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## **Environmental Dynamics, Organizational Adaptation, and Business Effectiveness in Nigeria**

**Nwaeke, I. Lawrence, Ph.D.**  
Department of Management  
Faculty of Management Sciences  
Rivers State University of Science and Technology  
Port Harcourt, Nigeria  
E-mail: nwaeke.lawrence@ust.edu.ng

### **Abstract**

*This study critically examined Environmental Dynamics, Organizational Adaptation and Effectiveness of Organizations in Nigeria. Organizations in Nigeria like other organizations all over the world are flake, uncertain, complex and dynamic due to some environmental changes that affect their operations. These environmental changes occur in the Political, Physical, Economic, Social and Technological forces of the organizations being investigated. Changes in the informational dimension of the organizations also affected the way in which they carry out their normal business. From the analysis, it was observed that it is the absolute responsibility of the management and organizations to adopt ways and means of adapting reasonably to these environmental changes in order for them to survive,*

*grow, develop and become very profitable. Structural flexibility and coping are some means out of the dilemma of systematic changes that face them. A good structural design and the benevolent autocratic leadership policy should be put in place for their stability even though those organizations that adopted the democratic leadership style do also centralize and stabilize on the long-run and become highly synergic and successful.*

**Key words:** Environmental Dynamics, Adaptation, Effectiveness, Structural design, benevolent autocracy and synergy.

### **Introduction**

The environments of businesses all over the world are characterized by a high degree of uncertainty. This is also the situation in Nigeria because of the dynamic nature of the Nigerian society. The degree to which the society is changing affects the degree to which business organizations need to adjust their operations in order to remain synergic since it is difficult to predict what changes are going to take place in their internal and external environments. The rapidity of these changes makes planning and implementation difficult and this is capable of causing business failure. It is therefore necessary for managers to reduce the degree of environmental uncertainty and this can be done by monitoring events in the business environments and trying to adapt to changes as they occur.

Changes occur in the political, economic, socio-cultural, physical, technological and international environments. Since Nigerian organizations operate within these environmental contexts, any change that occurs in one dimension of these environments will affect their operations in multiple ways. For example, a political decision can influence both the economic, social, technological and international actions in the society. The effects of these influences will cause business organizations to come up with policies and strategies that will enable them to quickly adapt in order for them to continue in business. Changes can also be internally inclined. When a company decides to adopt a new business strategy, it makes certain changes in its structural dimension to complement with such changes.

When the effect of environmental changes in a company leads to positive results, it is an opportunity. But when it influences the company negatively, it is a threat. Whichever way the effect of changes may be, it generally leads to adoption of survival strategies. A certain degree of political instability is

inevitable in any dynamic society, especially in a society that is trying to modernize. The question is should the organization just sit and watch the turbulence in the environment or should it take an appropriate action? Kotler (1980) is of the opinion that in the face of a rapidly changing environment, companies need to operate an intelligence system that continually monitors major developments and trends in the environment.

Most people believe that management cannot change the effect of an environment. But large and powerful organizations have the means to shape and influence major decisions in their environments. This is done by structurization, campaigns, lobbying, and legal suits as well as public relations. Where an organization cannot change the environmental dynamism to suit its operations, it has to adapt in order to continue to operate within the business environments. Whether a company operates in a stable or turbulent environment, it is pertinent to note that none is free from environmental dynamism. Despite this, not all organizations are exposed to the same environmental changes. Some companies operate in a fairly stable environment while others operate in a slowly evolving environment; and still others operate in a turbulent environment.

Although the best structure will not guarantee results, efficiency and effectiveness in performance, the wrong structure in itself is capable of producing non-performance or inefficiency. All that wrong structure produces are friction and frustration which accent to weakness instead of strength. The rightly designed structure is thus a prerequisite of performance. The more adaptive an organization, the stronger the individual members have to be and the more of the load they have to carry. One of the problems involved in adaptive structural design relates to the interpretation of signals received from the environment. Without proper interpretation, proper adaptation will not be undertaken.

Business organizations are established for profit, survival and effectiveness. This in a volatile environment means that the organization has to be adaptive, learning, coping, flexible and innovative. Those organizations that are capable of responding successfully to environmental threats and opportunities will improve their chances for survival and effectiveness. By the adaptive approaches adopted by various organizations under various environmental influences, it is possible to illustrate how organizational

performance can be maintained at a high level in different contingency situations of environmental changes and adaptability.

Certain structures will enable organizations to easily adapt to certain environmental changes than others. By so doing, it will bring about success. In the same way, guidelines for effective organizational planning through adaptability will be made based on the extent of environmental change and complexity. Organizations are increasingly dependent on their environments which have evolved from simple stable environments to turbulent ones characterized by complexity and rapidity of changes under which it is difficult to predict the future (Terreberry, 1968). The dominant characteristic of turbulence is uncertainty. Organization's coping and adaptive strategies are usually directed at reducing this uncertainty (Thompson, 1967).

Interplay of the environmental forces as well as the adaptive mechanisms of organizations; and how this can bring about operational effectiveness and efficiency in business is very important. Organizations that cannot continue in business because they have no knowledge of adaptability as a concept, are not supposed to be in business. Conversely, knowledge of the environment (adaptive relationship) will enhance the ability of organizations to cope with rapid environmental changes, and this will make them become effective, efficient and successful.

Compatibility in planning the business strategy and structure to suit the environment is very important in this direction. The use of the rule of the thumb process to build and organize a business does not conform to organizational success in till's decade. It will not be so surprising that host organizations in Nigeria have no strategy and structure. Therefore, they do not have any structure to adopt, yet they are in business. How long they will remain in business and become successful makes a lot of difference. Most Nigerian managers do not like uncertainty and would prefer predictable environments. Change is not acceptable to many employees in organizations in Nigeria but the truth still remains that since the environment is not static, the business arena is subject to change in many dimensions.

The Nigerian business environments have been so hostile to business performance and effectiveness. This does not allow businesses to conform to their objectives. The performance of an organization is based on proper analysis of strengths and weaknesses, as well as proper examination of its environments which bring about opportunities, threats, complexities and

munificence. A lot of decrees and acts have been promulgated in Nigeria to cope with these features and the rapidity at which these decrees and acts were enacted makes it difficult for the Nigerian organizations to plan for success. Rather, they are constantly planning and re-planning to create room for the best fitted in order to remain in business and succeed. A few of these decrees and acts are: Price Control Decree of 1970, Standards Organization of Nigeria (SON) Decree of 1971, the Nigerian Enterprises Promotion Decree (NEPD) of 1972, 1973, 1974, 1976, 1977 and 1989, the SFLM Decree of 1986, the SAP Decree of 1986 and the Economic Stabilization Act of 1982.

Despite these Decrees and Acts, the greatest problems facing the Nigerian business environment are technology, social, political and economic stability. These problems did not arise due to developmental orientations but as a result of foreign exchange problems. With the introduction of the Structural Adjustment Programme, industries could not produce their raw materials and spare parts, they procure them abroad. Capacity utilization fell drastically and few goods in the face of more money aggravated inflation, labour retrenchment (unemployment) and the close down of companies. Unemployment heightened in Nigeria for 1987 to date and most companies are just in business managing to pay salaries and are in the phase of closing down. The low performance rate among most businesses has been attributed to lack of adaptability. Nigerian businesses instead of evolving adaptive strategies, introduce coping tactics which is temporary. Supporting this assertion, Akunisi (1991) maintains that, a critical assessment of the business sector in the Nigerian sector showed that majority of them is tactical rather than strategic in their adoption plans. Against this background, one could ask if Nigerian companies have organizational structures that are adaptive to environmental changes and turbulence. If they do, are they permanent structures and do they adapt to the vagaries of environmental dynamics. It also seems that most Nigerian organizations do not have strategic planning units rather the General Manager provides all necessary panacea to business problem all alone. In this situation, if he considers adaptation necessary, he forgets about it. The Nigerian business management style also seems to tilt more towards authoritarian rather than the democratic procedures. With this assumption, a mechanistic structure which is formal in nature will be in use (Porter, 1998). This policy does not give consideration to the long term survival of businesses because productivity will be initially high but later staff dissatisfaction will retard efficiency and effectiveness.

This study examines the influence of environmental variables on the efficiency and effectiveness of organizations in Nigeria, assesses the reactions of workers/employees towards corporate adaptation to environmental changes and evaluates the effectiveness of adaptive mechanisms in achieving the goals of organizations in Nigeria. It also proffers solutions on how organizations can easily adapt to environmental dynamics and become highly efficient, effective and synergic.

### **Literature Review**

A recent development among scholars of Management is the realization of the importance of organizational adaptation to environmental changes as a criterion to business effectiveness and efficiency. This is a significant import in the study of organizational behaviour, change and development (Beer, 1980; Pearce and Robinson 2000). However, research findings on organizational adaptation to environmental changes are limited. This is because during the 1930s, signs of difficulties appeared in the United States of America and 10-20 years later in other industrialized countries of the world. It was observed that in most firms the micro-economic success formula no longer optimized growth and profitability (Porter, 1990). By the micro-economic formula, undifferentiated products are manufactured at the least possible unit cost and offered to the market at the lowest price also. The main objective of business is to make profit through customers. Any concept that will not link the various internal and external variables to profit optimization may not be said to have met business aims and objectives.

### **The Environments of Business**

Business organizations do not operate in a vacuum. They function within the framework of their environments thereby making the society a critical criterion to business success. It is however pertinent to note that there are divergent environments that various organizations have to face. Their relative importance in organizational study is that they are increasingly dynamic (changing) and not static (stable). Therefore, the performance and effectiveness of an organization depends on its degree of creative agreement with its functional environments. The ideal organization examines its environments for opportunities, sets appropriate objectives, develops strategies to achieve them, builds a framework to carry out these objectives and designs management systems to support its strategies (Kotler, 1980).

According to Steer (1977) and Robbins (1996), business environment on one hand are factors outside the organization itself, or anything and everything the organization is not. This definition seems not to be clearly understood since it is difficult to draw a clear-cut boundary between what is not. And really, it is difficult to have an identifiable organizational boundary. Another approach to environmental conceptualization is taken by theorists like Dill (1958), Thompson (1967) and Asheghian and Ebrahimi (1990). Their theses are on the task environments of organizations and this deals with that portion of the total setting which is relevant to organizational goal setting and goal-directed activities. These include customers, suppliers, competitors, distributors, and regulatory agencies. This approach is better than the former, because it is not only precise but it also creates a better understanding of the interactive effects among the components of an environment.

Another approach is referred to as the general environments of business (Nwaeke, 2005) and (Asheghian and Ebrahimi, 1990). Those encompass conditions that may have an impact on the organization, but their relevance is not overtly clear. It attempts to specify several major dimensions of the task environment as observed by Duncan (1972); and Emery and Trist (1965). These environments include the political/legal, physical/geographical, economic, socio-cultural and technological environments. The international environment logically fits into this context. There are other environments of business and these include the internal environments (climate) and the perceived versus actual environments. These internal environments represent those factors inside the organization that create the cultural and social milieu, where goal-directed activities take place. They include personal, marketing, production and operations, finance, accounting, management and research and development units which share some cultural values.

The need for environmental study in the operations of organizations is necessitated by the fact that those organizations that are capable of responding successfully to environmental threats and opportunities improve their chances for survival and effectiveness (Sormunen and Zelthman, 1985). It is a known fact that in business circles, there is a growing conviction that the future is unpredictable. Drucker (1964) asserts that the kind and extent of present day change precludes prediction of the future. Hood (1962) affirms that there is increasing complexity as well as an accelerating rate of change in organizational environments, it is in the light of these that made Maxwell (2004) state that the only thing we can say with absolute certainty about

tomorrow is that it will be vastly different from today. Most managers do not like uncertainty, neither do they like depending on other organizations to cope with rapid changes in their operational environments. They

Seem to operate completely in an environment that is neither predictable nor autonomous.

### **The Political/Legal Environment**

The political/legal environment of business refers to government regulation of businesses and the relationship of business and government (Griffin, 1996). According to Onuoha (1991), the legal and political environments go hand in hand and they impose certain constraints on an organization but can also generate enormous strengths and opportunities to organizations. The degree to which they are pro and anti-business significantly influences management decisions and policies.

Their stability constitutes more of an opportunity than a threat to businesses. This environment results from political and legal developments within society and it greatly influences managers and their organizations. The political environment represents the actions of government. Government affects virtually every enterprise and every aspect of human life. The political processes shape a society's laws; thus frequent and coercing changes in political leadership result to changes in the legal framework of a country. Regulatory laws constrain the operations of business organizations and thus create both opportunities and threats.

Business enterprises must carefully analyze new government-business related policies and philosophies. Hitt, Ireland and Hoskisson (1996) have exemplarized and enumerated the areas in which government policies can affect the operations and profitability of organizations. These are anti-trust laws, taxation laws, industries selected deregulation, labour training and development laws, and the degree of commitment to educational institutions. Others, according to Jones,

George and Hill (1998), include increased emphasis on environmental protection and the preservation of endangered species, increased emphasis on safety in the organization, legal regulations against racial/ethnic, gender and age discrimination and environmental violence due to political instability. Successful managers of business organizations must carefully monitor



changes in the political and legal environments in order to take advantage of business opportunities they create and contend with the threats they pose in an organization's task environment.

The political environment of Nigeria is beclouded with several problems. These include ethnicity and ethnic divide, militancy due to high degree of youth unemployment, vandalization of oil company facilities, enigmatic and senseless bombings of rural and urban centres, killings and kidnappings, oil bunkery, corruption, political marginalization of some political sub-regions, exhibition of bizarre and ineffective political leadership, poor provision of basic infrastructure (roads, water, electricity, health centres, schools and universities) to deserving citizens, lack of civil right policies and equal opportunities to citizens, no laws against child abuse, no provision for rural and urban renewal system, no provision for adequate housing for citizens, no improvement for rural and urban transportation, lack of political will for the abatement of pollution and lack of provision for tourism and recreational centres. The need for the political structure to encourage entrepreneurship and industrialization is grossly lacking. If all the above political policies are put in place, the Nigerian political environment will be better orientated for future foreign direct investment, improved Gross National Products and lead to an increase in national per capita income based on well grounded economic development and fair income distribution. Nigeria will then be guided towards a systematic process of industrialization and urbanization.

### **The Economic Environment**

It is believed that the economic environment is the concern of business organizations that produce goods and services for public consumption. This is not generally so because the economic environment of any nation pervades the government agencies, churches, schools, universities and other socially approved organizations whose functions are to create utility.

The economy of any nation comes under the influence and supervision of the government or its agencies for proper accountability and structural balance. Therefore the constant changes in governance also reflect the character of some changing economic measures through the creation of certain laws by successive governments in a bid to accelerate economic growth, development and sustainability/maintenance.

Reynolds (1969) measured the strength of developing economies of the world with certain economic growth indices such as Gross National Products (GNP), Per Capita Income, Aggregate Output Per Capita and Foreign Trade, etc. Nigeria showed some significant growth in its economy during the 1970s and mid 1980s. This is caused by the prevailing down turn in the global world economy; as well as Nigeria's internal economic mismanagement.

Nigeria was mainly an agrarian society in which three-quarters of the labour population are in agriculture and relatively self-employed, with about 10 percent in the industry. At the end of the civil war in 1970, the economy became increasingly reliant upon the production of petroleum with estimated revenue from oil of N23 1.40 billion while the non-oil revenue was estimated at 47. 1 billion. Despite this, economists say that the Gross National Product has been on a steady decline, employment has stagnated and has fallen drastically low while the phenomenal growth in money supply fuelled by expansionary fiscal policies in the country have piled pressure on the government. Inter-bank and lending rates have reached unprecedented levels, resulting in decline in investment income and production. This is followed by a collapse in the value of the National Currency; the Naira, with the attendant increase on service charges on external debts worsening balance of payments.

The economic environment includes: the nature of the economic system of a country, her current economic state or position and the nature of her national economic problems. It could be noted that the nature of the business enterprise system will depend on whether the economy is capitalist, socialist or mixed. The capitalist or free enterprise system is characterized by the institution of private property, freedom of contracts competition, and the right or freedom to enter into production and distribution of goods and services (Ahiauzu and Nwokoye, 1984). In the socialist system, which does not allow private ownership of the means of production, government takes all business initiatives and does all the planning.

The two economic systems can be described as market economy and command economy, respectively. In a market economy, the major economic decisions of what shall be produced, how much, for whom, etc are made in the market through the free interplay of demand and supply forces. In a command economy, the economic decisions are made through some command forces, such as government central planning agency or directorate. No pure economic system is solely operational in any one country since there

exists elements of both capitalism and socialism in varying degrees. The Western civilization found in U.S.A. Canada, Germany, France and other Western European countries is based on pure capitalism, while the Eastern Bloc Countries of China and other Western European countries operate a socialist system of the economy.

Mixed economy is a situation applicable in Nigeria and many oilier developing countries of the world where the economy is essentially capitalist or free enterprise with some elements of socialism included. According to Ahiauzu and Nwokoye (1984), both government and private individuals own enterprises alongside each other in this type of economic arrangement. The private sector, as it appears, may be too poor to provide the level of capital investment needed to effectively develop the economic sector very satisfactorily. In this case the central government may decide to completely control some major sectors of the economy such as electric power generation and distribution, posts and telecommunications, ports and railways, the air transportation system, steel production and make investments in education, medical services, agriculture, petroleum exploration, oil refining and hold controlling shares in some specific industrial establishments. In this our seeming dualistic system, some sectors are fairly well developed while others are still primitive. This is to state that we have a modern urban sector existing side by side with a rural subsistence economy. This has led to urban business concentration, where amenities like electricity, banking and communication facilities exist. To reverse this trend, government pursues a geographic spread policy of industrial projects under its control and helps the economy grow and develop by providing the necessary amenities to attract private businessmen and women to invest in some areas in order to improve the living conditions of the rural people and to curb or limit rural-urban migration. There will also be an economic growth since many of the economic sectors will become synthesized subsidiaries and service firms to existing industries and continue to be operational, effective and efficient. A multiplier effect will take place in the economy as government spending in the rural areas will boost the available money in circulation through many other investments.

Nwaeke (2005) observed that conditions in which an organization operates affect organization's access to capital for economic development, the prices of products and services it can charge, and the demand for its products that are available in the market. Other economic concerns that are relatively

important include characteristics of the workplace and the workforce, prevailing wage rates, infrastructure, exchange rates and business cycles. According to Wright and Noe (1996), a country's or an area's prevailing wage rates are important for organizations to consider when locating industries or operational sites, particularly for international business operations. Another basis for comparing economic conditions as an agent of organizational change in a country is infrastructure such as roads, electrical service, and telecommunications and so on. Nigeria could have been a commercial nerve centre of the world today if her infrastructure were to be adequate for industrial growth and expansion. Apart from corruption, another significant national enigma to economic progress in Nigeria is the nation's poor state of schools, universities, roads, water system, etc. A new cultural attitude towards provision of adequate infrastructure will help Nigeria achieve a lot in national growth and development because Nigeria would attract a lot of multinational investments that will give her economic and social dynamics a huge leap.

Global organizations must be familiar with exchange rates which are factors used to convert one nation's currency into an equivalent amount in another currency because they influence the level of profits they can report for international operations. In addition, the relative values of different currencies may make products relatively cheap or expensive in other countries. In relative terms, a strong Naira value in the exchange market would lead to more purchasing power by the Nigerian businessmen and women. This, in turn, could lead to cheaper prices of goods and services and better/strong economic conditions for Nigerians because their purchasing power will increase relative to the value of the Naira in the international market.

Business cycles reflect the pattern of economic activity through the stages of prosperity, recession, and recovery. There is no doubt that the measures of the economy rise and fall cyclically with the business cycle. Nwaekc (2005) observed that industrial managers can, therefore, predict that a business recession could be followed by prosperity and vice versa but cannot predict accurately the duration of each business cycle. However, a good knowledge of business cycles arms them adequately enough to predict industrial performance even though organizations differ in terms of the impact of business cycles on their relative success or failure in doing business. In the views of Steiner and Steiner (2000), the economic environment covers a vast

area of concern to citizens of a national entity. It is also of primary importance to industries as well. Economic forces that are of great concern to industries are the Gross Domestic Product (GDP) and competitors' actions in local and international markets. These economic forces have some significant impact on a wide range of other economic forces, which in turn affect others in the wider economic community. But the patterns of change vary with time and in intensity. For example, commodity prices have fluctuated significantly in recent years and will continue to do so. But when and how much and its economic implications are what no person can easily predict. The truth is that major changes in the general level of commodity prices will affect interest rates, consumer purchasing power, stock and bond prices, the basic raw materials prices and wage rate demands. Each of these factors affects other activities as well as the general growth and development of our national economy. A rising commodity price tends to generate forces that lift interest rates. This, in turn, increases the cost of capital to business and dampens business borrowing to investment, expansion and diversification. Rising interest rate also will bring a decline in bond prices. But rising or lowering interest rates can result not only from commodity price increases. Higher interest rates can result from a too rapid expansion of general economic activity and rising demand for capital, a decline in savings, or rising interest rates in major foreign countries that attract limited capital.

The above scenarios are broad changes in the economic environment which narrow down to specific impact on an individual business and necessitate some difficult and often fateful decisions in dealing with them. Managers, therefore, must answer such pertinent questions as: How will my cost of operations change? At what health and benefit costs for employees? At what interest rates on borrowing? Based on what new competition with the economic unification of Europe and at home? How can demand expand for products? How much research and development expenditure for new products should be authorized if he/she must be effective and efficient in the management of his/her organization in our complex economic conditions?

Various conditions of the economy have varying effects on business decisions and these include rapid economic growth, recession and inflation. During an economic growth (boom), there exists an increasing demand for goods and services, and increasing number of jobs and increasing income for workers and a general rise in the material standard of living. Also, businesses

make huge capital investments, labour recruitment, higher wages and payments prevail.

In recession or depression, demands fall leading to low output in plant capacity and unemployment is also on the increase. Under this situation, business organizations adapt to environmental changes through reduction or expansion of plans and policies on worker lay-off, postponement of capital investments or a period of satisficing and bankruptcy.

At this point, government uses her economic policies to promote a balanced and steady growth, provide jobs and ensure the stability of product and service prices in the economy through the application of both fiscal and monetary policies (Ezena, 1995). Fiscal policy makes use of the federal treasury to regulate the economy. It involves borrowing and taxation. To also stimulate a lagging economy, government may decide to increase her spending by borrowing from within the country. This is done through the issuance of bonds and treasury bills but externally, this can be achieved through foreign loans and aids. In the alternative, government can decide to contract her spending and money circulation by declaring austerity measures. Tax payments are made to the federal government by companies while individuals pay to the state governments. This is subject to governmental manipulations (high or low) on corporate profits. Excise tax, rates and customs tariffs which vary according to environmental factors and some operational policies of the government are also imposed to effect changes in the economy. Another measure which centres on monetary policy is concerned with regulating the supply of money and credit facilities in the economy. This measure helps to curb or reduce inflation in the general economy.

### **The Social and Cultural Environment**

The social or cultural environment consists of the society and cultures where an organization operates. According to Nwaeke (2005), this plays a major role in shaping the skills, values, and customs of the organization's human resources. And to obtain relevant information about the social environment, managers must study and analyze demographic data and seek to identify cultural trends, linkages and variations.

Key demographic data in this respect include population density, age distribution, and education levels. Nwaeke (2005) observed that a major

international demographic trend is that the average age of the population of the United States of America, Europe, China and Japan is increasing. Organizations can therefore expect to bear greater pension costs in these countries or societies. Organizations serving an older clientele have a growing customer base and will become very synergic in their operations. In the United States for example, the number of workers aged 23-34 is expected to decline by the end of the century. To cope, organizations in the United States may arrange to have some of their responsibilities carried out by semi-retired workers, extend their recruiting effort to a more diverse pool of candidates, or move some tasks to other parts of the world through outsourcing.

In Nigeria, the number of workers between the same age group of 25 to 35 years is quite large and is largely unemployed. Nigeria does not have a good and strong economic base. Most of these young adults are largely not employed. Those who found some reasonable level of employment are forced to early retirement with basically little or no redundancy incentives or benefits to sustain them at a later age. Those who are not fortunate to be gainfully employed resort to all forms of social vices and destructive behaviours that continue to degenerate the Nigerian society. Today, Nigeria is being assessed globally to be the third most corrupted country in the world despite its abundant human, material and natural resources. The tendency to migrate away from the country becomes some worth difficult because of the stigma on Nigerians and some stringent immigration laws of affluent countries of the world. Poor educational standards are also a limiting factor for most Nigerians who would want to diversify their research for gainful employment.

Education levels are crucial, especially as organizations automate simple, repetitive tasks and empower their employees to make some types of decisions. The level of education is very poor. Unlike Nigeria, the United States has a growing number of high school students who are taking challenging Mathematics, Science and Foreign Language classes, and the percentage of high school graduates going on to universities has risen dramatically. A comprehensive survey sponsored by the U.S department of education found a disturbing lack of basic skills and that almost half of the U.S population over the age of 16 cannot, for example, fill out a bank deposit slip, internet charts or graphs, or calculate the difference between the regular and sale price of a product. In Nigeria, the situation is a national shame. A

high percentage of Nigerian graduates are fundamentally dysfunctional in their areas of study because of corruption that has enveloped Nigeria's educational system.

To change their situation, many U.S based organizations have sought to close the gap between desired and available skills by enhancing their recruitment and training schemes. Nigeria needs to follow the examples set by the United States. Other countries and organizations are also benefitting from the examples and engineering skills of employees in India, Taiwan, Hong Kong, and China. In many of these countries, schools heavily emphasize on Mathematics and Science, making their graduates formidable competitors in the job market. India, for example, has the second greatest number of English speaking scientific talents in the world, after the United States; including 100,000 software experts (Nwaeke, 2005). Because employers have available a global workforce for many types of labour, it becomes much easier for organizations to hire labour anywhere in the globe to fill in the gap or lapses as a result of a nation's educational inadequacy. This is bad news for Nigerians who always hope that the multinational organizations are always there for them regardless of their skills, knowledge, and abilities.

Culture which is an important aspect of the social environment involves some measures which include values, lifestyles and practices and the ways people work together in their various organizations. Such a difference affects the way organizations select their employees, employee motivation and behaviour and customer needs and preferences.

Wright and Noe (1990) observe that the cultural trends in most countries of the world are broad and have some direct influence on the rise of environmentalism since the environment is one of the greatest concerns of most nations and that environmental protection is said to be receiving a high priority, even at the expense of some economic growth.

This growing desire to protect the environment has put organizations under legal and public pressure to avoid damage and to demonstrate how their practices and products help to exert pressure on the environment. In Nigeria, the desire to protect the environment has led to the Ogoni, Odi and Umuechem crisis to say the least. The consequences of these crises left a lot to be desired by both organizations, inhabitants, national and international communities.



Steiner and Steiner (2000) noted that there are subtle and striking differences in national cultures in which most organizations do business. In addition, the cultures of individual companies differ from each other, further complicating matters in the global business world since the most trivial and the most important aspects of business can be affected by all aspects of culture. Within the context of culture, the value of profit is basic in both the private and public enterprises. But its concept and application differ. This is to state that although profit is still considered necessary by a majority of people in business, attitudes about it are changing to accommodate the universal “reality principle” in business operations. Nwaeke (2005) is of the opinion that society has come to expect that societal interests be considered as well as business self interests in the pursuit of profit objectives. The truth here is that business managers today take the view that concern for the interest of dominant stakeholders is the best route to expanding profits for shareholders. These dynamic values lead to organizational adaptation, effectiveness and operational efficiency.

Apart from the value attached to profit in business, there are other managerial values that are equally significant in the business world. For example, individual initiative is valued highly in American companies but it is a less dominant cultural value in Japan, France, Germany, the United States and the United Kingdom (Great Britain). Also, the concept of a *laissez faire* philosophy has been imbedded deeply into the values and held by American managers. And despite the fact that government intrudes substantially in business, the fundamental value of *laissez faire* is still strongly held by many people in business all over the world. The result of this concept according to Steiner and Steiner (2000) is that business exists in an adversary relationship with all the governments where the *laissez faire* practices hold.

The case of Nigeria is in a significant relationship with the *laissez faire* philosophy. The Japanese government is in a direct and positive collaboration with businesses. The gains of this positive relationship are significantly felt in the Japanese economy. In Germany, in China, in Indonesia and many other countries of the world, the relationship is also collaborative thereby promoting well balanced corporate and societal adaptation, cohesiveness, effectiveness and efficiency. There are other cultural values that are very much of importance in the world. Examples are loyalty of employees to organizational change and expectations, the role of women in organizations, ethical codes in businesses, norms of giving and receiving gratuities,

organizational hierarchy in respect to authority and responsibility as well as managerial displacement, the issue of and meaning of time management, people's optimism in the workplace, dressing codes in business with particular emphasis or reference to the Islamic communities.

Managers all over the world also face a bewildering variety of customer attitudes, prejudices and preferences when operating both at home and abroad and many of these cultural variations can lead to better understanding of the workforce diversity and ideology. The fact that managers have the ability to understand how people behave is critical for organizational success, stability and effectiveness in today's world of business.

### **The Technological Environment**

New technology, according to Steiner and Steiner (2000), can and often does change the entire way of life, thinking values, habits and even the political processes of a nation. The automobile is a classic example of a new technology that enormously affected every aspect of life everywhere in the world. Other classical examples are the computer technology, biotechnology, genetic engineering, medicine, telecommunications, robotics, microelectronics, minerals and astro-physics. In the context of these classes of technology, it is rightly observed that technology will reshape virtually every facet of life throughout the world and that the forces generated by these fundamental technological processes will shake foundations of the most secure businesses all over the world. They will affect options available to customers, governments, the rate and growth of different business sectors, the role of business in the world, agricultural output, the health and longevity of people and the world's standard of living.

Technology, according to Fuhara (1985), involves the application or scientific principles to industrial problems. This may include improvement in machineries, in methods of production, in materials and management. It can also be seen as the systematized practical knowledge, skills, methods, activities and artifacts by means of which man pushes back his limitations and extends his productive capability.

The improvement and changes in materials and processes could be as a result of technological changes. Due to research, new materials and processes are discovered thereby bringing about constant changes in goods and services.

This has therefore increased the risk of obsolescence. The result and benefit of technological progress include the following:

- a) Vast increase in goods and services
- b) Efficiency of production techniques
- c) Reduction in real price including amount of labour expended by workers to earn money to purchase goods and services
- d) Improved standard of living
- e) Reduction in prolonged manual labour
- f) Reduction in the number of hours of work and higher wage rates for workers
- g) Improves the level of formal and informal education more than ever.

Using computers not just to process data internally but to share information among buyers, sellers, and shoppers is one of the innovative advantages of technology, and this has transformed the competitive landscape of an entire industry. The level of technological development provides opportunities for organizational activities such as automating production and gathering and sharing information. Advances in communication technology enable organizations to benefit from the technical skills of employees around the world. By sharing information via telephone, fax or modem, the organization can keep abreast of its employees' activities, no matter where they are located. Technology, according to Wright and Noe (1996), influences the needs of the organization's customers.

Steiner and Steiner (2000) stress some outstanding influences of technology in the world affairs. For example, new biogenetic products will cure some of the most intractable human diseases. Animal clones will be used to produce organs for human transport. Cloning may also provide an opportunity to revive important extinct species of animals and plants. Micro-biological agents will be used to degrade dangerous wastes, such as radioactive clumps. In process today are a cornucopia of new genetically engineered plants that will revolutionize agriculture and make food available and affordable for the world's growing population. If a genetically engineered food were to cause an allergic reaction to consumers, a business along that chain of production of that food might be held legally liable, and such potentialities, as are widely

observed, in the years ahead will confront society generally and business managers in particular with dangerous risks and awesome decisions to make about the new way of doing business both locally, nationally and internationally.

### **Need for Adaptation**

The sheer rapidity of social change today requires greater need for adaptability. The business world is increasing in complexity due to an accelerating rate of change in organizational environments. It has also become apparent in the business circle that the future is unpredictable and this requires some adaptive mechanisms if businesses should survive, grow, develop and become predictable. Garbarro (1973) is of the view that organizations should adopt two mechanisms if they should survive in a turbulent environment. These are adaptation and coping mechanisms. According to him, coping is a short term measure which involves dealing with the consequences of environmental changes on a day to day basis, so as to keep the organization going and profitable as well. Adaptation, therefore, is a long-term strategic response to changes that occur in the business circle.

The basis for organizational adaptation is the structure of the said organization. The more flexible an organization is framed, the stronger individuals working for it will be. Causes of change in an organization could be market conditions, technology, diversification or new corporate objectives. As these factors change, structures should be adapted to enforce such changes. However, Drucker (1977) pointed out that the best structure will not guarantee result and performance, but the wrong structure certainly is a guarantee of non-performance. All it produces are friction and frustration. The right organizational structure is a prerequisite of good performance. In essence, a good structure is a means to a successful end; but a bad structure irrespective of managerial styles and expertise will lead to organizational failure. The ability to adopt means that the structure should support adaptation. This brings in the conceptual issue of natural selectivity that supports the ideology that organizations can either survive or perish due to their structural characteristics.

Katz and Kahn (1966) pointed out that organizations exhibit a reciprocal effect and influence on their external environments by adopting an open systems perspective and this helps them to survive and become highly synergic and profitable. The need to create a strategic fit between

environmental conditions and organizational capabilities and resources is seen as a necessary panacea to performance. Andrew (1971), Robins (1987), Tate and Taylor (1983) have advanced the notion that success, in organizational terms, is a function of the degree of strategic fit between environmental trends (threats and opportunities) and an organization's distinctive competence (strengths and weaknesses). What every manager should bear in mind is that even the best fitted structure in the long run may be "selected out" because the business environment is constantly changing.

Large organizations have coped with change quite successfully even when they have been faced with some substantial degree of formality. While being sensitive to changes in the environment, they do this by a process of a step-by-step incremental adjustment. This has appeared to be a feature of many successful organizations in the global society and one that can be sustained over time.

### **Conclusion**

The environments of business organizations have remained turbulent over time. It is therefore the responsibility of both management and the organizations to adopt ways and means to adapt and become highly profitable. Structural flexibility and coping are the means out of the dilemma of systematic change as they occur. Since the Nigerian business environment is ever turbulent and dynamic structural and procedural strategies should always be adopted if they have to survive, become effective, efficient and profitable.

The fact that organizations with the highest degree of environmental complexity and lowest degree of adaptation still continue in business shows that coping strategies have proved affective. A good structural design and, to an extent, the benevolent autocratic leadership policy should be put in place for their stability even though those that have adopted the democratic leadership style do also centralize the control of their activities for a highly synergic profile.

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