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ENVIRONMENTAL UNCERTAINTY AND ENTREPRENEURIAL SUCCESS

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ABSTRACT: *This study aims to examine the effect of environmental uncertainty on entrepreneurial success amongst 9,450 small and medium enterprises (SMEs) who are registered members of the National Association of Small and Medium Enterprises (NASME), National Association of Small Scale Industrialists (NASSI) and Association of Small Business Owners in Nigeria (ASBON) in Lagos State. Proportionate stratified random sampling method was used to select samples from the sampling frame. Sample size of 381 used for the study was determined using the formula developed by the National Education Association (1960). Primary data on the dependent variable (Entrepreneurial success) and independent variable (Environmental uncertainty) was collected using questionnaire as research instrument. Environmental uncertainty measures are dynamism, complexity and hostility while measures for entrepreneurial success are profitability, market share, net asset growth, sales growth and government policies. The questionnaire was pretested by a pilot study of 50 selected SMEs. Data obtained from the pilot study was analyzed and based on the result, the questionnaire was slightly modified giving an overall Cronbach's Alpha value of 0.791. The statistics of the model summary reveal correlation co-efficient R = .519 indicating that the combined influence of the three predictor*

variables of dynamism, complexity and hostility has a strong positive relationship with entrepreneurial success. The R square is .269 or 26.9% signifying that the combined influence of the predictor variables explains 26.9% of the variations in entrepreneurial success. The value of F (3,206) = 25.321, p <.05, shows that the combined effect of dynamism, complexity and hostility was statistically significant in explaining changes in entrepreneurial success in Lagos State. This is confirmed by a p value which is less than the acceptance critical value of 0.05. The model shows that the regression coefficients results for both dynamism (β = .155, t = 2.390, p = .018) and complexity (β = .464, t = 7.392, p = .000) indicate positive and significant relationship with entrepreneurial success in Lagos State. The finding indicates that a unit increase in both dynamism and complexity of environmental uncertainty would lead to increase in entrepreneurial success in Lagos State. The regression coefficients for hostility (β = -.155, t = -2.484, p = .014) indicate a negative relationship with entrepreneurial success, though the relationship was significant, p <.05. Complexity measure has the highest influence on entrepreneurial success with a p value was 0.000 followed by hostility with a p value 0.014, and then dynamism with a p value of 0.018.

KEYWORDS: Entrepreneurial success, environmental uncertainty, dynamism, optimism, hostility.

INTRODUCTION

Entrepreneurial success depends on multiple factors (Oyeku, Oyedele M; Oduyoye, Oluseyi O; Ashikia Olalekan; Kabuoh Margaret and Elemo Gloria N, 2014) and business environment is a major factor. The external environment of most firms can increasingly be characterized as dynamic, threatening and complex (Drucker, 1980; Ansof, 1979). Frese and De Kruif, (2000) established positive relationship between environmental difficulties and business success. Olvecka (2013) defined a favourable entrepreneurial environment as an environment that creates the same beneficial conditions for all, regardless of anyone's origin, legal form, size, etc and identified the following factors/conditions for improving entrepreneurial environment of the SMEs in Slovakia: Securing the macro-economic stability and enhancement of public finance, Defence of honest businessmen against unfair practices of business partners, Improving the quality of education, Perception of entrepreneurs as partners in terms of economic development, Decrease of tax charge and effective social system, Transparency of public spending, Compliance with the obligations and regulations of the EU. Kajanova (2012) noted that the decision-making processes in small and medium-sized enterprises are subject to trends and innovations and that changes of the decision-making process are visible in particular as the result of the pressure of the economic crisis, and the reaction of the entrepreneurs to globalisation, instability of the economic and political environment, evolution of the business and competition environment in which the SMEs are operating.

Awang, et al (2009) perceived environmental factors consisted of five dimensions of munificence, turbulence, competition, market dynamism, and restrictiveness identified as moderators; their finding supported Kreiser et al. (2002) and redefined Brown and Kirchoff (1997) and De Koning and Brown (2001) that environmental munificence is conducive to entrepreneurial orientation or part of entrepreneurial orientation in predicting higher performance however, environmental munificence promotes proactiveness as the best predictor of performance in Malaysian SMEs. Sascha, Coen, and Hosman (2011) discovered in their study that innovative SMEs do perform better in turbulent market environments, but the firms' should avoid too risky activity and that proactive firm behavior positively contributes to SME performance during the economic crisis. Fitzsimmons and Douglas (2005) noted that entrepreneurs commonly underestimate the chances of new venture failure regarding the reactions of rivals and other issues such as the time to become cash flow positive, the profit the firm will earn, and so on.

Covin and Slevin (1989) analyzed performance implications of small businesses in hostile environments. In an hostile environment, and organic structure and an entrepreneurial strategic posture was related to high performance, while in an non-hostile environment, a mechanistic structure, and a conservative strategic posture was related to success. Similar, competitive aggressiveness was related to performance in hostile environments, while it had negative consequences in non-hostile environments (Covin & Covin, 1990). Zahra (1996) showed, that environmental conditions moderated the form and the strength of the relationship between technology strategy and business success. Pioneering for example was strongest related to success in dynamic environments, while followership was better in hostile environments.

Aman et al (2011) noted that infrastructure and facilities (transportation infrastructure, communications, buildings, water and power supply, access to capital), are necessary input to rural development that will create a favorable environment for rural small business to succeed. An environment conducive to small businesses to succeed also depend on the domestic economic conditions and policies which refer to incentives and regulations that facilitate small business growth. Such enabling environment can only be provided by the government which further implies the importance of government support for rural entrepreneurs to succeed.

The important of entrepreneurship on economics has been investigated from different perspective. Dean and McMullen (2007) in their study investigated how entrepreneurship can help resolve the environmental problems of global socio-economic systems. While environmental economists conclude that environmental degradation results from the failure of markets, entrepreneurship literature argues that opportunities are inherent in market failure. As Dean and McMullen (2007) discussed that environmentally relevant market failures represent opportunities for achieving profitability while simultaneously reducing environmentally degrading economic behaviors. It also implies conceptualizations of sustainable and

environmental entrepreneurship which detail how entrepreneurs seize the opportunities that are inherent in environmentally relevant market failures.

According to Frese, Brantjes and Hoorn (2002), attributes such as ability to engage in strategic planning and other psychological attributes such as a drive for independence, innovative orientation, attitude toward risk, and a competitive nature are especially important when an entrepreneur is working in a difficult business environment.

According to Mason (2007) and Conner (1998), noted that business success calls for continuous innovation, constant replacement of products ahead of competitors and malleable strategies that allow quick response to changes in an emerging market setting characterized by rapid changes in rules of the game, decision windows are shortened, speeding obsolescence of strategies and rendering long-term business control impossible. Chakravarthy (1997) opined that successful business operation in such environments requires quick learning, risk taking and use of strategic alliances to access necessary competences and specialized resources. Consistent with the above position, Tan and Tan (2005) argued that the increasing rate of market development in China has improved the environment's conduciveness to entrepreneurship, encouraging greater future orientation, innovation, risk taking and proactiveness among business owners.

This study studies the effect of environmental uncertainty on entrepreneurial success in the light of gaps in literature and environmental dynamism, environmental complexity and environmental hostility.

METHODOLOGY

Sample, Procedures and Measures

The study population is 9,450 small and medium enterprises (SMEs) who are registered members of the National Association of Small and Medium Enterprises (NASME), National Association of Small Scale Industrialists (NASSI) and Association of Small Business Owners of Nigeria (ASBON) in Lagos State. Proportionate stratified random sampling technique was used to select samples from the sampling frame. The sampling frame was stratified into the following nine strata in accordance to the nature of businesses of the enterprises, namely: Education, Food and Beverage, Manufacturing/production (non-food and beverage), Services (including consultancy, media), Computer (Internet/IT) and electronics, Construction (including construction materials), Health care, Retail/Sales and Others. The samples were then selected proportionately from all the strata based on the sample size using simple random sampling technique. The formula developed by the National Education Association (1960) for sample size determination was used to determine the sample size. Using this formula, the sample size of 381 used for this study was arrived at out of the sample population of 9,450.

The study employed a cross-sectional survey design approach which is consistent with the most frequently used research design approach in entrepreneurial studies. To collect primary data on the dependent variable (Entrepreneurial success) and independent variable (environmental uncertainty), structured questionnaire was used. Questions on the questionnaire for measuring environmental uncertainty were developed for this study using dynamism (Miller & Friesen, 1983; Mintzberg, 1983), complexity (Mintzberg, 1983) and hostility (Covin & Slevin, 1989) as measures. Entrepreneurial success measures i.e. profitability, sales growth, government policies, market share and net asset growth used in the design of the questionnaire was developed based on financial and non-financial measures reported in literature (Murphy, Trailer & Hill, 1996; Wiklund, 1999; Butler, Keh & Chamommam, 2000; Murphy & Callaway, 2004; Gupta & Govindarajan, 1984).

The questionnaire was divided into three sections, namely: demography and company's characteristics (10 items), environmental uncertainty (11 items) and entrepreneurial success (16 items). In addition to the primary data, secondary data were collected from both published and online materials. The questionnaire was pretested through a pilot study with 50 samples size with the aim to reduce measurement errors and improve the validity of the construct (Dillman, 2000). The data from the pilot study was analyzed giving a Cronbach's Alpha value of 0.791 which is considered good (Islam et al, 2011).

Statistical Procedures

Researchers in the field of entrepreneurial studies have used different statistical packages; specially developed software and mathematical models to analyze data (Torres & Watson, 2013; Owoseni & Akanbi, 2011; Dyer, Greggersen & Christensen, 2008; Rose et al, 2006; Setyawati et al, 2011; Sarwoko et al, 2013; Kotey et al, 2013; Wei-Wen Wu, 2009). This study employed simple and multiple regression analysis to predict the impact of the independent variable(s) on the dependent variable using Statistical Packages for Social Sciences (SPSS).

MODEL SPECIFICATIONS

The relating equations are:

Y = f(X), where: Y= Entrepreneurial Success (ENT_SU) and X is Environmental Uncertainty. ENT_UN is measured by DY (Dynamism), CO (Complexity) and HO (Hostility). From the hypotheses:

ENT_SU = f (ENT_UN) or ENT_SU = f (DY, CO, HO)

The implicit form of the functional relationship of the variables expressed above is:

ENT_SU = ά0 + β ENT_UN + e or ENT_SU = ά0 + β1DY+ β2 CO+ β3 HO + e where β1 – β3 are coefficients of independent variables and e is the error term.

RESULTS

Research Objective: To examine the effect of environmental uncertainty on entrepreneurial success.
Research Question: What is the effect of environmental uncertainty on entrepreneurial success?

Table 1: Descriptive statistics of opinions of respondents on environmental uncertainty

Environmental Uncertainty	**UD**	**SD**	**DA**	**PD**	**PA**	**A**	**SA**	**$\bar{X}$**	**SD**
1. I believe that change is a necessary response to dynamic business environment.	0 0.0%	2 1.0 %	6 2.9%	0 0.0%	16 7.6%	72 34. 3%	114 54.3%	5.34	.957
2. Planning is quite difficult in a dynamic business environment.	2 1.0%	18 8.6 %	14 6.7%	22 10.5%	30 14.3%	74 35. 2%	50 23.8%	4.30	1.589
3. Profitability is quite difficult to predict in a dynamic business environment.	2 1.0%	16 7.6 %	20 9.5%	18 8.6%	42 20.0%	50 23. 8%	62 29.5%	4.29	1.629
4. The effect of globalization especially through the power of ICT/internet has made business environment more complex and difficult to handle by small and medium-sized industries	10 4.8%	46 21. 9%	28 13.3 %	16 7.6%	32 15.2%	40 19. 0%	38 18.1%	3.36	1.967

for profitable operation.									
5. Increasing complexity of business registration, tax administration and loan processing is a disincentive to venture growth.	10 4.8%	14 6.7 %	16 7.6%	10 4.8%	28 13.3%	82 39. 0%	50 23.8%	4.28	1.731
6. Increasing complexity of business environment has called for intensified effort at developing strategies for sustainable competitive advantage.	8 3.8%	2 1.0 %	4 1.9%	4 1.9%	32 15.2%	80 38. 1%	80 38.1%	4.90	1.373

7. Intense and increasing competition especially through imported products and large-sized local industries is driving most SMEs out of business.	0 0.0%	4 1.9 %	10 4.8%	8 3.8%	22 10.5%	58 27. 6%	108 51.4%	5.11	1.224
8. Unfavorable business climate especially low level of infrastructure (e.g. electricity) is a disincentive to SMEs development.	0 0.0%	0 0.0 %	0 0.0%	4 1.9%	6 2.9%	66 31. 4%	134 63.8%	5.57	.647
9. Inconsistency in government policy is a bane to venture growth.	2 1.0%	0 0.0 %	4 1.9%	2 1.0%	36 17.1%	66 31. 4%	100 47.6%	5.18	1.033
10. Hostile business environment provides opportunity for more exploitable business opportunities.	2 1.0%	24 11. 4%	18 8.6%	6 2.9%	30 14.3%	64 30. 5%	66 31.4%	4.35	1.733

11. Profit becomes marginal in hostile business environment due to intense competition from competitors.	4 1.9%	4 1.9 %	14 6.7%	14 6.7%	44 21.0%	68 32. 4%	62 29.5%	4.58	1.409

UD (Undecided), SD (Strongly Disagree), D (Disagree), PD (Partially Disagree), PA (Partially Agree), A (Agree) and SA (Strongly Agree).

Table 1 Question (1) on dynamism indicated that 2 respondents representing 1.0% strongly disagreed that they believed that change is a necessary response to dynamic business environment, 6 respondents representing 2.9% disagreed, 16 respondents representing 7.6% partially agreed, 72 respondents representing 34.3% agreed and 114 respondents representing 54.3% strongly agreed.

Question (2) on dynamism showed that 2 respondents representing 1.0% were unsure that planning is quite difficult in a dynamic business environment, 18 respondents representing 8.6% strongly disagreed, 14 respondents representing 6.7% disagreed, 22 respondents representing 10.5% partially disagreed, 30 respondents representing 14.3% partially agreed, 74 respondents representing 35.2% agreed and 50 respondents representing 23.8% strongly agreed.

Question (3) on dynamism indicated that 2 respondents representing 1.0% were unsure that profitability is quite difficult to predict in a dynamic business environment, 16 respondents representing 7.6% strongly disagreed, 20 respondents representing 9.5% disagreed, 18 respondents representing 8.6% partially disagreed, 42 respondents representing 20.0% partially agreed, 50 respondents representing 23.8% agreed and 62 respondents representing 29.5% strongly agreed.

Question (4) on complexity indicated that 10 respondents representing 4.8% were uncertain that the effect of globalization especially through the power of ICT/internet has made business environment more complex and difficult to handle by small and medium-sized industries for profitable operation, 46 respondents representing 21.9% strongly disagreed, 28 respondents representing 13.3% disagreed, 16 respondents representing 7.6% partially disagreed, 32 respondents representing 15.2% partially agreed, 40 respondents representing 19.0% agreed and 38 respondents representing 18.1% strongly agreed.

Question (5) on complexity revealed that 10 respondents representing 4.8% were uncertain that increasing complexity of business registration, tax administration and loan processing is a disincentive to venture growth, 14 respondents representing 6.7% strongly disagreed, 16

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respondents representing 7.6% disagreed, 10 respondents representing 4.8% partially disagreed, 28 respondents representing 13.3% partially agreed, 82 respondents representing 39.0% agreed and 50 respondents representing 23.8% strongly agreed.

Question (6) on complexity revealed that 8 respondents representing 3.8% were unsure that increasing complexity of business environment has called for intensified effort at developing strategies for sustainable competitive advantage, 2 respondents representing 1.0% strongly disagreed, 4 respondents representing 1.9% disagreed, 4 respondents representing 1.9% partially disagreed, 32 respondents representing 15.2% partially agreed, 80 respondents representing 38.1% agreed and 80 respondents representing 38.1% strongly agreed.

Question (7) on hostility revealed that 4 respondents representing 1.9% strongly disagreed that intense and increasing competition especially through imported products and large-sized local industries has driven most SMEs out of business, 10 respondents representing 4.8% disagreed, 8 respondents representing 3.8% partially disagreed, 22 respondents representing 10.5% partially agreed, 58 respondents representing 27.6% agreed and 108 respondents representing 51.4% strongly agreed.

Question (8) on hostility indicated that 4 respondents representing 1.9% partially disagreed that unfavorable business climate especially low level of infrastructure was a disincentive to SMEs development, 6 respondents representing 2.9% partially agreed, 66 respondents representing 31.4% agreed and 134 respondents representing 63.8% strongly agreed.

Question (9) on hostility revealed that 2 respondents representing 1.0% were uncertain that inconsistency in government policy was a bane to venture growth, 4 respondents representing 1.9% disagreed, 2 respondents representing 1.0% partially disagreed, 36 respondents representing 17.1% partially agreed, 66 respondents representing 31.4% agreed and 100 respondents representing 47.6% strongly agreed.

Question (10) on hostility showed that 2 respondents representing 1.0% were unsure that hostile business environment provides opportunity for more exploitable business opportunities, 24 respondents representing 11.4% strongly disagreed, 18 respondents representing 8.6% disagreed, 6 respondents representing 2.9% partially disagreed, 30 respondents representing 14.3% partially agreed, 64 respondents representing 30.5% agreed and 66 respondents representing 31.4% strongly agreed.

Question (11) on hostility revealed that 4 respondents representing 1.9% were unsure that profit becomes marginal in hostile business environment due to intense competition from competitors, 4 respondents representing 1.9% strongly disagreed, 14 respondents representing 6.7% disagreed, 14 respondents representing 6.7% partially disagreed, 44 respondents representing

21.0% partially agreed, 68 respondents representing 32.4% agreed and 80 respondents representing 38.1% strongly agreed.

Table 2: Descriptive statistics of opinions of respondents on entrepreneurial success

Entrepreneurial Success	**UD**	**SD**	**DA**	**PD**	**PA**	**A**	**SA**	$\bar{X}$	**SD**
1. I am satisfied with the profit level of my business.	12 5.7%	34 16.2%	20 9.5%	30 14.3%	44 21.0%	48 22.9 %	22 10.5%	3.39	1.785
2. The Company's' profitability ratio such as return on investment and return on equity showed that the firm is making sustainable profit.	12 5.7%	2 1.0%	20 9.5%	22 10.5%	46 21.9%	76 36.2 %	32 15.2%	4.11	1.567
3. Earnings per share (EPS) of the firm have increased.	20 9.5%	2 1.0%	24 11.4 %	28 13.3%	46 21.9%	60 28.6 %	30 14.3%	3.80	1.741
4. The firms' overall financial performance has been acknowledged by its bank(s).	20 9.5%	6 2.9%	16 7.6%	36 17.1%	44 21.0%	48 22.9 %	40 19.0%	3.82	1.797
5. Since take off of my business, sales level has grown significantly.	14 6.7%	0 0.0%	8 3.8%	22 10.5%	50 23.8%	70 33.3 %	46 21.9%	4.32	1.562

6. There has been an increase in the number of people who are willing to sell and patronize the company's goods/services.	14 6.7%	2 1.0%	6 2.9%	18 8.6%	32 15.2%	92 43.8 %	46 21.9%	4.44	1.577
7. The company's sales strategy is responsible for its increased revenue through enhanced sales.	16 7.6%	8 3.8%	4 1.9%	18 8.6%	40 19.0%	86 41.0 %	38 18.1%	4.23	1.679
8. Government policies on patronage of made in Nigeria goods is a boost to sales in my company.	22 10.5 %	6 2.9%	12 5.7%	16 7.6%	34 16.2%	82 39.0 %	38 18.1%	4.06	1.834
9. There has been a significant increase in the company's market share.	18 8.6%	6 2.9%	8 3.8%	22 10.5%	60 28.6%	60 28.6 %	36 17.1%	4.02	1.694
10. The company has expanded to other products and markets.	14 6.7%	18 8.6%	22 10.5 %	8 3.8%	60 28.6%	58 27.6 %	30 14.3%	3.79	1.765

11. The company's product(s)/service(s) have taken over a large chunk of the market in its immediate environment and beyond.	12 5.7%	8 3.8%	24 11.4 %	28 13.3%	40 19.0%	62 29.5 %	36 17.1%	3.93	1.685
12. The company's products/services now enjoy a wider acceptance compared to when the products/services were introduced.	14 6.7%	4 1.9%	10 4.8%	18 8.6%	46 21.9%	72 34.3 %	46 21.9%	4.28	1.634
13. My business has experienced considerable growth in net asset.	14 6.7%	2 1.0%	4 1.9%	20 9.5%	60 28.6%	66 31.4 %	44 21.0%	4.30	1.547
14. The net asset of the company and its liability are healthy enough to guarantee success.	14 6.7%	0 0.0%	14 6.7%	18 8.6%	56 26.7%	66 31.4 %	42 20.0%	4.23	1.579
15. The company has tangible fixed assets suitable as collateral to guarantee	14 6.7%	6 2.9%	6 2.9%	18 8.6%	54 25.7%	64 30.5 %	48 22.9%	4.27	1.638

bank loan to enhance business operations and profitability.									
16. My company's current asset always places it at advantage for business.	16 7.6%	2 1.0%	12 5.7%	22 10.5%	46 21.9%	76 36.2 %	36 17.1%	4.15	1.636

Key: UD (Undecided), SD (Strongly Disagree), DA (Disagree), PD (Partially Disagree), PA (Partially Agree), A (Agree) and SA (Strongly Agree).

Table 2 Question (1) on profitability indicated that 12 respondents representing 5.7% were uncertain that they are satisfied with the profit level of their business, 34 respondents representing 16.2% strongly disagreed, 20 respondents representing 9.5% disagreed, 30 respondents representing 14.3% partially disagreed, 44 respondents representing 21.0% partially agreed, 48 respondents representing 22.9% agreed and 22 respondents representing 10.5% strongly agreed.

Question (2) on profitability revealed that 12 respondents representing 5.7% were unsure that their company's profitability ratio such as return on investment and return on equity showed that their firm made sustainable profit, 2 respondents representing 1.0% strongly disagreed, 20 respondents representing 9.5% disagreed, 22 respondents representing 10.5% partially disagreed, 46 respondents representing 21.9% partially agreed, 76 respondents representing 36.2% agreed and 32 respondents representing 15.2% strongly agreed.

Question (3) on profitability showed that 20 respondents representing 9.5% were unsure that earnings per share of their firm increased, 2 respondents representing 1.0% strongly disagreed, 24 respondents representing 11.4% disagreed, 28 respondents representing 13.3% partially disagreed, 46 respondents representing 21.9% partially agreed, 60 respondents representing 21.6% agreed and 30 respondents representing 14.3% strongly agreed.

Question (4) on profitability indicated that 20 respondents representing 9.5% were uncertain that their firms' overall financial performance was acknowledged by its bank(s), 6 respondents representing 2.9% strongly disagreed, 16 respondents representing 7.6% disagreed, 36 respondents representing 17.1% partially disagreed, 44 respondents representing 21.0% partially agreed, 48 respondents representing 22.9% agreed and 40 respondents representing 19.0% strongly agreed.

Question (5) on sales growth revealed that 14 respondents representing 6.7% were uncertain that since take off of their business, sales level has grown significantly, 8 respondents representing 3.8% disagreed, 22 respondents representing 10.5% partially disagreed, 50 respondents representing 23.8% partially agreed, 70 respondents representing 33.3% agreed and 46 respondents representing 21.9% strongly agreed.

Question (6) on sales growth showed that 14 respondents representing 6.7% were uncertain that there has been an increase in the number of people who were willing to sell and patronize their company's goods/services, 2 respondents representing 1.0% strongly disagreed, 6 respondents representing 2.9% disagreed, 18 respondents representing 8.6% partially disagreed, 32 respondents representing 15.2% partially agreed, 92 respondents representing 43.8% agreed and 46 respondents representing 21.9% strongly agreed.

Question (7) on sales growth revealed that 16 respondents representing 7.6% were unsure that their company's sales strategy was responsible for its increased revenue through enhanced sales, 8 respondents representing 3.8% strongly disagreed, 4 respondents representing 1.9% disagreed, 18 respondents representing 8.6% partially disagreed, 40 respondents representing 19.0% partially agreed, 86 respondents representing 41.0% agreed and 38 respondents representing 18.1% strongly agreed.

Question (8) on sales growth indicated that 22 respondents representing 10.5% were unsure that government policies on patronage of made in Nigeria goods was a boost to sales in their company, 6 respondents representing 2.9% strongly disagreed, 12 respondents representing 5.7% disagreed, 16 respondents representing 7.6% partially disagreed, 34 respondents representing 16.2% partially agreed, 82 respondents representing 39.0% agreed and 38 respondents representing 18.1% strongly agreed.

Question (9) on market share indicated that 18 respondents representing 8.6% were uncertain that there has been a significant increase in the company's market share, 6 respondents representing 2.9% strongly disagreed, 8 respondents representing 3.8% disagreed, 22 respondents representing 10.5% partially disagreed, 60 respondents representing 28.6% partially agreed, 60 respondents representing 28.6% agreed and 36 respondents representing 17.1% strongly agreed.

Question (10) on market share showed that 14 respondents representing 6.7% were unsure that their company has expanded to other products and markets, 18 respondents representing 8.6% strongly disagreed, 22 respondents representing 10.5% disagreed, 8 respondents representing 3.8% partially disagreed, 60 respondents representing 28.6% partially agreed, 58 respondents representing 27.6% agreed and 30 respondents representing 14.3% strongly agreed.

Question (11) on market share indicated that 12 respondents representing 5.7% were uncertain that their company's product(s)/service(s) had taken over a large chunk of the market in its immediate environment and beyond, 8 respondents representing 3.8% strongly disagreed, 24 respondents representing 11.4% disagreed, 28 respondents representing 13.3% partially disagreed, 40 respondents representing 19.0% partially agreed, 62 respondents representing 29.5% agreed and 36 respondents representing 17.1% strongly agreed.

Question (12) on market share indicated that 14 respondents representing 6.7% were unsure that their company's products/services enjoyed a wider acceptance compared to when their products/services were introduced, 4 respondents representing 1.9% strongly disagreed, 10 respondents representing 4.8% disagreed, 18 respondents representing 8.6% partially disagreed, 46 respondents representing 21.9% partially agreed, 72 respondents representing 34.3% agreed and 46 respondents representing 21.9% strongly agreed.

Question (13) on net asset growth indicated that 14 respondents representing 6.7% were unsure that their business had experienced considerable growth in net asset, 2 respondents representing 1.0% strongly disagreed, 4 respondents representing 1.9% disagreed, 20 respondents representing 9.5% partially disagreed, 60 respondents representing 28.6% partially agreed, 66 respondents representing 31.4% agreed and 44 respondents representing 21.0% strongly agreed.

Question (14) on net asset growth showed that 14 respondents representing 6.7% where uncertain that the net asset of their company and its liability were healthy enough to guarantee success, 14 respondents representing 6.7% disagreed, 18 respondents representing 8.6% partially disagreed, 56 respondents representing 26.7% partially agreed, 66 respondents representing 31.4% agreed and 42 respondents representing 20.0% strongly agreed.

Question (15) on net asset growth indicated that 14 respondents representing 6.7% were unsure that their company had tangible fixed assets suitable as collateral to guarantee bank loan to enhance business operations and profitability, 6 respondents representing 2.9% strongly disagreed, 6 respondents representing 2.9% disagreed, 18 respondents representing 8.6% partially disagreed, 54 respondents representing 25.7% partially agreed, 64 respondents representing 30.5% agreed and 48 respondents representing 22.9% strongly agreed.

Question (16) on net asset growth indicated that 16 respondents representing 7.6% were unsure that their company's current asset always placed it at advantage for business, 2 respondents representing 1.0% strongly disagreed, 12 respondents representing 5.7% disagreed, 22 respondents representing 10.5% partially disagreed, 46 respondents representing 21.9% partially agreed, 76 respondents representing 36.2% agreed and 36 respondents representing 17.1% strongly agreed.

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Combining results in Tables 1 and 2 together, it can be seen that environmental uncertainty such as dynamic business environment, unfavorable business climate, globalization, increasing complexity of business registration, tax administration and loan processing as well as inconsistency in government policy have significant effect on entrepreneurial success of SMEs. This provides answer to the research question which also enables us to achieve the research objective in this study.

Statement of Hypothesis (H0): Environmental uncertainty has no significant effect on entrepreneurial success.

The hypothesis was tested using the multiple linear regression analysis. Entrepreneurial success-the dependent variable and environmental uncertainty variables were tested as predictor variables in multiple linear regression analysis. Data from two hundred and twenty one respondents were analyzed. The results of the multiple linear regression analysis is illustrated in Table 2.

Table 2: Relationship between environmental uncertainty and entrepreneurial success

Coefficients[a]								
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**	**Collinearity Statistics**	
		B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
1	(Constant)	39.116	8.219		4.759	.000		
	Dynamism	1.010	.422	.155	2.390	.018	.847	1.180
	Complexity	2.423	.328	.464	7.392	.000	.902	1.109
	Hostility	-.743	.299	-.155	-2.484	.014	.909	1.100
a. Dependent Variable: Entrepreneurial Success								

F (2,207) = 25.321, p = 0.000, R^2 = .269, R^2 Adjusted = .259

Table 2 displays multiple linear regression analysis to measure the relationship between predictor variables (dynamism, complexity and hostility) and dependent variable (entrepreneurial success). First was the test of multicollinearity among the predictor variables. The multicollinearity statistics showed that the tolerance indicator for hostility (Ho), complexity (Co) and dynamism (Dy) are all greater than 0.2, and their VIF values are less than 10. The result indicates that no multicollinearity problem has occurred. The statistics of the model summary reveal correlation co-efficient R = .519 indicating that the combined influence of the three predictor variables had a strong positive relationship with entrepreneurial success. The R square is .269 or 26.9% signifying that the combined influence of the predictor variables (dynamism, complexity and hostility) explains 26.9% of the variations in entrepreneurial success. The value of F (3,206) = 25.321, p <.05, shows that the combined effect of dynamism, complexity and hostility was statistically significant in explaining changes in entrepreneurial success in Lagos State. This is confirmed by a p value which is less than the acceptance critical value of 0.05. The multiple

linear regression analysis results shown in table 10 were associated with the following equation for the tested model:

ENT_SU = 39.116 + .155Dy + .464Co - .155Ho

Where: ENT_SU = Entrepreneurial Success

Dy = Dynamism

Co = Complexity

Ho = Hostility

The model shows that the regression coefficients results for both dynamism (β = .155, t = 2.390, p = .018) and complexity (β = .464, t = 7.392, p = .000) indicate positive and significant relationship with entrepreneurial success in Lagos State. The finding indicates that a unit increase in both dynamism and complexity of environmental uncertainty would lead to increase in entrepreneurial success in Lagos State. The regression coefficients for hostility (β = -.155, t = -2.484, p = .014) indicate a negative relationship with entrepreneurial success, though the relationship was significant, p <.05. The finding indicates that a unit increase in hostility of business environment in Lagos State would lead to a reduction in entrepreneurial success. The findings reveal that environmental complexity had the highest influence on entrepreneurial success because the p value was 0.000 followed by hostility with 0.014, and then dynamism with a p value of 0.018. It can therefore be concluded that environmental complexity followed by hostility of business environment and lastly environmental dynamism influence of environmental uncertainty on the hostility of business environment in Lagos State, Nigeria. Based on the findings, the null hypothesis three (H_0) which states that environmental uncertainty has no significant effect of entrepreneurial success is hereby rejected.

DISCUSSION

From the analysis conducted above, it was established that dynamism and complexity exert positive influence on entrepreneurial success, while hostility had a negative relationship with entrepreneurial success. The result is supported by Sascha, Coen, and Hosman (2011) who discovered in their study that innovative SMEs do perform better in turbulent market environments, but the firms' should avoid too risky activity and that proactive firm behavior positively contributes to SME performance during the economic crisis. The study of Covin and Slevin (1989) found that in an hostile environment, and organic structure and an entrepreneurial strategic posture was related to high performance, while in an non-hostile environment, a mechanistic structure, and a conservative strategic posture was related to success. Covin and Covin (1990) found out that competitive aggressiveness was related to performance in hostile environments, while it had negative consequences in non-hostile environments. Zahra (1996) showed, that environmental conditions moderated the form and the strength of the relationship between technology strategy and business success. Pioneering for example was strongest related to success in dynamic environments, while followership was better in hostile environments.

Also, Dean and McMullen (2007) in their study investigated how entrepreneurship can help resolve the environmental problems of global socio-economic systems. They argued that environmental economists conclude that, environmental degradation results from the failure of markets where the entrepreneurship literature argues that opportunities are inherent in market failure. Dean and McMullen (2007) conclude that environmentally relevant market failures represent opportunities for achieving profitability while simultaneously reducing environmentally degrading economic behaviors. Mason (2007) and Conner (1998), noted that business success calls for continuous innovation, constant replacement of products ahead of competitors and malleable strategies that allow quick response to changes in an emerging market setting characterized by rapid changes in rules of the game, decision windows are shortened, speeding obsolescence of strategies and rendering long-term business control impossible. Chakravarthy (1997) assert that successful business operation in such environments requires quick learning, risk taking and use of strategic alliances to access necessary competences and specialized resources.

From the studies identified above, their finding supports the findings in this study that some factors of environmental uncertainty affects entrepreneurial success while some others findings contradict the finding that there is negative relationship between hostility and entrepreneurial success. It is important to note that there are many factors that could have resulted to these disparities such as the level of strategic planning and other psychological attributes such as a drive for independence, innovative orientation, attitude toward risk, and a competitive nature are especially important when an entrepreneur is working in a difficult business environment.

Limitations and Suggestions for Future Research

This study is not without limitations which suggest opportunities for future research. The cross-sectional nature of the data makes it impossible to observe changes in environmental uncertainty to be measured over time. In this regard, a longitudinal design would have been more appropriate for this study. Nine categories of enterprises are covered under the classification of small and medium enterprises. We suggest future research work to focus on industry by industry to examine significant differences in results from industry to industry. A sample size of 381 small and medium enterprises (SMEs) out of 9,450 SMEs in Lagos could limit the extent to which we can generalize the results of the study and so, future study could consider larger sample size.

CONCLUSION

The conclusion from this study is that the combined influence of the three predictor variables i.e. dynamism, complexity and hostility has a strong positive relationship with entrepreneurial success and statistically significant in explaining changes in entrepreneurial success in Lagos State. The findings show that both dynamism and complexity measures have positive and significant relationship with entrepreneurial success in Lagos State while hostility measure indicates a negative relationship with entrepreneurial success, though the relationship was

significant. Complexity measure has the highest influence on entrepreneurial success followed by hostility, and then dynamism. The findings of the study have far reaching implications for the industry, society and management practice to take advantage of the findings of the study to improve the rate of business survival.

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