



Effect Of Political Environment On Organizational Performance With A Focus On Selected SMES In Anambra State

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ABSTRACT

This paper assessed the effect of political environment on organizational performance with 'a focus on selected SMEs in Anambra State. The major problem of the study is political risk and instability that has affected the growth, profit and goals of business organizations. The objectives of the study is to determine the correlation between political environment, and efficiency of small scale enterprise, to ascertain the relationship between political environment and customer satisfaction, to investigate the relationship between political environment and job satisfaction and also to assess the relationship between political environment and employee retention. Four (4) hypotheses were tested and research questions were also formulated. The research population is 371 that make up the number of workers of the selected industries across the state. A judgmental sampling technique was adopted to pick 356 respondent's as the sample size. The study used both primary and secondary data collection and correlation coefficient was employed for data analysis. The finding revealed that efficiency of SMEs is dependent and -sensitive to political environment. Again, stable political environment influences customer satisfaction and also encourages job satisfaction, and employee retention. We suggest -that organizations should be environmentally conscious and constantly monitor and. conduct environmental scanning for proper adaptability by business organization.

Keywords: political environment, organizational performance, job satisfaction

INTRODUCTION

The political environment is viewed through the legal frame work where the organization operates and this is done through the laws and regulations that guide the operations of the business in question. Political environment exact influence on the performance of firm irrespective of size, but politics is also components of other external risks and moreover, the political environment is often perceived to be outside the management control, making it difficult to define, predict and align with objectives (Mark and Nwawn, 2015). The conducive and peaceful environment is also a necessity for effective and efficient operations of the business. It is generally believed that political stability results to business stability, while political instability encourages business instability. Besides, political risk complicates the planning activities of business organizations. Decisions and risks that is associated with politics are also factors that will jeopardize business strategy or severally damage the firms (Demaki, 2019). Risk and instability in politics has created fear and panic in the heart of entrepreneurs over the ages while making investment within and outside country. They continue to express failure in their production and distribution process. Business (big and small) function well under a social political environment (Adeusi and Aluko, 2014). Mawoh and Aliyu(2020) postulates that since Nigeria gained independence; the political terrain has been highly unpredictable. They are of the opinion that there is lack of continuity with respect to economic policies, thus long term planning becomes difficult to do. The management of the organization are advised to take note of these challenges, risks on business organization and consult legal adviser on these issue, (Ogundele, 2015). Any organization that hopes "to succeed in any business environment must as matter of necessity pay attention to political environment. So many businesses all over the world especially SMEs has falling apart despite their good intention and objective. Most of them gave bigger percentage of their time and money to rewards and motivation of employees to guaranteed

business continuity and success but failed to understand the political terrain. Therefore, this paper examines the effect of political environment on organizational performance with a focus on selected SMEs in Anambra State.

Statement of the Problem

The issue of political environment need to be addressed as far as organizational performance of small scale enterprise is concerned in other to achieve the "set goals. The peaceful and conducive political environment of an organization is connected to the success and progress of every organization. The bed rock of every business success is environment. Proper monitoring of the political environment affects the profitability, of every business irrespective of the size. Organizations today have attributed their business challenges to the lack of commitment, experience and competency but their-poor and non-challant attitude toward political changes has affected businesses seriously.

The government (policies, rules and regulations) and non-governmental (Wars, extortion, terrorism, kidnapping and strike), political risks has become an issue that has bedeviled the growth, profit and goals of Business organizations (Andoh 2017). On that note, this study is set to investigate effect of political environment challenges" on organizational performance with a view to examine it critically and how performance can be improved.

Objectives of the Study

The general objective of this study is to examine the effect of political environment on organizational performance with a focus on selected small scale enterprises in Anambra State.

The following specific objectives include to:

1. Determine the correlation between political environment and efficiency of small scale enterprise.
2. To ascertain the relationship between political environment and customers satisfaction.
3. To investigate the relationship between political environment and job satisfaction.
4. To assess the relationship between political environment and employee retention.

Research Questions

1. Does efficiency of SMEs depend on political environment?
2. What kind of relationship exists between political environment and customer satisfaction?
3. What kind of relationship exists between political environment and job satisfaction?
4. What kind of relationship exists between political environment and employee retention?

Hypotheses

- 1 There is no significant relationship between political environment and efficiency of SMEs
- 2 There is no significant relationship between political environment and customer's satisfaction.
- 3 There is no significant relationship between political 'environment and job satisfaction
- 4 There is no significant relationship between political environment and employee retention

Review of Related Literature

Political Environment

The environment in which business organization operates is a complex, multi-focus dynamic and has a far reaching effect on such organization Eruemegbe (2015). The inability of entrepreneur to predict the political terrain is a contending issue that entrepreneurs are faced with in their daily-operation. Aldrich (2019) opines that the environment was made up of stable and unstable homogenous, heterogeneous, rich and poor, complex and simple, unpredictable variables. In the opinion of the author, he believes that business environmental factors changes is associated with factors of production and that these environmental influences may be stable over a period of time. Eruemegbe (2015) argues further that political stability has ramification on planning, for .example no organization want to- set-up business in another, country where the trade relationship are not relatively defined and stable. Porter (1980-85) also argues that the central tenets of a firm's competitive advantage rest on the ability of the firm to position and differentiate itself in a given context.

Political hostility, especially in developing countries may not be totally eradicated irrespective of the preaching to avoid political violence. Organizations performance will continuously be affected. Pearson, Robinson and Mital (2018) states that external environment is a factor beyond the control of the firm that influences its choice of direction and action, organizational pattern and processes. According to Watter

(2014) the implication of political environment to a business is that the risk emanating from it is a measure of likelihood that the organizations profit may be affected directly or indirectly. Political tensions and heat is created in different ways and by different groups of persons. All these kind of risks can result to violence directed towards firm's property and employees Mark and Nwaiwu (2015). Adeoye(2012) reports that environmental changes are continuously exerting new pressures on company performance and for them to adapt with these changes companies often formulate and implement strategies to recognize and reform the way products are assembled and channeled to final consumers.

Efficiency

Organization efficiency measures relationship between inputs and outputs or how successfully the inputs have been transferred into outputs (Low, 2020). As far as management is-concerned, before we can focus on doing things efficiently, we need to be sure we have found the right things to do (Idemobi, 2010). Efficiency means doing things well. So many firms today perform below expectations because they lack that managerial skill (efficiency) that enables them to meet the set standard. This idea emphasizes that a plan is profitable when it makes meaningful to purpose and objective as offset by the cost and other unsought consequences required to formulate and operates such plan (Olusanya, Awotungade & Ohadebere, 2012). In every organization irrespective of the size no employee can be efficient under unconducive political environment.

Many organizations have complained time without number that employee performance is below expectation after going through series of training and workshop. Knowledge acquired is not enough for the organizational efficiency. To a very large extent the efficiency of every organization is dependent on the business environment condition. When there is political- stability in our business environment, we should expect peaceful atmosphere that results to meaningful productivity. Inconsistency in policy making has caused more harm than good in our political environment. Organizations have been working to improve their productive efficiency despite political risks in our environment. According to Oyebanji (2014) a peaceful political environment enhance growth; development and also encourages both foreign and local investor.

Customer Satisfaction

Ecker (2017) posits that satisfaction is the quality of the product, services, price performance ratios as well as when a company meets and exceeds the requirements of the customer. So customer's satisfaction is a measure of firm customer base in terms of size, quality and loyalty. Meeting customer's expectations leads to customers' satisfaction. This may be in form of service or product delivery. Customers always specifications' with their manufacturing, the types, size quality and quantity of products needed at the time and place goods should be delivered. Manufacturer ultimate desires are to make sure they meet their customer loyalty to them. Customer loyalty and product repurchase are as a result of customer satisfaction (Ecker, 2017). A customer may not repeat a purchase when his needs are not met 'by the suppliers.

Non obstruction in the supply chain is made possible in an environment that is risk and crisis free, politically. There might not be room for customers to think of alternative purchase when there is real desire satisfied. Purchasing the needed product without making another or alternative choice is customer loyalty (Wyse, 2012). Customer satisfaction leads to customer loyalty and sincerity and this in turn leads to repeat purchase. According to Allen and Willburn (2012), Tuli and Bharauwaji (2019) customer loyalty is often manifested in repeat purchases. The main focus of company today is to satisfy the customer which has an impact on the competitiveness of an enterprise (Rad, 2018). Customer, satisfaction is connected to political stability of the business environment. In fact better management of political environment i.e directly related to customer satisfaction.

Job Satisfaction

In every working environment; is always a very big challenge to business owners to make sure workers are satisfied because of their different needs and desire at any point in time. Job satisfaction refers to connect with individual mind that the working environment meets the needs and values of employee and the individual's response to that environment (Camp, 2014 and Lambert, 2014). Job satisfaction is understood to be effective response to the job viewed either in its totality (global satisfaction) or with regard to particular aspects (facet satisfaction) (Tett, Meyer & John, 1993). The government political risk rules, regulations and policies have over the years affected the job satisfaction of employees.

Most times these policies interferes with the plans and objectives of organizations which in turn affect the performance of workers, conducive environment makes workers feel relax and put in their best.

The employees remains the major variable and leading factor that is used to evaluate the success of the company in a competitive environment Nath and Agrawal (2015). Giving attention to their need in terms of fulfilling organizational goal and making them feel happy is very necessary in every organization to make the environment conducive for workers. The political risk that has threatened so many workers should not be treated with levity in order to ensure their retention. Job satisfaction is noted as a person's estimation of his or her job and work situation (Nath and Agrawal, 2015).

Athal et al (2014) opines that job satisfaction is a major factor to enhance and maintain the overall yield of organization and the job loyalty by efficient service and better performance. AH, Abdiaziz and Abdiqani (2013) states that working condition is significantly related to employee productivity and job satisfaction. According to Garcia-Benal et al (2015), the last states of psychological process is called "satisfaction" Job satisfaction in this context may be accepted as: The feelings of the employees and attitude in relation with job components such as the environment where he work, workplace condition, reward such as salary and bonuses and Job itself (Glisson & Durick, 1988). Kim, et al (2005). Job satisfaction is the feelings of employee toward job (Aylia & Shamala, 2012). Obviously speaking, no employee would like to stay in an environment where safety of life is not guaranteed, where there is political instability and risk. The study of job satisfaction is a topic of wide interest to both people who work in organizations and people who study them (Mosammou & Nurul, 2019)

Employee Retention

Addressing the issue of political environment, the retention of employee need to be considered also. The retention of employee has become a contending issue that many organizations are faced with worldwide (Tizazu, 2015). The kind of workers an organization retains tells the performance expectation. (Sutherland, 2004) contends that companies with 'high quality human resources perform a better and deliver higher and more consistent to shareholder. Organization should retain its valuable employees and employees are organizational assets who help in providing innovative, advantageous and creative solution to organizational problems (Daisy, 2003). An organization that is unable to retain its valuable employee is readily to loose valuable customer also. Good employee attract reasonable number of investors to organization and political environmental risk and instability that has chased employees away must be handle very seriously by every manager to guarantee the continuous stay of this reliable workers. Thus, the resignation of potential workers, who are-considered as human capital is an important issue that has a negative impact on the efficiency, effectiveness and general performance of an organization (Harun, 2010). Irrespective of external distractions, to organizational performance, the retention of employee can also be encouraged in several ways. Career development means creating opportunities for promotion and providing opportunities for training and skill development that encourage employees to improve their potentiality on the internal and the external labour market (Meyer & Smith, 2003). According to Armstrong and Murlis (2017) how an employee is appreciated or valued and company's expectation can be expressed by the working environment. Furthermore, avoiding employee turnover would ensure the achievement of company objectives, customer satisfaction and effective succession planning (Mello, 2017).

Theoretical Framework

This study built on the negative theory of customer satisfaction. Customer satisfaction is one of the variables this study is built on. The theory was introduced into the customer satisfaction, literature by Anderson (1994). The theorist postulates that when expectations are strongly held, users will respond negatively to any disconfirmation.

Therefore, dissatisfaction will occur if perceived performance is less than expectation or if perceived performance surpasses expectation. The theorist idea was that customers has expectations in terms of quality and quantity of goods and services, time delivery and place' of delivery and that anything short of these led to their dissatisfaction and negative response. Again, for manufacturing organization to satisfy its customer demands is largely dependent on the political environment situation of that organization. Political crises disturb flow of businesses in our environment. In- other words, stable political, environment encourages customer satisfaction.

Empirical Review

Ahmad (2012) assessed factors influencing, an entrepreneur performance in Pakistan. Correlation coefficient and SPSS was used to analyze data. The finding show that access to finance, public and private partnership, lack of training and education, stress., lack of motivation and lack of political stability are significantly related with the growth of small scale enterprises, Mark and Nwaiwu (2015) carried out a study on the impact of political environment on business performance in Nigeria. Political environment was measured as the degree of political Instability and absence of violence while business performance was measured by the profitability of the companies for the period 1999 -2013. Analysis of data was done through SPSS and regression methods. The result shows that political environment has a significant impact on business performance. In fact, the result revealed that there is a correlation between political environment and organizational performance. An empirical study was also carried out by Mohammed and Nzelibe (2013) carried out a study also to assess the performance of SMEs as a tool for wealth and employment creation in Nigeria. Financing, anticipated political environment and lack of management skill was used as the factors that influenced the performance of SMEs. Data collected through questionnaire and regression analysis model was used to test or analyzed the hypothesis. To results suggested that there is an association or correlation between the perceived political environment and performance of SMEs and lack of management skill affect and influenced the performance of small and-medium scale enterprises in Nigeria.

Phillip (2015) carried out research in order to evaluate factors influencing business growth of an entrepreneur in Bangladesh. Questionnaire was used for data collection and it was analyzed through SPSS software that gives relevant analysis in terms of reliability analysis, frequency analysis, regression, one way ANOVA and T-test. The result of the analysis indicated that the macro environment was one of the factors that has a significant relationship with business success and efficiency of SMEs.

Ofegeba (2017) also examined the effect of contextual factors on the performance of small and medium scale enterprises in Nigeria, a study of Ilorin metropolis, primary source was used for data collection. Simple linear regression method was used and the result of the research revealed that there is a significant relationship between capital, enabling environment, availability of market, state of economy while the result of shows that there is an inverse relationship between environmental policies with SMEs performance or Efficiency.

Raja (2014) investigated the factors of customer satisfaction in fast food industry in Pakistan. Primary source was used for data collection and data was analyzed through correlation and multiple regressions. Customer satisfaction is dependent variable while quality service, price environment as independent variables. The findings revealed that there is significant relationship between environment and customer satisfaction.

Padmakum (2019) examined the relationship among service climate, employee, job satisfaction, employee engagement and customer satisfaction in India. Questionnaire-method was employed for data collection and analyzed with regression method. The findings indicate that work environment influences service climate, which in turn influences employee job satisfaction, employee engagement and customer satisfaction.

Muhammad (2013) assessed the impact of performance appraisal politics in workplace environment on job satisfaction of employee, turnover intention and their loyalty in the telecommunication organization of Pakistan. The data was collected from, white collar employees (N=27) of telecommunication organization of Pakistan. Regression method was used for the analysis of data. It was concluded that political motives in the workplace environment influence job satisfaction- of employee and their loyalty to the organization. Empirically Kounikh (2014) investigated the impact of job satisfaction in the relationships between workplace politics and work related outcomes and attitudes. A sample of 25 individual's working in diverse organization in Senegal - was used and multiple hierarchical regressions were, equally employed for the analysis. The result indicated that workplace environment politics has negative effect on organizational commitment, organizational citizenship behaviour and job satisfaction of employee:

Furthermore, Aylia and Shamala (2017) determined the effect of organizations political condition on employee job satisfaction in the health sector of Lahore Pakistan. Total sample size of research is 250 employees from health sectors. Statistical package for social science (SPSS) was used to analyze data. Research applied Pearson correlation, regression analysis, T-test and one way ANOVA to examine the

hypothesis. The finding revealed influenced job satisfaction of employee in the area under study.

Daisy (2019) empirically examined the link between work environment, career development opportunities. The study used 142 employees, representing 10% of target population of 1,420. Data was collected primary through semi-structural questionnaire; Data analyzed with' descriptive statistics and Pearson correlation coefficient. The finding revealed that work environment conditions and career opportunities has positive relationship with employee retention and thus affect his decision to stay in Vodafone Ghana limited.

Another empirical study was made by Tizazu (2015) to investigate employee investigation and it effect on employee retention in Ambo mineral water factory. The sample size of the study was 237. Primary and secondary data are used to achieve the determined objectives. Primary data collected through questionnaire, the collected data was analyzed using descriptive correlation and regression analysis. From the data analyzed, it was observed mat working environment (its stability) has a positive significant effect on employee retention.

METHODOLOGY

The researcher adopted descriptive survey research method. This research covers four (4) registered paint industries and three (3) plastic industries on the 2017 business directory edition of Ministry of Commerce and Industry, Anambra state with population size of three hundred and seventy one (371) including the owners of the companies and their employees. Based on the population size of the study 371 we adopted judgmental random sampling technique to pick a sample size of three hundred and fifty six (356) respondents. The primary source of data is the sampling or study unit regarding in (or form) which information is collected on first hand basis.

Method of Data Analysis

The hypotheses formulated were tested with correlation analysis using Pearson product moment correlation coefficient to analyze the data collected. This coefficient enables us to determine the strength of the relationship between two variables dependent and independent variables.

$$R = \frac{N \sum XY - \sum X \sum Y}{\sqrt{N \sum x^2 - (\sum x)^2} \sqrt{N \sum Y^2 - (\sum Y)^2}}$$

Where. X refers to a subject score on variable X

Where Y refers to a subject score on variable Y

DATA PRESENTATION AND ANALYSIS

The tables represented below are the results of the research conducted on the relationship existing between the variables in the selected small scale enterprise inAnambra State. In testing the hypotheses, correlation co-efficient was used.

Hypotheses I

H0: There is no significant correlation betweenpolitical environment and efficiency of small scale enterprises

Hi: There is a significant correlation between political environment and efficiency of small scale enterprises.

Table 4:1: Summary score of Political environment and Efficiency of SMES

	ENTERPRISES	POLITICAL ENVIRONMENT (X)	EFFICIENCY (Y>
1	Advanced coating technology, Effurun.	6	5
2.	Carmelite industries Agbor.	13	10
3	Hosanna paint industry	12	8
4	Joel industries- Ogwashi-Uku	6	5
5	Kaddara plastic, Effurun.	5	2
6	Unity plastic, Agbor	12 .	10
7	Plasticman 'Enterprises	9	4
	TOTAL	63	44

Source: Field Survey 2023

No	X	Y	X ²	Y ²	XY	DF	SL(r)	rCritical	r cal	Decision rule
1.	6	5	36	25	30					
2.	13	10	169	100	130					
3.	12	8	144	64	96					
4.	6	5	36	25	30	5	5%	0.76	0.83.	HO rejected
5.	5	2	25	4	10					
6.	12	10	144	100	120					
7.	9	4	81	16	32					
	63	44	635	334	448					

$$r = \frac{N (\sum XY - (\sum X^1) (\sum Y))}{\sqrt{n (\sum x^2 - (\sum x)^2) n (\sum Y^2 - (\sum Y)^2)}}$$

$$r = \frac{7 (448) - (63) (44)}{\sqrt{7 (635 - 63)^2 5 (334 - 44)^2}}$$

$$r = r \sqrt{\frac{3136 - 2772}{(4445 - 3969)(2338 - 1936)}}$$

$$r = r \sqrt{\frac{364}{(476)(402)}}$$

$$r = \frac{364}{19135}$$

$$r = 0.83 \frac{364}{437}$$

$$r = 0.83$$

Decision rule

$$d/f = N - 2$$

$$d/f - 7 - 2 = 5$$

$$r = \text{critical value at } 5\% = 0.76$$

When Pearson product moment correlation coefficient was applied on the generated- data in table 4.1, r critical of 0.76 and r calculated of 0.83 at the degree of freedom 5 at 5% level of significant were obtained respectively Thus r critical is less that r calculated and as a result, H₀ is rejected. Therefore, there is a significant relationship between political environment and efficiency of small scale Enterprise,

Hypothesis 2

H₀: There is no significant relationship between Political environment and Customers Satisfaction.

H_i: There is a significant relationship between Political environment and Customers Satisfaction.

Table 4:2: Summary score for Political environment and customer satisfaction

	ENTERPRISES	POLITICAL ENVIRONMENT (X)	CUSTOMER SATISFCATION (Y)
1.	Advanced coating technology, Umunya	10	8
2.	Carmelite industries Awka	10	7
3.	Hosanna paint industry	8	5
4.	Joel industries Abagana	6	5
5.	Kaddara plastic, Nkpor.	12	5
6.	Unity plastic, Onitsha	4	2
7.	Plasticman Enterprises Umuoji	3	2
7.	TOTAL	53	34

Source: Field Survey 2023

No	X	Y	X ²	Y ²	XY	DF	SL(r)	rCritical	r cat	Decision rule
1.	10	8	100	64	80					
2.	10	7	100	49	70					
3.	8	5	64	25	40					
4.	6	5	36	25	30	5	5%	0.76	0-80	Ho rejected
5.	12	5	144	25	60					
6.	4	2	16	4	8					
7.	3	2	19	4	6					
Total	53	34	479	196	294					

$$r = \frac{N(\sum XY - \sum X^1(\sum Y))}{\sqrt{n(\sum x^2 - (\sum x)^2) n(\sum Y^2 - (\sum Y)^2)}}$$

$$r = \frac{7(294) - (53)(34)}{\sqrt{5(469 - 53)^2 7(196 - 34)^2}}$$

$$r = r\sqrt{\frac{2058 - 1802}{(3283 - 2809)(1372 - 1156)}}$$

$$r = r\sqrt{\frac{256}{(102384)}}$$

$$r = \frac{256}{319} 0.80$$

$$r = 0.80$$

Decision rule

$$d/f = N-2$$

$$d/f = 7 - 2 = 5$$

$$r = \text{critical value at } 5\% = 0.76$$

Having applied correlation coefficient test a calculated value of 0.80 and critical of 0.76 were obtained respectively. Therefore, we retained the alternative hypothesis and reject the null hypothesis. There is a significant relationship between political environment and customer's satisfaction.

Hypothesis 3

H0: There is no significant relationship between political environment and job satisfaction

H1: There is a significant relationship between political environment and job satisfaction

Table 4:3: Summary score for political environment and job satisfaction

S/N	ENTERPRISE	POLITICAL ENVIRONMENT	JOBSATISFACTION(Y)
1.	Advancedcoaling technology, Umunya	13	6
2.	Carmeliteindustries Awka	9	6
3.	Hosanna paint industry Abagana	11	8
4.	Joel industries Nkpor	11	9
	Kaddara plastic, Onitsha	7	6
6.	Unity plastic, Ukpo	6	4
7.	Plasticman Enterprises Umuoji	61	42

No	X	V	X ²	Y*	XY	DF	SL(r)	CriticalM	Cal(r)	Decision rule
1.	13	6	169	36	78					
2.	9	6	81	36	54					
3.	11	8	121	64	88					
4.	11	9	121	81	99	5	5%	0.76	0.78	HO rejected
5.	7	6	49	36	42					
6.	6	4	36	16	24					
7.	4	3	16	9	12					
	61	42	593	278	397					

$$r = \frac{N(\sum XY - \sum X^1(\sum Y))}{\sqrt{n(\sum x^2 - (\sum x)^2/n)(\sum Y^2 - (\sum Y)^2/n)}}$$

$$r = \frac{7(697 - (61)(42))}{\sqrt{7(593 - 61)^2/n(278 - 42)^2}}$$

$$r = \frac{2779 - 2562}{\sqrt{(4151 - 3721)(1946 - 1764)}}$$

$$r = \frac{217}{\sqrt{(430)(182)}}$$

$$r = \frac{217}{\sqrt{78260}}$$

$$r = 0.78 \frac{217}{279}$$

$$r = 0.78$$

Decision rule

$$d/f = N - 2$$

$$d/f = 7 - 2 = 5$$

$$r = \text{critical value at } 5\% = 0.76$$

Using correlation coefficient test a calculation value of 0.78 and critical value of 0.76 respectively were also obtained. Therefore, we reject the null hypothesis H_0 and accept H_1 , the alternative hypothesis. There is a significant relationship between political environment and Job satisfaction.

Hypothesis 4

H_0 : There is no significant relationship between political environment and employee retention

H_1 : There is a significant relationship between political environment and employee retention.

Table 4.4 summary score for political environment and employee retention

S/N	ENTERPRISE	POLITICAL ENVIRONMENT (X)	EMPLOYEE RETENTION(Y)
1	Advanced coating technology, Umunya	13	11
2	Carmelite industries Awka	8	4
3	Hosanna paint industry Abagana	10	10
4	Joel industries Nkpor	12	10
5	Kaddara plastic, Onitsha	8	4
	Unity plastic, Ukpo	7	5
7	Plasticman Enterprises Umuoji	13	8
	TOTAL	71	52

Source: field survey by the researcher 2023

S/N	X	Y	X ²	Y ²	XY	Df	SI(r)	(r) Critical	r calculated	Decision rule
1	13	11	169	121	143					
2	8	4	64	16	32					
3	10	10	100	100	100					
4	12	10	144	100	120	5	5%	0.76	0.82	H_0 rejected
5	8	4	64	16	32					
6	7	5	49	25	35					
7	13	8	169	64	104					
	71	52	759	442	566					

$$r = \frac{n \sum XY - \sum X^1 (\sum Y)}{\sqrt{n (\sum x^2 - (\sum x)^2) n (\sum Y^2 - (\sum Y)^2)}}$$

$$r = \frac{7 (566) - (71) (52)}{\sqrt{7 (159 - 71)^2 7 (442 - 52)^2}}$$

$$r = \frac{3862 - 3692}{\sqrt{(5313 - 5041)(3094 - 2704)}}$$

270

$$r = \frac{270}{\sqrt{(272)(390)}}$$

$$r = \frac{270}{\sqrt{106080}}$$

$$r = \frac{270}{325} = 0.82$$

$$r = 0.82$$

Decision rule

$$d/f = N - 2$$

$$d/f = 7 - 2 = 5$$

$$r = \text{critical value at } 5\% = 0.76$$

With the use of correlation coefficient test, a calculated value of 0.82 and critical value of 0.76 was observed respectively. It means we reject the Null hypothesis H_0 and accept H_1 the alternative. There is significant relationship between political environment and employee retention in an organization.

DISCUSSION OF FINDINGS

Data analyzed revealed that efficiency of small scale industries is dependent and sensitive to political environment. This is indication that inefficiency of small scale enterprises could result from political instability. The finding is in consonance with the finding of Nwaeke (2012) who asserts that absolute responsibility of the management and organization is to adopt methods of adapting reasonably to the political environmental changes in order for them to survive effectively and efficiently.

Another finding is that political environment influences and brings about customer satisfaction. This corresponds with the ideas of Raja et al (2014) who opines that there is a relationship between environmental factors and customer satisfaction. Padmakumar also states that work environment influences service climate which in turn influences employee job satisfaction and customer satisfaction.

Again, from the data analyzed, it was discovered that stable political environment encourages job satisfaction and employee retention in an organization. This agrees with the opinion of Ali et al (2013) that working condition is significantly related to employee productivity, job satisfaction and employee retention. Daisy (2013) also postulates that work environment condition has a positive relationship with employee retention.

CONCLUSION

In fact, efficiency and customer satisfaction are critical to all success of an organization (private and public) and no organization anywhere in the world excels with inefficient performance and customer dissatisfaction. Therefore, based on the findings, we conclude that there is a positive correlation that exists between political environment, efficiency of organizational performance and customer satisfaction. The study further concludes that there is a significant relationship between political environment, job satisfaction and employee retention in an organization. It suggests that if the issue of political instability and crisis is not addressed or taken seriously by organization, there is going to be customer dissatisfaction and employee turnover in an organization.

RECOMMENDATIONS

Having examined political environment and organizational performance with respect to selected small and medium scale enterprises in Delta State, it is crystal clear that growth and development of small and medium scale enterprise (SMES) to a very large extent rest on good and stable political environment. But majority of small business owners are ignorant and non-challant of what stable political environment is all about both trading and manufacturing organization. Based on the foregoing, we recommend as follows:

1. Environmental consciousness enhances entrepreneurial success and efficiency. Entrepreneurs must be conscious of political changes of the business environment.
2. There should be constant monitoring and conducting of environmental scanning always to maintain customer satisfaction.
3. Government should avoid making laws and policies that result to political crisis in our business

environment rather think of policies that encourages job satisfaction.

4. Retention of employee in an organization is not guaranteed under unstable political environment.

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