

## UNCERTAINTY AVOIDANCE CULTURE AND PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN BAYELSA OF NIGERIA

**Dr. Tarilate Victor and Mr. Ene, Ezekiel D.**  
**Department of Management, Faculty of Management Sciences,**  
**Niger Delta University, Bayelsa State.**

*Email: [victortarilate@gmail.com](mailto:victortarilate@gmail.com)*

### ABSTRACT

*This scholarly work examined uncertainty avoidance culture and organisational performance of small and medium scale enterprises in Bayelsa State. It has been that, SMEs in Nigeria has not been successful. This non-performance is largely associated with lack of succession plan, wrong procedures, no proper records or no records at all and lack of management skills etc. The study population consisted of officially registered SMEs in Bayelsa State, numbering 1450. The sample size of 313 respondents was selected. The internal reliability of the items was determined using Cronbach Alpha and reliability coefficient of 0.71 was obtained. Descriptive statistics namely percentage and frequency were used to describe and interpret the data collected while inferential statistics, specifically Spearman Rank Order correlation coefficient (Rho) were used to test the strength of relationship between the variables. With 217 questionnaires that was retrieved out of 313 questionnaires distributed, findings were made and conclusions drawn. The study shows that, there is positive relationship between all the variables tested. Therefore, the following recommendations were made: SMEs should put in place organisational structures. It recommends that rules and regulations should be well established.*

### INTRODUCTION

Considered as shared values, beliefs and norms of a society, culture is an important contextual factor, collectively programming and affecting entrepreneurs within a certain community, ethnic group, region or country and generating differences across national and regional boundaries (Mueller and Thomas, 2001). Uncertainty avoidance culture specifies the preference for certainty and uneasiness with unstructured or unclear circumstances. In addition, it clarifies a society's absence of acceptance for unsure, unidentified or unambiguous situations. Hofstede (2001) defines this as behaving unease with doubt and uncertainty, and consequently assessing attitude and organization that offer certainty and consistency. Mihet (2013) concluded that emerging economics are more disposed to be uncertainty reluctant than advanced economics. High uncertainty societies have myriad of legislations, regulations and laws in order to lessen uncertainty and manage situations. It is assumed that every issue can be tackled with the proper legislations. Referring to low uncertainty avoidance climes, people do not like serious set of laws. It is assumed that regulations are not essentially to address issues, people benefit from rules only when they need it. Given the general acceptance of SMEs as a bedrock for enduring economic fortunes (Olorunshola, 2001), and a broad foundation for economic growth, developing countries including Nigeria, have shown increased interest in their promotion and establishment. The expectation of this sector is the improvement of the economy, eradication of poverty and employment generation is still far from achieving (Ihua, 2012; Odunayo, 2014). Literature has indicated that SMEs have performed below expectation for several reasons. A number of internal factors vary from mind-set and behavior of SMEs to environmental associated factors (Makinde, 2015). Some of the key variables influencing inadequate performance of SMEs consists of absence of succession framework, failure to keep records, wrong recruitment processes, over reliance and focus on policy formulation on a single individual (Onugu, 2005). Organizational structure is also a major problem that holds back the success of SMEs. Organizational structure is usually intended to ease tasks performance, other than

a time to time review and upgrade of organizational framework in line with the dictates of commercial environment failure is inevitable (Kabuoh, 2016).

Research have exposed that business cultural dynamics considerably influences variables and business effectiveness; thus, it is imperative to tackle this issue and consider suitable activities to support business entrepreneurial culture (Karimi and Abedin, 2015). Hence, this study is to investigate uncertainty avoidance culture and employee performance of small and medium scale enterprises in Bayelsa of Nigeria.

## **CONCEPTUAL REVIEW**

### ***Uncertainty Avoidance***

Uncertainty Avoidance can be viewed as the degree to which the individuals of a culture feel vulnerable by uncertain or unknown circumstances (Hofstede, 2005). Uncertainty avoidance deals with a society's acceptance for uncertainty and doubt; it ultimately refers to man desire for Truth. It shows to what degree a culture programs its members to feel either undesirable or desirable in unstructured circumstances. Uncertain conditions are innovative, unknown, amazing, and different from normal. Additionally, Furnham, (2006), indicates that Uncertainty avoidance culture is the level to which a society senses threat by unsure and unclear circumstances and thus searches for sure structures. Furthermore, Harris and Moran, (2011) linking the situation of uncertainty avoidance with accepting Ambiguity, which refers to the capability to respond to new situations, different and at times, unpredictable conditions with little noticeable discomfort or frustration. Extreme uneasiness often leads to frustration and aggression and this is not conducive to effective interpersonal associations with persons from different cultures. To manage the feeling related with uncertainty is a skill connected with adaption to a new setting and effectually working with bosses who have a diverse set of ideals. Tall Uncertainty Avoidance cultures try to reduce the unstructured circumstances and conditions by stern laws and rules, safety and security measures, as well as on the philosophical and religious level by a believer in absolute Truth; there can only be one Truth and we have it. A society with high uncertainty avoidance encompasses a majority of individuals who do not accept risk, circumvent the unknown, and are comfortable when the future is fairly predictable and sure. (Achua and Lussier, 2011). In Tall Uncertainty Avoidance culture, superiors prefer well-structured and sure circumstances .On the other hand, in Small Uncertainty avoidance culture; most individuals in this culture are comfortable with uncertainty and tolerate risk and unstructured settings.

### ***Employee Performance***

Employees' performance decides the survival of an organization in the economy but Suleiman (2011) sees performance as the indication of how the organization uses its resources in such a manner that will guarantee the success of its set of intentions. Resources include human, material, financial and information resources. The rest of resources are managed by individuals that are the organizations' employees. Kabuoh (2013) suggested that performance rank of every organization rely mostly on the workers' output level and for any organization to be outstanding and stay in business, it has to be careful of her job environment particularly the internal environment by creating an enabling atmosphere for all the required facilities that will help production. She suggested that organizations should bench mark its external environment and guard against possible changes that might impact on its performance. The economic fortunes of any nation are a product of effective and successful organizations in that nation (Kabuoh, 2013).

### ***Innovativeness***

Thomas and Mueller (2000) opined that innovativeness encompasses the commercialization of thoughts, execution, and the improvement of prevailing goods, systems and resources. Harvard Business Essential, (2003), defined innovativeness as the composition, mixture, or synthesis of

knowledge in unique, appropriate, appreciated new products, processes, or services. It then described the two major categories within which innovativeness fall: incremental and radical. Incremental innovation exploits prevailing forms or technologies; it also advances something that already exists, it new and improved, or reconfigures an existing form or technology to serve some other purpose. While, a radical innovation is something novel to the world. Many radical innovations have the potential to move reputable technologies.

### **Market Share**

Market can be defined in several ways and the size of market share in connection to every distinct market can produce dissimilar outcomes. It has acknowledged that, risk of choosing a market share principle with no adequate consideration of spotting the "right" market as the prevalent drawback of market share.

Certainly, after several years, there are still disagreements facing the issue of market share: first, while discussing market share, decision makers believe they identify what market their firm is in; second, it is always somewhat hard to measure a company's market share in relationship to a specified limit (Onugo 2005). Except a company ask for customer response and discovers what customers' needs as an option to the company's goods (it might go away from the express competition), genuine risk of devising a deceptive marketing policy and purposes anchored on the vague standard known as market share. The rivalry (customers' alternative option able to oversupply an exact need equally or improve than company's good) seeing by consumers defines the limitations of the market provided. For example, if a firm is in the market of dealing on LG televisions, the market share can potentially show on the electronics (television) industry if the targeted consumers identify Sony as an alternative choice for fulfilling their need of enjoying their leisure time.

### **Uncertainty Avoidance and Performance**

The previous findings of Mana (2016) show that uncertainty avoidance have a significant association with employee's performance, for the reason that correlation coefficient score for uncertainty avoidance shows strong strength of relationship. It then implies that the stronger uncertainty avoidance within the enterprise environment the better employee's performance.

Sully de luqueJavidan (2004), posit that workers in organizations with high uncertainty avoidance particularly Germany's organization is extremely predictable, and where roles and processes are visibly stated. Besides that, workers are inspired by organizational anxiety and required a predictable atmosphere if working in a big uncertainty avoidance culture.

***Ho<sub>1</sub>** Significant relationship does not exist between uncertainty avoidance and innovativeness of SMEs in Bayelsa State*

***Ho<sub>2</sub>** Significant relationship does not exist between uncertainty avoidance index and market SMEs in Bayelsa State.*

### **METHODOLOGY**

This study employed the cross-sectional survey design. The population for this study consists of 1,456 officially registered SMEs in Bayelsa State. The sample size of this study was 313 SMEs determined statistically using Taro Yamane Technique. The research instrument used for this study is predominantly structured questionnaire and secondary data. The dimension is also examined on a set of multi-item instrument with 5 indicators each; all scaled on a Five-point Likert scale ranging from 5 = strongly agree; 4 = agree; 3 = moderately agree; 2 = disagree and 1 = strongly disagree. The instrument was validated by three experienced faculty members. The internal reliability of the items in the survey instruments was determined using Cronbach Alpha. The Cronbach Alpha was used to test the consistency of items in the scales. Cronbach Alpha was used to measure internal consistency. The items yielded reliability measures of over 0.71 thresholds as suggested by Nunally

(1978). The data was analyzed using the statistical package for the social sciences (SPSS). Descriptive statistics namely percentages and frequency tables were used to describe and interpret the data collected from the field. Inferential statistics specifically Spearman Rank Order Correlation (Rho) was used to test the strength of relationship between the variables.

### 1. ANALYSIS OF DATA

Data collected for the study is descriptively presented and analyzed in this section.

**Table 4.1: Demographic Distribution of Respondents**

Demographic variables	Options	Frequency	Percentage
<b>Sex</b>	Male	131	60.4
	Female	86	39.6
<b>Age</b>	18-30 years	82	37.8
	31-50 years	101	46.5
	51-70 years	34	15.7
<b>Level of Education</b>	SSCE	26	12.0
	NCE/OND	51	23.5
	B.Sc. and above	140	64.5
<b>Experience in Years</b>	1-3 years	13	6.0
	4-6 years	16	7.3
	7-9 years	121	55.8
	10 years and above	67	30.9
<b>Business Type</b>	Barbing/Hairdressing	50	23.0
	Fashion Design	62	28.6
	Soap making	48	22.1
	Others	57	26.3

*Source: Field Survey, 2019.*

#### Age

As shown in the table, 37.8% of the respondents are between 18 – 30 years, 46.5 percent are between 31 – 50 years and 15.7% of the respondents are between 51 – 70 years. These descriptive outcomes show over 80% of the respondents are below the age of 50.

#### Level of Education

As indicated in the table, exactly 12% of the respondents are secondary school leavers who are in business. 23.5% of the respondents have either the National Certificate of Education (NCE) or the Ordinary National Diploma (OND). While 64.5% of the respondents have first degree or other higher degrees.

#### Experience in Years

Form the table above, it is observed that 6% of the respondents had been in business for about 1 – 3 years. 7.3% had been in business for about 4 – 6 years, 55.8% of the respondents had been in business for about 7 – 10 years and the rest 30.9% had been in business for over ten years.

#### Business Type

As shown in the table, 23% of the respondents are into barbing or hairdressing, 28.6% are into fashion and designs, 22.1% are in the soap making business and the remaining 26.3% are in other business types that are not specified.

As shown in table 4.2 above, 50% of the respondents strongly agree that people work well together in their respective organizations, 32% agreed with the statement, 15% moderately agree, 3% disagree and none strongly disagrees with the statement. The mean score for this item is 4.29. Responding to the second statement in the group, 52% strongly agree that their current management teams are highly respected, 16% agree, 30% moderately agree, 2% disagree and none strongly disagree with a mean score of 4.18. Responses gathered for statement three indicate that 26% of the respondents strongly agree that their immediate supervisors encourages their suggestions for improvement, 61% agree, 1% moderately agree, 12% disagree and none strongly disagree. The mean score for the statement is 4.01.

**Table 4.2: Descriptive Outcome of Uncertainty Avoidance in Studied SMEs (n = 217)**

Statements	SA	A	MA	D	SD	Mean
It is important to express one's feelings in public	44 (20)	136 (63)	26 (12)	10 (5)	1 (1)	3.98
Society has very few rules	106 (49)	37 (17)	23 (11)	28 (13)	23 (11)	3.81
High competence and expert leadership are appreciated in organizations	111 (51)	80 (37)	25 (12)	1 (1)	-	4.39
There are some customs that all must respect in the organization	82 (38)	87 (40)	17 (8)	9 (4)	22 (10)	3.91
People should always have an identity in the organization	83 (38)	97 (45)	12 (6)	6 (3)	19 (9)	4.01
<b>Grand Mean</b>						<b>4.02</b>

**Source: Field Survey, 2019.**

Responses gathered for statement three indicate that 51% of the respondents strongly agree that high competence and expert leadership is appreciated in the organization, 37% agree, 12% moderately agree, 1% disagree and none strongly disagree. The mean score for the statement is 4.39. As for the fourth statement, 38% strongly agree that there are some customs that all must respect in the organization, 40% agree, 8% moderately agree, 4% disagree and 10% strongly disagree. The mean is 3.91. Finally, 38% strongly agree that people should always have an identity in the organization, 45% agree, 6% moderately agree, 3% disagree and 9% strongly disagree with a mean score of 4.01. The grand mean value of the table is 4.02 showing a high level of uncertainty avoidance in the studied SMEs.

**Table 4.4: Descriptive Outcome of Innovativeness in Studied SMEs (n = 217)**

Statements	SA	A	MA	D	SD	Mean
Our company is vast in adopting processes with latest technological innovations	88 (41)	57 (26)	5 (2)	64 (30)	3 (1)	3.75
Our company uses up-to-date technologies in her processes	111 (51)	67 (31)	19 (9)	17 (8)	3 (1)	4.23
Our company have new products introduced to the market	8 (4)	173 (80)	6 (3)	-	30 (13)	3.59
We produce and offer products with novel features	98 (45)	76 (35)	29 (13)	-	14 (7)	4.12
<b>Grand Mean</b>						<b>3.92</b>

**Source: Field Survey, 2019.**

Table 4.4 above presents information on the performance of the studied SEMs. As shown in the table, 41% of the respondents strongly agree that our company is vast in adopting processes with latest technological innovations, 26% agree, 2% moderately agree, 30% disagree and 1% strongly disagree with a mean of 3.75. Responding to the second statement in the group, 51% strongly agree that our company uses up-to-date technologies in her processes, 31% agree, 9% moderately agree, 8% disagree and 1% strongly disagree with a mean score of 4.23. Responses gathered for statement three indicate that 4% of the respondents strongly agree that our company have new products introduced to the market, 80% agree, 3% moderately agree, none disagree and 13% strongly disagree. The mean score for the statement is 3.59. As for the fourth statement, 45% strongly agree that they produce and offer products with novel features, 35% agree, 13% moderately agree, none disagree and 7% strongly disagree. The mean is 4.12. The grand mean value of the table is 3.93 showing a high level of innovativeness in the studied SMEs.

**Table 4.5: Descriptive Outcome of Market Share in Studied SMEs (n = 217)**

Statements	SA	A	MA	D	SD	Mean
Our business objectives are driven by our commitment to serving customer needs	39 (18)	136 (63)	42 (19)	-	-	3.99
Our competitors regard us as market leaders	108 (50)	70 (32)	23 (11)	11 (5)	5 (2)	4.22
Our overall business performance has been excellent in the past two years	104 (48)	82 (38)	5 (2)	26 (12)	-	4.22
We have experienced decreases in sales due to competitor's product quality	112 (52)	57 (26)	21 (10)	20 (9)	7 (3)	4.14
There has been a decrease in the sales due to competitor market share	82 (38)	76 (35)	28 (12)	19 (9)	12 (6)	3.91
<b>Grand Mean</b>						<b>4.10</b>

**Source: Field Survey, 2019.**

Table 4.5 above presents information on the performance of the studied SMEs. As shown in the table, 18% of the respondents strongly agree that our business objectives are driven by our commitment to serving customer needs, 63% agree, 16% moderately agree, none disagree and none strongly disagree with a mean of 3.99. Responding to the second statement in the group, 50% strongly agree that our competitors regard us as market leaders, 32% agree, 11% moderately agree, 5% disagree and 2% strongly disagree with a mean score of 4.22. Responses gathered for statement three indicate that 48% of the respondents strongly agree that their overall business performance has been excellent in the past two years, 38% agree, 2% moderately agree, 12% disagree and none strongly disagree. The mean score for the statement is 4.22. As for the fourth statement, 52% strongly agree that they have experienced decreases in sales due to competitors product quality, 26% agree, 10% moderately agree, 9% disagree and 3% strongly disagree. The mean is 4.14. Finally, 38% strongly agree with the last statement, 35% agree, 12% moderately agree, 9% disagree and 6% strongly disagree with a mean of 3.91. The grand mean value of the table is 4.10 showing a high market share in the studied SMEs.

### Inferential Analysis of Data

**Ho<sub>1</sub>.** There is no significant relationship between uncertainty avoidance index and innovativeness of small and medium scale enterprises in Bayelsa state.

**Table 4.6: Correlation results on the Relationship between Uncertainty Avoidance and Innovativeness**

	Uncertainty Avoidance	Innovativeness
Corr. Coefficient	1.000	.439**

Spearman's rho	Uncertainty Avoidance	Sig. (2-tailed)	.000
		N	217
	Market Share	Corr. Coefficient	.439**
		Sig. (2-tailed)	.000
		N	217

Source: SPSS Output from Survey Data, 2019. \*\*. Correlation is significant at the 0.01 level (2-tailed).

Table 4.6 above shows the relationship between uncertainty avoidance index and innovativeness in SMEs in Bayelsa State. The results of the test show a very strong positive rho of .439 @  $p = .000 < .01 < .05$  indicating that there is a significant relationship between uncertainty avoidance index and innovativeness in SMEs in Bayelsa State. The null hypothesis is therefore rejected.

**Ho<sub>2</sub>**. There is no significant relationship between uncertainty avoidance index and market share of small and medium scale enterprises in Bayelsa state.

**Table 4.7: Correlation results on the Relationship between Uncertainty Avoidance and Market Share**

			Uncertainty Avoidance	Market Share
Spearman's rho	Uncertainty Avoidance	Corr. Coefficient	1.000	.882**
		Sig. (2-tailed)		.000
		N	217	217
	Market Share	Corr. Coefficient	.882**	1.000
		Sig. (2-tailed)	.000	.
		N	217	217

Source: SPSS Output from Survey Data, 2019. \*\*. Correlation is significant at the 0.01 level (2-tailed).

Table 4.7 above shows the relationship between uncertainty avoidance and market share in SMEs in Bayelsa State. The results of the test showing a moderately positive rho of .882 @  $p = .000 < .01 < .05$  indicating that there is a significant relationship between uncertainty avoidance and market share in SMEs in Bayelsa State. The null hypothesis is therefore rejected.

## FINDINGS

There is a significant relationship between uncertainty avoidance and the innovativeness of SMEs in Bayelsa State. There is a significant relationship between uncertainty avoidance and the market share of SMEs in Bayelsa State.

## CONCLUSION

The study concludes that, uncertainty avoidance is instrumental to improving innovativeness in SMEs. In highly uncertainty avoidance organizations, records are kept, rules are not easily broken, they stick to the rules and employees have job security. Finally, the study concluded that, recruitment or employment of workers in SMEs is based on competence, skill and identity.

## RECOMMENDATIONS

SMEs should ensure that rules and regulations are properly spelt out and must be respected. Government should also train its citizens on entrepreneurial skills, doing this will avoid failure for those who venture into small businesses. Employees in SMEs should be recruited based on their

identity, skills and competences acquired by them. Also, owners of SMEs are encouraged to acquire some level of training in order to put their businesses in proper position.

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