

THE EFFECTS OF SOCIO-CULTURAL FACTORS ON ENTREPRENEURIAL PERFORMANCE IN SELECTED SMALL SCALE BUSINESS ORGANIZATIONS IN BORI-OGONI

Nwizia Tordumbari Julius

Department of Management,
Ignatius Ajuru University of Education,
Port Harcourt, Rivers State, Nigeria.
Email: tordum4va@gmail.com

Godwin Worlu Maru

Department of Business Administration and Management,
Captain Elechi Amadi Polytechnic, Rumuola,
Port Harcourt, Rivers State, Nigeria.

Abstract

This study empirically examined the effects of socio-cultural factors on entrepreneurial performance in selected small scale business organizations in Bori-Ogoni. The study also investigates the relationship between socio-cultural factors and entrepreneurial performance. The primary and secondary methods of data collection were employed in order to vividly collect reliable information. The study used Spearman Rank order Correlation Coefficient (Rho) to analyze the collected data and the Statistical Package for Social Science (SPSS) was used to analysis hypotheses. The study revealed that cultural value/norms influence the profitability of selected small scale business organizations in Bori-Ogoni. It was also unearth that peer groups also influence innovativeness in selected small scale business organizations in Bori-Ogoni. It was concluded that socio-cultural factors immensely influence and relate to entrepreneurial performance. Finally, it was recommended that entrepreneurs should attend business seminars and workshops in order to reduce the negative influence of peer groups on entrepreneurial performance and higher institutions should introduce the practical aspect of teaching and learning of entrepreneurial studies in Nigerian universities and Polytechnics to promote entrepreneurship in Bori-Ogoni land and Nigeria in general.

Keywords: Entrepreneurship, socio-cultural, performance.

Introduction

An entrepreneur is a person who always research for change, responds to change and exploits it as an opportunity (Rahma & Farhana, 2014). Nwachukwu (2005) also defined an entrepreneur as people who have the ability to see and evaluate business opportunities, gather the necessary resources to take advantage of them and initiate appropriate action to ensure success. Entrepreneur refers to the one who recognizes a need and the opportunities to gain from production.

Entrepreneurship is the capacity and attitude of an individual or group of individuals to undertake venture with the probability of success or failure. Pihie (cited in Mariah, Ghulam & Mah, 2012) posits entrepreneurship is about those individuals who discover and assess the opportunities. It is the process of recognizing available business opportunities, mobilizing available resources and persistence to explore that opportunity.

Entrepreneurial activities are carried out in an ever changing environment which contains diverse cultural variables. These cultural variables influence the extent to which effective entrepreneurial performance is achieved. The culture of an entrepreneur is seen as a determinant of entrepreneurship and entrepreneurial behavior across cultures. The decision to go into business and not to go is influenced by entrepreneurial attitude. Hofstede (2001) posits that a cultural trait strongly associated with entrepreneurial attitudes towards business risk and uncertainty is 'uncertainty avoidance'. According to Hofstede, uncertainty avoidance relates to the degree to which societies tolerate ambiguity. In the same vein, Urban (2007) revealed that cultural values affect the perception of an individual resulting in key entrepreneurial outcomes; culture is depicted as a moderator in the relationship between business regulations and entrepreneurial performance.

The fact that socio-cultural factors can affect entrepreneurial performance positively or negatively in Bori-Ogoni has not been given a scholastic attention. The study is interested in investigating the extent to which socio-cultural factors relate (if any) to entrepreneurial performance and the point the relationship is significant.

Ogoni People and Cultural Background

The Ogoni people are one of the many indigenous people in the South-South region of Nigeria. The population is about 1.5 million people and they live in a 404-square-mile (1,050 km²) homeland in Rivers State. Ogoni consists of four Local Government Areas such as Khana, Gokana Tai and Eleme. Traditionally, Ogoni is divided into six (6) kingdoms such as Nyo-Khana, Ken-Khana, Babbe, Gókana, Tai and Eleme. The major languages of the Ogoni people are Khana, Gokana, and Eleme language.

The Ogoni people have common cultural and religion with very minor variation. The Ogoni people believe in the existence of a Supreme Being called BARI who is the creator of the universe and everything within (Paul, 2014). The Ogoni people are naturally and culturally religious and this gives them high sense of divine interpretation and engender fear, respect for elders, obedience to the Spirit and careful observation of the "dos" and "don'ts" as their taboos stipulate. According to Paul (2014), the Ogoni people value very much the good life

or character, charity, hospitality of friends and strangers, generosity, truth, honesty, hardwork and kindness. The Ogoni people believe that good qualities bring blessings in various ways such as children, business and wade by people of misfortune in the form of sickness, death and barrenness. The Ogoni people believe that success in business is from God (Bari) and that individual's destiny is controlled by God (Bari) only. They believed that entrepreneurial success and higher performance comes from God (Bari) which limited their entrepreneurial competencies. They are not business risk takers.

Statement of the Problem

The socio-cultural factors constitute the structure of society which plays a crucial role in the practice of entrepreneurship in any country. The emphasis on analysis and evaluation of the socio-cultural elements is prompted by the fact that these factors such as cultural values/norms and peer groups influence directly the behaviour and actions of people about going into business and even the extent to which consumers respond to new products in the market. The problems facing entrepreneurs in Bori- Ogoni are inability to take business risk; they believe that success in business is from Supreme Being (Bari) and poor patronage from Ogonis on foreign food like Chinese foods and new products in the market. For example, most of the people dislike roasted chicken's legs because the nature could be likened to vulture's legs which all Ogonis and Rivers State in general dislike and forbid eating and touching. This is as a result of cultural value/norms of the people.

Objectives of the Study

- (1) To investigate the extent to which cultural values/norms relate to entrepreneurial performance (profitability) in Bori-Ogoni.
- (2) To measure the extent to which peer groups relate and influence entrepreneurial performance (innovativeness) in Bori-Ogoni.

Hypotheses

HO₁: There is no significant relationship between cultural values/norms and entrepreneurial performance (profitability) in Bori-Ogoni.

HO₂: There is no significant relationship between peer group, and entrepreneurial performance (innovativeness) in Bori-Ogoni.

Literature Review

The Concept of Socio-Cultural Factors

Culture is the total way of life shared by members of a particular society. Culture serves as the backdrop for basic concept of right and wrong, good and bad, important and unimportant and other social activities in the society. According to Kazmi (2008), socio-cultural environment consists of factors related to human relationship within the society, the development, forms and functions of such a relationship and learned and shared behavior of groups of human beings having a bearing on the business of an organization. In the same vein, Rahma and Farhana (2014) defined socio-cultural factors in relation to

entrepreneurship, as consisting of all the variables of social system and culture of a particular people which affects entrepreneurial emergence, behavior, performance and entrepreneurship development. The socio—cultural factors consist of variables related to human relationship with the society. These variables are cultural norms, value, belief, attitude, family, peer group, education, language and customs of a particular people in the society. The above variable moulds and shapes the behavior of an entrepreneur and actions of the consumers toward products in the market. For example, in Ogoni land, Hausa traditional attires are not generally consumed because of the strong effects of cultural norms governing dressing in Ogoni land and Rivers State in general.

In this study, cultural norms/value, and peer group will be used as dimension of socio-cultural factors.

Norms are specific rules of behaviour which are both prescription, definition of the acceptable and unacceptable behavior. According to Haralambos and Heald (2006), cultural norm is a specific guide to action which defines acceptable and appropriate behavior in a particular situation while, value is the ideas shared by members of a society as to what is good, right and desirable. Anikpo and Atemie (2006) noted that cultural values is a conception, explicit, distinctive of an individual or characteristic of a group, of the desirable, which influence the selection from available modes, means and end of action. This means that, cultural value shapes the way people respond to a particular product which is guided and enforced by norms in the society. In all, Mariah, Chulam and Mah (2012) posit that values and norms are the standard patterns of human behaviour to control them which shapes the human cognition and motivational variables to guide choices, commitments and standards of behaviour towards entrepreneurs. A typical Ogoni man does not value joint venture and partnership business because of lack of trust and risk involved, most of the businesses in Ogoni land are one man business.

Peer group is a group of people of the same social status and social intercourse. It is the peer group that people learn and acquire additional skill for dealing with people and other environmental conditions. Peer group play a crucial role on the behavior of an entrepreneur because a person is more likely to become an entrepreneur if his/her member has been entrepreneur before. Pihie (cited in Mariah, Ghulam & mah, 2012) noted that peer group helps in developing entrepreneurial knowledge and skills by sharing the information about entrepreneurship programs and provides opportunities for young to have social interactions with their peers from different milieu and entrepreneurs in various field. In Ogoni land, most entrepreneurs inherited the business of their parents, master and family members. Kuratko and Hodgetts (1998) posit that the family background of an individual is a strong influence on his values and character and therefore serves as a strong source of influence whether he would be an entrepreneur or not. Again, People with poor background and low level of education in Ogoni land attached themselves with notable entrepreneur in Bori (Headquarters of Ogoni land) and learn entrepreneurial skills.

Theoretical Framework

The socio-cultural theory was developed by Max Weber in 1976. The theory emphasized the influence of culture on entrepreneurship and entrepreneurs in a given society. The theory states that certain groups are believed to possess beliefs, values/norms and traditions that enable them to succeed in business regardless of where they find themselves. Such groups according to Jaja (2009) are the Ibos-Jews, Chinese, Japanese and Lebanese. Weber in his theory noted that the socio-cultural systems in which individuals live give a set of value from which individual value thinking pattern of people are based and these values influence the individual's decisions to become a successful entrepreneur. The culture and social systems of an individual affect the entrepreneurial spirit, adventurous spirit and innovations by displaying values that fuel entrepreneurship behavior and practice. Aldrich and Zimmer (1986) argue that the cultural perspectives do not unearth why individuals in the same group behave differently towards the same life situations.

Thomas Cochran also theorized on entrepreneurship in 1965. According to the theory, cultural values and role expectations in the origin sections are the key elements in the society. In this theory, the environment of an individual to a great extent determines the entrepreneurial urge and ability of such individual, apart from the attitudes of an individual the expectations of society on him is capable of forcing him into entrepreneurship. In Nigeria, an average Nnewi man from Anambra state is expected to be an entrepreneur dealing on motor vehicle parts while an average Ijaw man is expected to be an entrepreneur dealing on fishing. In Ogoni land, a typical Ogoni man is expected to be an entrepreneur dealing on farming and operates a sole proprietorship business. The pressure from relatives especially for first sons in Ogoni land also expect them to generate income from salaries job in order to take care of the family and relatives.

The Concept of Entrepreneurial Performance

The performance entrepreneurial is the entrepreneurs' ability to obtain favourable outcomes in terms of his/her level of productivity, profitability, survival and innovativeness. The entrepreneurial performance is the ability of a business organization to achieve desire results and attain its generic goals by making efficient and effective use of available resources. Entrepreneurship performance is the actual output of an entrepreneur as measured against his expected output.

According to David (2014), measures of entrepreneurial performance at the firm level are growth, productivity, innovation, profitability and survival. Productivity is the firm's output level; profitability is firm's ability to meet and exceed financial benchmarks; innovativeness measures the quantity of new ideas including products the firm produced; business survival is the continuity in business operation in terms of ability to pay staff, attract business and maximize profit; business growth is the ability of a firm to generate significant positive earnings which fuel business expansion.

All entrepreneurial activities are aimed at achieving growth, profit, business survival, high productivity and innovativeness. Entrepreneurial performance is influenced by social and

cultural factors in the society. Aldrich and Zimmer (1986) pointed out that the crucial socio-cultural factor which affects the decision to create new business is the social context.

In this study, profitability and innovativeness are measures of entrepreneurial performance. Profitability is the firm's ability to meet and exceed financial benchmark (Miebi, 2014). Profitability refers to the ability of a company to utilize available resources to generate income above expenses. It is the life wire of all business organizations. The two crucial aspects of profitability are revenue (business income) and expenses. The profitability of a firm focuses more on the extent to which revenues relate to expenses so as to identify how effective and efficient a firm is performing and the future potential growth to be attained.

According to Nohria and Gulati (1996), innovation is seen as any product, process, policy or structure planned change that is perceived to be new in the organization. In this context, innovation means introduction of new product, services, policies and processes of carrying out entrepreneurial activities. Innovativeness is the amount of new ideas, new products, new procedures and new way carrying out general business operations in a firm. Verhees and Menlenberg (2004) supported the view that business owners innovativeness appears to be a crucial part of the generic entrepreneurial orientation for innovation within the organization.

The Relationship between Socio-Cultural Factors and Entrepreneurial Performance

A business organization does not operate in a vacuum and so can not entirely control its own destiny as it is subject to external business environment which positively or negatively affects entrepreneurial performance. The socio-cultural factor is one of the external business environmental factors which affect the behavior of an individual to business activities and consumers' response towards products in the market. According to Onuoha (2012), socio-cultural factors affect the ways in which an organization can do business, difference in value and the dominant attitudes toward risk taking and a particular product in the market. The Ogoni people positive attitude towards business is very low compared to the Igbos and Chinese. A typical Ogoni man believes success in business comes from supernatural power. Justin (2014) supported that cultural norms influence all business functions from accounting to finance and from production to service and the strategic moves is presented. In the same vein, Awujo (1995) also revealed that socio — cultural factors such as cultural norms /value and peer groups influenced the entrepreneurial ability and sets limit for the entrepreneur as well as providing opportunities and threats. That is to say, socio — cultural factors are external business environmental factors which positively or negatively affect the business decisions and behavior of an entrepreneur and even influence consumers' taste in the market.

Methodology

The survey method (quasi-experimental) was employed for analyzing the primary data. The total population of the study was 260 of which 100 entrepreneurs were drawn from market (Bori General Market), 86 were drawn from Supermarkets-Restaurants and 74 were taken from owners of Lock-up Stores. To ascertain a sample size from a population of 260 entrepreneurs, the Krejcie and Morgan Model (1970) was used to determine the sample size of 155. The data for the study was obtained from primary and secondary sources. 155 copies

of questionnaire were sent to 155 respondents. The research was limited to only selected Small-scale Business Organizations in Bori-Ogoni.

The operational definitions of variable are given below. To measure the predictor variable, the research data for the study was generated using a five point Likert scale instrument design. The scale ranged from last degree of occurrence to a very great extent. The predictor variable, Socio-cultural Factors was operationally measured as to which values/norms and peer groups influence entrepreneurial performance. To measure the criterion variable for the study, profitability and innovativeness was seen as strong factors that fuel entrepreneurial performance.

Data were collected and analyzed using the Spearman’s Rank Order Correlation Coefficient (Rho). The Statistical Package for Social Science (SPSS) was used to conduct the analyses.

Results and Findings

It is vital to recall that this study centered on the effects of socio-cultural factors on entrepreneurial performance in selected small scale business organization in Bori-Ogoni. The findings are generated from the major objectives for the research work.

Hypothesis 1: There is no significant relationship between cultural values/norms and entrepreneurial performance (profitability) in Bori —Ogoni.

TABLE 1: Summary of Spearman’s Rank Order Correlation Showing the Relationship between Values/Norms and Profitability.

Correlations

			Cultural Values/Norms	Profitability
Spearman’s rho	Cultural Values/Norms	Correlation Coefficient	1.000	.649
		Sig. (2-tailed)	.	.000
	Profitability	N	155	155
		Correlation Coefficient	.649	1.000
		Sig. (2-tailed)	.000	.
	N	155	155	

**Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2020.

The result from table 1 shows a significant relationship between values/norms and profitability. We therefore reject the null hypothesis (Ho) and conclude that values/norms affect profitability in selected small scale business organizations in Bori-Ogoni.

Hypothesis 2: There is no significant relationship between peer groups and entrepreneurial performance (innovativeness) in Bori —Ogoni.

Table 2: Summary of Spearman’s Rank Order correlation showing the relationship between peer groups and innovativeness.

Correlation

		Peer groups	innovativeness
Spearman’s rho	Peer group		
	Correlation Coefficient	1.000	.589
	Sig. (2-tailed)	.	.000
	N	155	155
Innovativeness	Innovativeness		
	Correlation Coefficient	.589	1.000
	Sig. (2-tailed)	.000	.
	N	155	155

**Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2020.

The result above indicates that there is a significant relationship between peer groups and innovativeness. Based on the result from the correlation table above, it indicates that correlation is significant at 0.01 levels with a 2 tailed test. We can therefore reject the null hypothesis (Ho) and conclude that peer groups affect innovativeness in selected small scale business organizations in Bori-Ogoni.

Discussion

From the presentation of the results above, it was observed that entrepreneurs operate within the confines of socio-cultural factors such as cultural values/norms and peer groups. The study shows that cultural values/norms shape the thinking and ideas about going into a particular business and even the extent to which consumers respond to goods and services in the market.

This finding corroborates with the findings of Justin (2014) which state that cultural norms influence all business functions from accounting to finance and from production to service and the strategic moves is presented. In Ogoni land, cultural norm of dress influences the performance of boutique owners in Bori-Ogoni.

The result shows that entrepreneur’s peer groups are one of the major factors that influence entrepreneurial performance and there is a great significant relationship between peer groups and innovativeness.

This finding corroborates with the findings of Awujo (1995) which revealed that socio — cultural factors such as cultural norms /value and peer groups influenced the entrepreneurial

ability and sets limit for the entrepreneur as well as providing opportunities and threats. Most of the business innovations come from relative and friends in Bori-Ogoni.

Conclusion

As earlier indicated, business is an entity; it does not operate in a vacuum but rather in an ever changing environment. Therefore, entrepreneurs are influenced positively or negatively in the course of carrying out business activities in the society. The entrepreneurs' cultural milieu moulds and shapes their ideas of going into a particular business and even the consumers' perceptions toward goods and services in the market.

In a nutshell, it is believable that socio-cultural factors (cultural values/norms and peer groups) influenced entrepreneurial performance (profitability and innovativeness) either positively or negatively in Bori-Ogoni.

Recommendations

1. Entrepreneurs should be able to attend seminars, workshops in order to reduce the cultural influence on them.
2. Entrepreneurs should monitor and scan their business environment effectively in order to identify favourable and unfavourable business environment.
3. Government should make positive step to promote entrepreneurial performance through establishing facilities, training, giving loans to entrepreneurs in Bori-Ogoni in order to promote entrepreneurial activities.
4. Higher institutions should introduce the practical aspect of teaching and learning entrepreneurial studies in Nigerian universities and polytechnics

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