that when the physical environment improves, business operations become more stable. As a result, hypothesis 4, which asserts that there is no

meaningful connection between the physical environment and operational stability, was disproved. According to the r<sup>2</sup> statistic, the physical environment accounted for 7% of the variation in operational stability. According to the effect size data, which also show that the r<sup>2</sup> was 0.07, the physical environment has a negligible impact on the operational stability of the organisation.

**4.5 Hypothesis Five:** There is no significant relationship between technological/international environment and firm’s operational stability in multi-national companies in River State.

**Table 5: Relationship between technological/international environment and firm’s operational stability in multi-national companies**

	N	M	Sd	Df	R	r <sup>2</sup>	.P
<b>Technological/international environment</b>	153	3.88	.80				
				151	-.37	.13	.01
<b>Operational Stability</b>	153	2.8	.71				

Both the point estimate and the confidence interval estimate demonstrated a significant outcome. Operational stability (M = 2.8, SD =.71) and technological/international environment (M = 3.88, SD =.80) differ by 0.63. This difference's 95 percent confidence interval ranges from -0.72 to -0.18. Because 0.00 (zero) was not included in this interval, the outcome is statistically significant at the 0.05 level (two-tailed). The technological/global environment and operational stability are significantly positively correlated, according to the Pearson correlation coefficient (Table 5; r (153) = -.37, p<.001). This suggests that as the technical and global environment advance, business operations stabilise. As a result, hypothesis 5, which asserts that there is no meaningful connection between the technological/global environment and enterprises' operational stability, was rejected. According to the r<sup>2</sup> statistic, the technical and global environment

explained 13% of the variation in operational stability. The r<sup>2</sup> score for effect size is .13, which denotes a medium effect size and suggests that the technology and global environment have a significant impact on the operational stability of enterprises.

## V. FINDINGS/DISCUSSION

This study looked at the operational stability and environmental dynamics of a few multinational corporations in Nigeria's Rivers State. The results of the analysis revealed the following. In multinational corporations, the political and legal climate have an impact on operational stability. This research supports Mark and Nwaiwu's (2015) results, which revealed that the political climate has a negative, substantial influence on the commercial performance of multinational corporations. Ekpunobi (2018)



asserts that limiting investment levels, facility locations, the choice of local partners, and ownership percentages are frequent ways in which governments meddle politically in global markets. (Buckley, 2003; Grosse, 2005). Politics environment is now widely acknowledged as a key determinant in many business choices, particularly those on whether to invest and how to expand markets.

The analysis's findings indicate that the economic climate significantly affects a firm's operational stability. This result is in line with that of Mulugeta and Getaendale (2015) and Muhammad (2014), whose research revealed a negative correlation between economic factors' effects on demand, capital availability, and costs, and productivity as well as how challenging it is to be successful and productive at any time.

The study's results also shown that, in multinational corporations in River State, the sociocultural environment has an impact on the operational stability of the organisation. This study supports Nwaeke's (2013) discovery that the average age of the populations of the United States of America, Europe, China, and Japan is rising. This is a significant international demographic trend. Therefore, organisations might anticipate higher pension expenditures in these nations or cultures. The results of this study were in agreement with those of Apsalone and Rikaumilo's (2015) study, which looked at the influence of socio-cultural determinants on global competitiveness in small, open economies. Six socio-cultural characteristics have been found to be related to competitiveness measures such as productivity, economic development, corporate and government efficiency, innovation ability, and infrastructure across 37 nations. Collective Behaviour and Hierarchy, Future, Cooperation and Performance Orientation, Self-Expression, Monochronism and Rationality, Economic Orientation, and Social Structure. Collectivism and Hierarchy, the first element, have a tendency to lower global competitiveness; the other five have a favourable impacts.

The study's findings also showed that, for multinational corporations in River State, the physical environment has a negligible impact on the operational stability of the organisation. This result is consistent with research by Muhammad (2014), who looked at how internal and external variables affect a firm's financial behaviour through a comparison of developed, emerging, and developing economies. The analysis's findings revealed a number of significant indirect

implications on company determinants of leverage from factors at the firm, sector, and national levels as well as a number of structural variations in financial behaviour between established, emerging, and developing nations. Theoretically, the results of this study contribute significant new threads to the literature on capital structure and design financing mechanisms for businesses based on the relative relevance of external factors that might potentially affect a company's leverage.

The study also showed that technical and global factors have a big impact on a company's operational stability. This conclusion is consistent with those of Ekpunobi (2011), who placed technology first among environmental factors in terms of its influence on organisational activities, and Eseroghene (2011), who found that ongoing analysis of the technological factor in organisational environments has an impact on the strategic choices and performance of Nigerian organisations. According to Norzalita and Norjaya's (2010) research, the link between market orientation and firm productivity was unaffected by competitive intensity or market-technology turbulence. This is consistent with Mulugeta and Getaendale's (2015) conclusions. Their findings shown a clear substantial association between environment, technical environment, and elements related to entrepreneurial commitment and businesses productivity.

## VI. CONCLUSION

The study used selected multinational companies in Rivers State, Nigeria, as a case study to examine the impact of environmental dynamics on firm's operational stability. The study's findings indicate that the technical and international environments, as well as the political/legal, socio-cultural, economic, and physical environments, all had a substantial beneficial impact on the operational stability of the organisation. As a result, the study draws the conclusion that environmental dynamics significantly enhances a firm's operational stability.

## VII. RECOMMENDATIONS

Base on the findings of this study, it is recommended that:

1. The management of the company should properly evaluate the sociocultural and economic aspects that have an impact on the operational stability of the enterprise. The consequences of these environmental changes on the stability of the enterprises might be ascertained with the aid of an accurate

- assessment of economic elements by the company.
- Managers should be aware that the technology aspect of their operational environment has a significant impact on the production strategies and plans of the companies. Managers in multinational corporations need to take the initiative to cope with the rate and trend of innovation and progress; this will help the businesses run more smoothly.
  - The Nigerian government should promote political cohesion and the stability of democratic institutions by avoiding frequent changes to its policies, laws, and projects. These are required for stable corporate operations in order to create a political environment that is stable and free from violence.

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