

Impact of Political Marketing Environment on Organisational Survival: an Empirical Analysis

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Abstract

This study examined the impact of political marketing environment on organisational survival in Nigeria manufacturing companies. Descriptive survey research design was used. The study population consists of all manufacturing companies in Nigeria. Six manufacturing companies were purposively sampled. These companies include Nestle Nigeria Plc, Cadbury Nigeria Plc, UTC Nigeria Plc, 7-UP Bottling Company Plc, Guinness Nigeria Plc, and Cement Company of Southern Nigeria. Ten (10) key top managers and shareholders were quota allocated to each of the selected companies. Thus, a total of 60 questionnaires were administered to the target respondents. Using descriptive and inferential statistics as analytical tool, this study revealed that variables such as tax levies and tax breaks; legislations and regulations; as well as trade agreements and tariffs has significant positive impact on organisational survival. This study concludes that all the factors identified could also be a challenge to the survival of any manufacturing companies and where adequate attentions are not paid to these factors, it would impede the survival of the organizations thereby making the growth impossible and where it is possible, it will move at snail pace. This study recommend that management of the manufacturing companies should constantly scan the environment in order to understand the major trends of events and make proactive decisions that would neither jeopardize nor mortgaged the future of the company.

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Background to the Study

The success of any business organization depends on supportive institutions. In other words, business organization remains and operates within an environment where there is complex interplay in terms of activities as well as networks of relationship between and among human resources, material resources and other systems (Oginni, 2010). All business decisions are found to be contingent upon a good analysis of the environment which is often the bane of all the constraints as this environment creates the opportunities, threats and problems for the business organization (Aborade, 2005). Evolving from this is the belief that business organization is an integral part of its environment on the ground that they are mutually interdependent and exclusive where the environment plays the role of providing the resources and opportunities to organization for its existence, and the business organization in turn, offers its goods and services to the people living in the environment for survival and enlightenment (Ajala 2005). The political business environment includes all laws, government agencies, and groups that influence or limit other organizations and individuals within a society. It is however important for marketers to have full awareness of these restrictions as they can be complex. Therefore, marketers need to monitor the changing political business environment because political change can profoundly affect a firm's marketing plan.

Adi (2006) established that the most important sole influence on organizational policy and strategy at any point in its development is the environment, both within and outside the organization. In the same vein, Akanji (2003) was of the opinion that the more complex, turbulent and dynamic an environment becomes, the greater the impact on human attitudes, business, organizational structure, market and process as well as facilities, therefore there is need for all organizations to direct their attention to the environment and most especially political rules and regulation, when formulating their strategic management policies in order to facilitate their survival, growth and profit motives. However, the relationship that exists between political marketing environment of business organisations and performance remain controversial and open to further research.

Interestingly, the political environment affecting business organisations arise from political instability which is perceived to have a high significant impact on business survival. Similarly, harsh legislation such as the minimum wage or anti discrimination laws affects business survival. This is manifested in the government regime e.g. communist, democratic, and dictatorship thus affecting business performance and survival. Also, poor legislation such as the minimum wage or anti discrimination laws affects business performance. The high tax levies and tax breaks significantly affect business survival. This study therefore investigates the impact of political marketing environment on organizational performance and survival.

Literature Review

Understanding management strategy or organization policy and effectiveness for survival is not as easy as some people believe; it requires looking at how company is gripped with the challenges and opportunities facing it, which includes the environmental variables that impede business survival in which political marketing environment the integral part. It requires proper evaluation and analysis of marketing environments on the position of an organization, whether the adopted strategy and policies adopted is working well and if not

why and how should we go about it? Strategies are means of operationally signing a policy for goals and objectives. For company to perform very well and to be productive even to its maximum standard, effective strategy should be impeded in such company in order to overcome the threat which political marketing environment variables may pose.

Political factors regard how and to what degree a government intervenes in the economy. Specifically, political factors include areas such as tax policy, labor law, environmental law, trade restrictions, tariffs, and political stability. Political factors may also include goods and services which the government wants to provide or be provided (merit goods) and those that the government does not want to be provided (demerit goods or merit bad). Furthermore, governments have great influence on the health, education, and infrastructure of a nation.

The Place of Political Factors in the Marketing Environment

Political factors influence organizations in many ways. Political factors can create advantages and opportunities for organizations. Conversely, they can place obligations and duties on organizations. Political factors include the following types of instrument:

- i. Legislation such as the minimum wage or anti discrimination laws
- ii. Voluntary codes and practices
- iii. Market regulations
- iv. Trade agreements, tariffs or restrictions
- v. Tax levies and tax breaks
- vi. Type of government regime e.g. communist, democratic, dictatorship

Non conformance with legislative obligations can lead to sanctions such as fines, adverse publicity and imprisonment. Ineffective voluntary codes and practices will often lead to governments introducing legislation to regulate the activities covered by the codes and practices (learnmarketing.net).

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Business Organizational Survival

Business survival is described as the operation of business organization on-going concern sometimes refers to as manage to stay in business (Akindele et al., 2012). In an attempt to respond to the activities that will enable organization to operate on-going concern, organizations are constantly in the process of structuring and restructuring to keep abreast with these activities which do come in form of complexities to include leadership styles, changes, uncertainty, conflict, culture, technology, structure, competitive market, profitability and workplace motivation (Adeoye, 2012). In view of these complexities as challenges, organization needs to strategically plan and develop the most appropriate and adaptive structure that will enable it to utilize and maximize its resources and ultimately achieve organizational objectives (Mullins, 2002; Akindele et al., 2012).

Business Organisational Growth

In the view of Laosebikan (2013) organizational growth means different things to different organizations because there are many parameters a company may use to measure its growth. This is so because the ultimate goal of most organizations is profitability, most organizations will measure their growth in terms of net profit, revenue, and other financial data. Other criteria for assessing the organizational growth are volume of sales, number of employees, physical expansion, success of a product line, or increased market share (Lipton & Mark, 2003). According to Roberts and John (2004), organizational growth will be gauged by how well a firm does relative to the goals it has set for itself and in the same vein, Coffman (2002) in Oginni (2010) were of the opinion that the intention and desire to keep the business to operate on-going concern definitely calls for growth of the organization otherwise such organizations will cease to exist. Aluko (1999) however added another dimension to what organizational growth is all about by saying that it is something for which most organizations strive, regardless of their size.

Relationship between Political Marketing Environment and Business Survival

Environment is expressed as the sum total of the external forces that influences individuals, businesses and communities (Oginni & Faseyiku, 2012). Adebayo et al., (2005) summarized environment as the surrounding of a phenomenon which from time dictate and shape its direction. Business organization does not operate in vacuum; it operates within the environment where the production and distribution of goods and services are carried out. Oluremi and Gbenga (2011) asserted that business organization that wants to succeed must develop a clear understanding of the trends of business environment and forces that shape competition. The understanding in question will enable the organization to choose the appropriate strategy or strategies that fit the trends in the business environment arrived at through environmental scanning analysis with focus on the variables such as strengths, weaknesses, opportunities and threat (SWOT). Adeoye (2012) was in support of this view as he opined that the dynamic and rapidly changing environment in which most business organizations compete is important that organizations maintain their performance measurement system through adoption of appropriate strategies that would provide information found to be relevant to the issues that are of paramount importance. However, Ibidun and Ogundele (2013) was of the opinion that understanding the nature of business environment which can be classified into three namely dynamic (continuous changes), stable (relative changes) and unstable (frequent changes) would further help in repositioning the organization through appropriate strategies while Ogundele (2005) added that the perception of the organizations about the nature of the business environment to a large extent depends on their size and industry in which it operates. Business survival is described as the operation of business organization on-going concern sometimes refers to as manage to stay in business (Akindele et al., 2012).

Relationship between Environmental factors, Business Survival and Growth

Asika (2001) posits that analysis of business environment is the examination and appraisal of the opportunities and threats provided by the environment as well as the potential strengths and weaknesses the business possesses. Carrasco (2007) in Oginni (2012) however, opined that opportunities and threats are associated with external environment of a business while strengths and weaknesses are associated with internal environment of the business.

Consequently, external analysis examines opportunities and threats that exist in the environment while internal analysis examines strengths and weaknesses within the business with a view of using these to combat the external forces. However, both opportunities and threats exist independently in the firm. To Oginni (2010), the internal environment is always manipulated in response to the dictate of the external environment in an attempt to meet organizational objectives and this belief was supported by the views of Ghazali et al., (2010).

Ghazali et al., (2010) analyzed the critical internal and external factors that affect firms strategic planning in Malaysia. The internal and external factors examined in their study included strengths, weaknesses, opportunities and threats. Their study showed that firm's strengths are related to their financial resources and the weaknesses are related to the firms' management. The study further revealed that the external factors which become opportunities to the firms are support and encouragement from the government, and that threats are the bureaucratic procedures that firms have to face in order to get plan approval and certificate of fitness.

Theoretical Framework

Environmental Political Theory

This theory was proposed by Steve Vanderheiden (2007), University of Colorado at Boulder. The term “environmental political theory” refers to the research area in which scholars of political theory use their conceptual tools in an effort to better understand the relationship between human individuals or communities and their natural environment, to identify the values and ideas that have shaped and continue to structure the way that humans interact with the natural world, or to articulate visions of how politics might define and help realize an ecologically sustainable world. This theory is applicable to business organization on the basis of how political variables influence business operation.

Three Sigma's Theory of the Business Model

This model is an application of a model described by Peter Drucker as “the theory of the business”. The central tenet of this theory is that many businesses decline and fail because the assumptions they make that form the basis for their fundamental business decisions (about society, markets, customers, products, technology, their mission, etc.) become obsolete or invalid. Since the future is uncertain and the social environment is constantly changing, even the soundest business theories eventually become obsolete. For this reason every business and organization should periodically examine their fundamental assumptions to see if they continue to reflect the current realities they face and if not, how they should be changed. This model provides the organization and structure to identify and examine those assumptions and change them if necessary. This model is applicable to business, government and non-profit organizations. It can also be used for new businesses and startups to identify, examine, and make explicit the assumptions that underlie their business planning.

Methodology

The methodology adopted for this study was to ensure a systematic collection, analysis and interpretation of good and relevant data relating to issues in political marketing environment and survival of business organizations. Descriptive survey research design was used to

investigate the identified problem areas of this research and collect relevant information for analysis and interpretation of results. The study population consists of all manufacturing companies in Nigeria. The purposive sampling method was used in selecting six (6) manufacturing companies in Nigeria. These companies include Nestle Nigeria Plc, Cadbury Nigeria Plc, UTC Nigeria Plc, 7-UP Bottling Company Plc, Guinness Nigeria Plc, and Cement Company of Southern Nigeria. These companies are listed on the Nigerian Stock Exchange. Ten (10) key top managers and shareholders were quota allocated to each of the selected manufacturing companies. Thus, a total of 60 questionnaires were administered to the target respondents on the ground that they are considered to be of interest to this topical issue. The correlation (r) inferential statistics was used as analytical tool due to its ability to satisfy the variation of the frequencies of the responses in a stratified group and comparable between the dependent and the independent variable for association or relationships. The analysis was computed electronically using statistical package for social sciences (SPSS 21 Inc).

Results

Table 1: Respondents General Information

Respondent's Designation	Frequency	Percent	Cumulative percent
Top Managers	37	61.7	61.7
Shareholders	23	38.3	100.0
Total	60	100.0	
Respondent's Professional Qualification			
First Degree	13	21.7	21.7
Post graduate	22	36.7	58.4
Others (CIM, ACA, ACCA, MNIB)	25	41.6	100.0
Total	60	100.0	
Respondent's Length of service in the company (years)			
< 3	9	15.0	15.0
3 - 5	17	28.3	43.3
> 5	34	56.7	100.0
Total	60	100.0	

Source: Fieldwork, 2016

Table 1 presents that out of sixty (60) responding key top managers and shareholders in the surveyed manufacturing companies, 62% were top managers while 38% represent the shareholders. Forty-two percent had professional certification. Fifty-seven percent had spent more than 5 years in the manufacturing companies. The result in Table 1 above further revealed that the respondents were well represented; professionally qualified and thus increases the authenticity of the information obtained.

Table 2: Test of Hypotheses

Response Estimation	r	Significance (2-tailed)	Deduction
Organizational survival (constant)			
Tax levies and tax breaks	.947 ^{**}	.000	Significant
Legislation and regulations	.924 ^{**}	.000	Significant
Trade agreements and tariffs	.746 ^{**}	.000	Significant

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

A Pearson product-moment correlation was run to determine if there is any significant positive relationship between the dependent variable of political marketing environment proxy (tax levies and tax breaks, legislation and regulations, trade agreements and tariffs) and organizational survival as the independent variable.

Conclusion and Recommendations

Based on the hypotheses tested above, the study findings revealed that tax levies and tax breaks affect organizational survival. Similarly, it was revealed that government legislation and regulations has positive effect on organizational survival. It was further ascertained from the finding that trade agreement has positive effect on business survival. All political environment variables have significant positive effect on organizational survival.

On the basis of the research findings, the existing political marketing environmental factors in the manufacturing sectors were identified together with their respective significant effect in the wake of organisational survival and growth. Factors such as tax levies and tax breaks, legislation and regulations, trade agreements and tariffs were found to show a direct significance in their relationship effect on business organization survival. It is however clear that all the factors identified were found to be a challenge to the survival of any business organizations and where adequate attentions are not paid to these factors, it would impede the survival of the organizations thus making the growth impossible and where it is possible, it will move at snail pace.

Evolving from the above discussion, it is the opinion of the authors that if the following recommendations can be adopted as a blueprint towards providing a lasting solution to the survival and growth of business organizations, it would be achieved in a time not far from now;

- i. Government of the day should endeavour to create an enabling environment that would be truly conducive for business organizations to thrive without engaging in any act of fraudulent practices.
- ii. Manufacturing companies should critically study the tenure of governments in the society they operate in order to know how to formulate strategies that fit the current government in power.
- iii. Management of the manufacturing companies should constantly scan the environment in order to understand the major trends of events and make proactive decisions that would neither jeopardize nor mortgaged the future of the organizations.

- iv. Government of the day should endeavor to make the manufacturing sector enjoy certain tax rebate as a result of prevailing economic condition under which they conduct their businesses.
- v. Government should adopt an effective regime system for ruling in order to provide a friendly business environment which can aid the growth of the economic
- vi. Government should consider business organization when formulating Legislation such as the minimum wage or anti discrimination laws in order for business to have adequate return on investment.
- vii. Business organization should always budget for tax levies in order to have adequate capital to meet government taxation under contingency.

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