



ISSN 2278 – 0211 (Online)

Effects of Cultural Factors on Entrepreneurial Performance in Ondo State, Nigeria

Dr. Timothy Ihinmoyan

Associate Professor, Department of Business Administration
Adekunle Ajasin University, Akungba-Akoko Ondo State, Nigeria

Abstract:

The business environment is becoming dynamic and competitive and since affected by cultural factors. Therefore, entrepreneurs, irrespective of their objectives, must take into consideration, these cultural factors opportunities and constraints. The study examines effects of cultural factors on entrepreneurial performance in Ondo state. The study made use of two objectives which seek to investigate influence of cultural factor on entrepreneur performance in small scale business and to find out relationship between cultural factors, entrepreneur performance on small scale business. Two hypotheses were formulated from the objectives to guide the study. The study made use of descriptive design of survey type. The population of the study was small scale owners in Akoko south-west local government area of Ondo state. The study made use of Yamane formula to get 100 small scale business owners from the population. Results in the study revealed that cultural factor have significant influence on entrepreneur performance [$F(1, 98) = 194.244$; $p < 0.05$: cultural factor had a positive significant relationship with entrepreneur performance [$r(97) = .480$; $p < 0.01$; cultural factor had a significant relationship with small scale business [$r(97) = .227$; $p < 0.01$. It was concluded that cultural factors are important factors in determining the entrepreneurial performance of small scale business. It was recommended that entrepreneur should not be biased while dealing with customers from different cultures; entrepreneur should always be motivated towards ensuring the growth of small scale business regardless of the cultural differences within the business.

Keywords: Effects, cultural, factors, entrepreneurial, performance

1. Introduction

African Continent is one of the largest continents of the world and it's a multi-ethnic society with its peculiar nature and diverse practices (Ojuaand Omono, 2012). Also one sees that Nigeria, as a country, is made up of people from different ethnic groups and cultural practices with the dominant groups being Igbos, Yorubas and Hausas. Nigeria has more than 250 ethnic groups with different cultural practices. Some of these cultural practices have endured centuries of practice work for the people. It is not uncommon to think of something crude and bad whenever one talks about cultural practices as it concerns health. Not all cultural/traditional practices are bad; however, some have stood the test of time and have positive values, others are uncertain and negatively harmful. It is essential to have an idea about cultural practices of some communities because the practices, a community adopts, fulfill certain purposes for the culture bearers (Idehen, 2007).

Entrepreneurship, measured in terms of firm creations or business ownership and self-employment rates, varies over time. These variations may be observed by entrepreneurship measurements for a given country, industry or region. An entrepreneur is a person who always researches for change, responds to change and exploits it as an opportunity (Rahma & Farhana, 2014).

According to Murphy, Liao & Welsch (2006), 'culture is a way of life of a group of people, the behaviours, beliefs, values and symbols that they accept, generally without thinking about them, and that are passed along by communication and imitation from one generation to the next.' Culture is the totality of people's behaviour which has been learnt over time and handed over from generation to generation. It is the sum total of their experiences, values, language, belief system, arts and crafts, attitude, training and education, etc, attained by a group of people over years and handed over to the younger generation. One is, however, identified by his culture. It is culture that spells out the reason and manner in which things are done.

The role of cultural factors in entrepreneurial performance cannot be over-emphasised. Cultural factors affect the behavior of entrepreneur or want to be an entrepreneur (Barik *et al.*, 2017). The cultural context in which entrepreneurial activity occurs is possibly the most important influence on human interaction doing business (Mortenson, 2005). Culture provides the overall framework wherein humans learn to organize their thoughts, emotions, and behaviors in relation to their environment (Mortenson, 2005; Lu, Willoughby, & Arnett 2011).

Although people are born into a culture, it is not inborn. Culture is learned (Tyler, Lind & Huo, 2000). Culture plays important role in decision making and leadership characteristics as it teaches one how to think, conditions one how

to feel, and instructs one how to act, especially how to interact with others and in other words, how to execute business plans.

1.1. Objective of the Study

The general objective of the study is to investigate the effect of cultural factor on entrepreneur performance in Ondo state. The specific objectives are to;

- Investigate The Influence Of Cultural Factor On Entrepreneur Performance In Small Scale Business
- Find Out The Relationship Between Cultural Factor, Entrepreneur Performance On Small Scale Business

1.2. Hypotheses

- There is no significant influence of cultural factor on entrepreneur performance in small scale business.
- There is no significant relationship between cultural factor and entrepreneur performance on small scale business

2. Literature Review

2.1. The Concept of Entrepreneurial Performance in an Organization/ Small Scale Business

The entrepreneurial performance is the entrepreneurs' ability to obtain favourable outcomes in terms of his/her level of productivity, profitability, survival and innovativeness in an organization. The entrepreneurial performance is the ability of a business organization to achieve desired 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 an exceeding financial benchmark; innovativeness measures the quantity of new including products the firm produced; business survival is the continuity.

2.2. Relationship between Cultural Factor and Entrepreneur Performance in an Organization/ Small Scale Business

The relationship between cultural factors and entrepreneur performance varies from culture to culture. Cultural values and the norms across the cultures influence entrepreneurial activity within that country or region (Morris, 2005). Cultural values are the essential element to make sense about entrepreneurship which influences the behaviors of people in a society (Turker 2009). National culture impacts on entrepreneurial behavior through the cultural values which are the essential part of society (Kreiser *et al.* 2010). As culture is the transformation of learned behavior in generation to generation through language and imitation. Culture includes patterns of values, ideas and symbolic features which shape the human behavior and it is the process of distinguishing one group from another through the system of values (Mueller, 2000). Values and norms are the standard patterns of human behavior to control them which shapes the human cognition and motivational variables to guide choices, and standards of behaviors. The system of values, which shapes human mind, specifies the group or society which motivates or shapes and may not prevail in other society as the difference in values (Mueller, 2000).

It provides support to deal with those issues the entrepreneurs confront on day to day basis (Lounsbury and Glynn, 2001) Moreover, culture is the way of thinking and feeling of a 'mental programming in a patterned way which differs from one person to another. Mental programming refers those ideas which are attached with the societal norms and values that pass through one generation to the next (Baughn and Neupert, 2003). Social norms are the unrecorded rules of conduct of a group which impact the individual-level decision-making process.

2.3. Problems of Cultural Factors on Entrepreneur Performance in an Organization

Cultural factors problems are simply those cultural contexts factors that can impede, disrupt or hinder the growth, development and expansion of the firm in its effort to satisfy its target market and also create value for the organization. In particular, the basic cultural contexts problems facing entrepreneurial performance in Nigeria include inability to apply modern cultural contexts techniques and strategies, difficulty in managing the firm's advertising and other promotional tools, competition from large firms, lack of adequate research, inability to analyze market opportunities, poor and mundane production technology, lack of adequate financing of cultural contexts activities, poor quality products and standardization, warehousing, inventory control, poor transportation facilities, branding packaging, financing and credit facilities, risk bearing among others (Tom, 2014).

3. Methodology

The research design is descriptive survey design of research type which involves which administration of questionnaire to obtain information from the respondents in the study.

The population of this study comprised male and female residents of Akoko South West LGA who have invested in small scale business. The record of the population got from Akoko South West government Area is 1,288,714.

Since the population of the study is known, the formula given by (Yamane, 2006) will be used to desire the sample size of this study. This is shown as follows:

$$SS = \frac{N}{1 + N(e)^2}$$

Where N = population size

e- margin error

e- Margin of Error = 5% (0.05)

N= 322,178

S= 322,178

$$\frac{1+322,178(0.05)^2}{1+322,178(0.0025)}$$

$$S = 3221.785$$

$$S = 322,178$$

$$S = 100$$

The sampling technique process is presented above. From the result above the sample size is four hundred (100) from the population of the study among the entrepreneurs of Akoko South West local government area Ondo state.

This study employed primary data in which questionnaire was to be used to gather information on the effect of cultural factor on entrepreneur performance in small scale business from the participants in the study.

The data collected were subjected to descriptive statistics like cumulative frequency distribution which was used to interpret the response of the respondents to items in the questionnaire on the basis of the four objectives in the study while regression was used to analyze hypotheses 1, and regression correlation will be used to analyze hypotheses 2 in the study.

4. Results

- Hypothesis 1: There is no significant influence of cultural factor on entrepreneur performance in small scale business.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.851 ^a	.665	.661	4.16681
a. Predictors: (Constant), cultural factor				

Table 1

The table indicated that R = 0.815 which implies that there was a significant influence between the independent and the dependent variables. The R Square value of .665 indicated that 6.65% of observed variance of cultural factor has effect on entrepreneur performance on small scale business.

	Model	Sum of Squares	df	Mean Square	F-cal.	F-cri.	Sig.
1	Regression	3372.531	1	3372.531	194.244	3.38	.000 ^a
	Residual	1701.509	98	17.362			
	Total	5074.040	99				
<i>a. Predictors: (Constant), Cultural Factor</i>							
<i>b. Dependent Variable: Small Scale Business</i>							

Table 2: Regression Analysis Showing the Significant Influence of Cultural Factor on Entrepreneur Performance in Small Scale Business

From the table 1b above, cultural factor had significant influence on entrepreneur performance [F (1, 98) = 194.244; p < 0.05]. Therefore, the null hypothesis 1 is rejected. This implies that cultural factors have positive influence on small scale business such that entrepreneurs increase in sales due to their cultural practices with their customers in Akoko South West Local Government Area, Ondo State.

- Hypothesis 2: There is no significant relationship between cultural factor and entrepreneur performance on small scale business

Variables	Mean	SD	1	2	3
1. Cultural factor	24.77	3.68	1		
2. Entrepreneur performance	17.66	2.97	.480**	1	
3. Small scale business	23.43	3.20	.227**	.144	1

Table 3: Summary of Correlation Analysis Showing the Relationship between Cultural Factor and Entrepreneur Performance on Small Scale Business

** $P < 0.01$, * $P < 0.05$, $N = 97$

Result in table 3 revealed that cultural factor had a positive significant relationship with entrepreneur performance [$r(97) = .480$; $p < 0.01$]. This implies that cultural factor tends to increase the level of entrepreneur performance in small scale business such that customers and entrepreneurs have the same cultural practices in Akoko South West Local Government Area. Cultural factor had significant relationship with small scale business [$r(97) = .227$; $p < 0.01$]. This implies that cultural factor tends to increase the level of entrepreneur performance of small scale business in Akoko South West Local Government Area.

5. Conclusion

Cultural factors are important factors in determining the entrepreneurial performance of small scale business. Cultural factors play a significant role in the growth of small scale business, thereby increasing the level of entrepreneur performance. There is significant relationship between cultural factor and entrepreneur performance on small scale business. Entrepreneur believes that friendliness, having a good product at a competitive price, good customer service and a reputation for honesty are especially important factors leading to business success. Cultural factor enhances the probability of successful entrepreneur.

6. Recommendations

- Entrepreneurs should not be biased while dealing with customer from different culture.
- There should be proper understanding of business environment venture by an entrepreneur so as to know the various methods to improve their performance.
- Entrepreneurs should always be motivated towards ensuring the growth of the small scale business regardless of the cultural differences within their business.

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