

IMPLICATIONS OF ECONOMIC AND SOCIO-CULTURAL BUSINESS ENVIRONMENT ON CONSUMER REPURCHASES OF FAST FOOD RESTAURANTS' PRODUCTS/SERVICES IN ABAKALIKI METROPOLIS

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ABSTRACT

Inability of fast food restaurants in Abakaliki metropolis to respond quickly to external business environmental changes could pose a threat to their continued existence. Many restaurants fail each year owing to their inability to understand and adapt quickly to the external environmental changes. The objective of the study was to find out the relationship between economic and socio-cultural business environment and consumers repurchase of fast food services/products. It was a survey research and two hundred (200) respondents were drawn randomly from customers of fast food restaurants in Abakaliki metropolis. Hypotheses were tested using correlation and regression analysis. Finding showed that negative relationship exists between economic environment and repurchases while strong positive relationship exists between socio-cultural environment and repurchases of fast food products/services. Fast food restaurants in the metropolis should therefore, consider reduction of prices of their products/services or increase advertisement. There is also need to improve on their services, such as internal décor, cleanliness, friendly posture of the waiters and fast service delivery.

KEYWORDS: External Business Environment, Economic Environment, Socio-Cultural Environment and Repurchases of Fast Food Products/Services

INTRODUCTION

Every organization is subjected to the influences of the environment. The environment provides opportunities that such organizations could exploit to achieve their goals and the same time threats that could subvert such goals. The external business environment is pervasive and affects every organization including fast food restaurants (Asdullah, Rehman & Ahmad, 2015). Fast food restaurants are those firms that their food preparations are standardized, they offer service, utilize management systems and labour saving techniques in providing a limited food menu (Haas & Robins, 1981 in Hammad & Rehman, 2012). Despite the negative effects of fast food on people's life, especially, obesity and gain in weight (Asdullah et al 2015; Hammad & Rehman, 2012), it has become part of many Nigerians lifestyle (Konwea, 2012). The industry is thriving as evidenced from the numerous fast food outlets that are conspicuously cited in major cities in the country including Abakaliki. Despite the increasing culture of eating in the fast food outlets in Nigeria, and the continued opening of new ones, some fast food outlets are closing shop (Salami & Ajobo, 2012). Increasing competition among these fast food and turbulent general business environment could be some of the factors that lead to failure of some of these outlets. Economic and Socio-cultural business environment are part of the general external environmental forces that affect

the ability of the fast food outlets to serve its customers (Samnani, 2014), and no business can exist, let alone survive without customers (Salami & Ajobo, 2012). These environments also affect both the purchasing power and the disposition of the customers to the fast food restaurants. Though food is an essential commodity, reduction in income could affect fast food consumption because some consumers could decide to cook the food themselves in order to reduce cost.

Economic surrounding of any system is very vital since it determines the level of disposable income of consumers (Ogundele, 2005), and affects spending pattern which is of interest to every business organisation (Samnani, 2014). Socio-cultural environment on the other hand deals with those intangible elements which affect people's behaviour, relationship, perception and way of life (Akpor & Masoje, 2012). It is made up conditions and cultural influences which shape the personality of an individual and also affects his/her attitude, disposition, behaviour, approaches to decisions and actions. These two business environmental factors play major role in decision process of an individual especially when the product or service involved has close substitutes. While some studies have been conducted in Nigerian fast food industry (Konwea, 2012; Salami & Ajobo 2012), not many have actually looked at the business environmental implication on the repurchase of fast food products/services.

The present economic situation in Nigeria is very gloomy and businesses are struggling to survive. Inability of fast food restaurants in Abakaliki to respond quickly to external business environmental changes could pose a threat to its continued existence. Many restaurants fail each year owing to their inability to understand, adapt or anticipate market trend especially when the market trend is difficult to see (Parsa, Self, Njite & King, 2005). The understanding of the environment, no doubt, might help the restaurants to initiate plans and programmes that will help them mitigate negative impacts of changes from both the economic and socio-cultural environments so as to retain their customers. Considering the influence of culture and its pervasive effect on people's lifestyle, one can argue that repurchase is partly, a product of the value system of a given person. Therefore, the objective of this study was to find out the relationship between economic and socio-cultural business environment and consumers' repurchase of fast food services/products. The study is justified because failure of these fast food outlets is tantamount to loss of jobs and means of livelihood of many people, loss of revenue to government and many more negative consequences.

REVIEW OF THE RELATED LITERATURE

Fast Food

Fast food refers to a restricted menu of foods that its suppliers tend to specialize in product such as hamburger, pizza, chicken and sandwiches (Bender & Bender, 1995), it is the food already prepared and held in limited menu items and has minimal or no table service (Aazir and Qazi, 2012). It is also seen as a specific type of restaurant characterized by both fast cuisine and minimal table service (Salami and Ajobo, 2012). Most often, fast food restaurants cook their foods in bulk in advance and kept hot, package to order or ready to take away, even though seating options are made available. Generally, the term refers to those foods sold in a restaurant with low preparation time and served to customers in a package that makes it easy for take-away (Islan & Ullah, 2010). Fast food restaurants or outlets belong to the hospitality industry. The history of fast food according to Salami and Ajobo (2012) dates back to 1912 with opening of a fast food restaurant called "Automat" in New York, U.S.A. In Nigeria, fast food business has existed for long in traditional sense. These are roasted plantain, roasted/fried yam, suya meat (beef kebab), roasted corn, fura de nono (local yoghurt) and so on (Research and Market, 2010; Salami and Ajobo, 2012). These foods have always had a high patronage and are still

patronized today. However, the introduction and acceptance of modern fast food in the country is a product of rapid urbanization and westernization which have affected the life styles of Nigerians.

Abakaliki metropolis is the Ebonyi State capital and fast food restaurants that are seen in the city at present are Crunchies, Mr. Bigg's, Citi Chef, City Exotic and so on. These types of restaurants or outlets have grown tremendously in Nigeria and have a lot of patronage in major cities of the country as well as Abakaliki. The road side restaurants that sprang up on daily bases in the city can also be categorized as fast food restaurants but fall under local fast foods and are not part of this study. Therefore, fast food restaurants is conceptually defined in this study as those restaurants/outlets that have brand names and offer full services of ranges of products obtainable in conventional fast food outlets irrespective of bias to local content. These foods range from snacks, burger, rice and so on which could be take-away or eaten within their premises.

External Business Environment

Every business operates within some constraining and leveraging factors. These two opposing constructs to a great extent, presents business organizations with opportunities and threats. Mainly, it is termed external business environment. They are forces and events outside the organisation that impinge on its activities (Palmer & Hartely, 2002), it is also seen as the totality of physical and social factors that are considered while making decision by individual in the organisation (Duncan 1972 in Babalhavaeji & Farhadpoor, 2012). External business environment also refer to social forces, physical environment and institutions that affect the ability of organisations to achieve their goals. They are taken directly into consideration by members of organisation in setting objectives and other business decisions and plans (Adeoye & Elegunde 2012). Taking any business decision without the consideration of the external environment is suicidal because of its major role in the success or otherwise of any organisation. It is critical to the goal attainment since both tangible and non-tangible factors that provide the lifeblood for the organization are in the environment. The external environment of any business refers to those things that organisation has no control or influence over, but influences the organisations' activities in several ways. This environment, though, a scenario that is in existence affects different organisations in different ways and influences or determines the operations and performance of such businesses (Osugwu, 2001), it also determines what is possible to any business organisation, and affects its ability to serve their customers (Samnani, 2014). The configuration of an external environment can spur opportunities to one organisation and threat to another at the same time. External business environment is classified into general and task environment (Adeoye and Elegunde, 2012; Asdullah et al. 2015). The general external environment seems to be applicable to all organisations and industries within an area and regarded as having indirect influence on them. Elements in the general environment are social values, educational, political, economic, legal, behavioural, demographic, natural environment, natural resources and technological environment (Adeoye and Elegunde, 2012), while task environment consist of consumers, suppliers, labour market, industry, and financial resources (Asdullah et al., 2015). Task environment has direct impact on the organisation because of its closeness (Grant, 1999). The focus of this study is on Economic and Socio-Cultural external business environment. In line with Popkin et al. (2005), External business environment is seen as the "community level factors that influence households and individual decisions. In other words, fast food restaurants' external environment is conceptually defined in this study as those factors (Economic and Socio-cultural) that influence the decision of individual customers to continually buy products/services of fast food restaurants. It is external because the outlets have no control over them;

hence, it is conceived as the external context in which individual decisions are made (Popkin et al., 2005).

Economic Environment and Repurchase of Fast Food Products/Services

Economic environment goes a long way to determine opportunities for an organisation (Ogundele, 2005). Whether small or big, the influence of the economic environment on the success of any firm is not contestable. It consists of those external factors in business' market and the broader economy that can influence business (Shaw, 2013). Economic environment consists of those economic factors such as employment, income, inflation, interest rates, productivity and wealth, that shapes the buying behaviour of consumers and institutions (Business Dictionary, 2014). It is classified into macro and micro (Shaw, 2013), the macroeconomic environment consists of those broad factors that affect the entire economy directly or indirectly, as a result, it affects every participant of the economy. Factors such as interest rates, taxes, inflation, exchange rates, consumer discretionary income, savings rates, consumer confidence levels, unemployment level are major features of macroeconomic environment. Microeconomic factors influence how business decisions are made; they do not affect the entire economy as a whole. Shaw (2013) listed the factors as market size, demand, supply, competitors, and suppliers, these factors are part of what Grant (1999) called the task environment. A favourable economic environment is one that most of the factors are positive in its outlook. As a determinant of the level of disposable income of consumers (Ogundele, 2005), a favourable economic environment increases consumer income and spending pattern (Samnani, 2014). In other words, consumer spending at fast food restaurants may reflect the life patterns of people in line with economic conditions (Hammad&Rehman, 2012). Price becomes a less sensitive issue in the time of economic prosperity because of increase in consumer disposable income, while it becomes a major issue in time of recession (Vrontis&Pavlou, 2008). Though food is an essential commodity, reduction in income could affect fast food restaurants because some consumers could decide to cook the food themselves to reduce cost. Thus, the following hypothesis:

H₁: There is a significant relationship between economic environment and consumer re-purchase of fast food products/services

Socio-Cultural Environment and Repurchase of Fast Food Products/Services

This refers to set of beliefs, customs, practices and behaviour that exist within a population (Business Dictionary, 2014). Socio-cultural environment is made up of a collection of activities and relationships through which people engage in their personal and private lives. It encompasses the society and its developed norms and the individual and his value. Socio-cultural environmental variables are values, attitudes, habits, behaviours, lifestyles based on culture, religions, educational, social conditioning associations (Adeleke, Oyenuga and Ogundele, 2003; Wetherly, 2011 in Maziku, Majenga&Mashene, 2014). The socio-cultural business environment therefore revolves around people living within the geographical location of such business. It is the foundation upon which individual decision to buy a particular product is based. It therefore, seems that the economic environment (micro) upon which economic decision to buy or not to buy is supportive of the socio-cultural environment because money has alternative uses and the priority of the consumer to some extent is determined by his/her life style. Young people are mostly attracted to fast food restaurants because it provides them the opportunity to socialize (Konwea, 2012). Nowadays, high value is placed on time and this has increased the consumption of meal with minimum time effort, thereby increasing the demand for meals outside home (Vrontis&Pavlou, 2008). One of the major variables is value. It defines what desirable goals are and forms the basis for standard measurement and judging actions (Maziku et al., 2014). Values refer to what an individual considers right or wrong

(Robbins & Coulter, 2007). Thus, value is central in this study considering that individual decisions and convictions shape the socio-cultural environment of fast food restaurants, thus, the following hypothesis:

H₂: There is a significant relationship between socio-cultural environment and consumer re-purchase of fast food products/services.

RESEARCH METHODS

Research Design and Sampling

The study adopted descriptive survey design. It is most appropriate because the study involves narration of facts and characteristics concerning individuals (Kothari and Garg, 2014) with a view to making some predictions. Structured questionnaire with 18 items was used to measure the variables under study. Economic environment was measured with 8 items, Socio-cultural environment was measured with 6 items while repurchase of product and services was measured with 4 items. All the items were close ended questions based on 7 point Likert scale with “Very strongly agree” weighted 7 point while “Neither agree nor disagree” was weighted 1 point.

Infinite population was assumed because it was difficult to know for certainty the number of people that patronize fast food restaurants in Abakaliki metropolis. A total of 200 respondents were randomly selected for the study using convenience sampling technique, out of which 156 copies of questionnaire were usable.

Validity and Reliability of the Instrument

Content validity was employed to determine the validity of the instrument. Factor analysis was used to establish the validity of the measuring instrument through factor loadings as suggested by Hair, Anderson, Tatham and Black (2006). All the items measuring a particular construct loaded highly on the construct, thus, confirming their validity.

Cronbach alpha was employed to test the reliability of the instrument. This yielded 0.50 which is strong enough for the study given the varied background of the respondents.

ANALYSIS AND RESULTS

Table 1 shows Kaiser-Meyer-Olkin (KMO) of 0.520. It measures sampling adequacy. This was necessary given that the sample size was arbitrarily chosen. Thus, with KMO, it has been proved that the number of sample was adequate for the study and also confirmed the suitability of factor analysis since the KMO value is above the acceptable limit of 0.5, (Ogba, 2007). Bartlett's Test of Sphericity gave a p-value of 0.001 which shows that there is a significant correlation among the variables.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.520
Bartlett's Test of Sphericity	Approx. Chi-Square	2,195.684
	Df	253
	Sig.	0.000

Source: SPSS 20.0

Table 2 was the test of the hypothesis which states that there is a significant relationship between economic environment and consumer repurchase of fast food products/services. From the table, the hypothesis is supported (r = -234,

p-value < 0.006). It shows a negative correlation between the two, this is understandable given unfavourable economic environment, the state and country in general is facing as a result of oil price slump.

Table 2: The Correlations Matrix of Economic Environment and Repurchase of Fast Food Products/Services

		Economic	Repurchase
Economic	Pearson Correlation	1	-.234(**)
	Sig. (2-tailed)		.005
	N	148	144
Repurchase	Pearson Correlation	-.234(**)	1
	Sig. (2-tailed)	.005	
	N	144	156

** Correlation is significant at the 0.01 level (2-tailed).Source: SPSS, ver. 20.0

The test of hypothesis II which states that there is a significant relationship between Socio-cultural environment and consumer repurchase of fast food products/services is presented in table 3. The hypothesis was also supported ($r = 0.176$, p-value < 0.030). Though the relationship is weak, it is statistically significant and therefore, the hypothesis is accepted.

Table 3: The Correlations Matrix of Socio-Cultural Environment and Repurchase of Fast Food Products/Services

		Socio-Cultural	Repurchase
Socio-cultural	Pearson Correlation	1	.176(*)
	Sig. (2-tailed)		.029
	N	158	154
Repurchase	Pearson Correlation	.176(*)	1
	Sig. (2-tailed)	.029	
	N	154	156

* Correlation is significant at the 0.05 level (2-tailed).Source: SPSS, ver. 20.0

Multiple regression analysis was carried out to further test the formulated hypotheses. The reason is that two hypotheses were formulated in the study which means that more than one independent variable accounted for the variance in the dependent variable; the result is presented in table 4. The regression model possesses a significant F-test score ($F = 15.825$; $P < 0.001$) which shows that it has good explanatory power (Hughes & Morgan, 2007). To ensure that multicollinearity was not an issue, tolerance value and variance inflation factor (VIF) was tested. Tolerance value was 0.999 which is greater than 0.10, while variance inflation factor was 1.00, which is less than 10. The analysis showed absence of multicollinearity (Tabachnick&Fidell, 2001). The result showed mixed relationship between external environmental factors considered and repurchase of fast food products/services. Economic environment is negatively related to repurchase of products/services of fast food restaurants ($\beta = -0.224$, $P < 0.005$). Socio-cultural environment shows a moderate relationship ($\beta = 0.361$, $P < 0.001$). It is therefore, necessary to device strategy that will help fast food restaurants to overcome challenges posed by the present economic environment since it is affecting them negatively. More attention should also be directed to those issues that relates to the socio-cultural environment, especially the value system of people within Abakaliki Metropolis.

Table 4: Multiple Regression Analysis

Independent variables	(β)	T-value	P-value
Economic Environment	-0.253	-2.919	.004
Socio-cultural Environment	0.336	4.718	.000
R ²	0.185		
Adjusted R ²	0.174		
F-value	15.825		.000

Dependent Variable: Repurchase of products/service of fast food restaurants Source: SPSS, ver.

20.0

CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

The economic environment in Ebonyi State today is business unfriendly occasioned by falling oil prices and high inflation as a result of pressure on naira. Citizens struggle to make ends meet and the negative impact on many businesses is enormous. Fast food sub-sector is not exempted. From the study, there is a negative relationship between the economic environment and consumer repurchase of fast food products/services. It seems that consumers continue to reduce their purchases as inflation reduces their purchasing power and at the same time increase the prices of products/services of these fast food restaurants. Therefore, as the economic environment becomes more hostile by virtue of economic hardship, uncertainty and high inflation, the rate of repurchase of fast food products/services decrease. This is in line with Asdullah et al. (2015) assertion that in a poor economy, people may prefer to save their money by eating at home, and this could expose fast food firms to profit losses. Adeoye (2012) also found that the economic environment has an impact on the performance of Nigerian food and beverage industry. Economic surrounding of any business (fast food restaurants) goes a long way in causing its failure (Ogundele, 2005).

A strong positive relationship was found between socio-cultural environment and repurchase of fast food products/services in Abakaliki metropolis. Fast food restaurants can therefore, leverage on factors that appeal to the value system of the people in the metropolis to retain mostly their existing customers and through their reference attract new ones. This will in no small measures enhance the repurchase of their products/services. Since repurchase is a reflection of customers' loyalty which deals with the same brand purchase despite situational influences (Salman &Saira, 2014), it shows that fast food restaurants can actually improve loyalty by skewing their product/services towards the prevailing value system of consumers in the metropolis

The implication is that the ability to retain and attract new customers lies in the strategies adopted by fast food restaurants at this point in time. They could consider the reduction of prices of their products/services or increase advertisement. There is also need to improve on their services, such as internal décor, cleanliness, friendly posture of the waiters and fast service delivery. While some of the options may be difficult given increased operational cost, sacrifices are required in a period of economic downturn to be able to retain customers, and thereby improve long term performance.

LIMITATIONS

First, the study considered fast food restaurants within the urban area and within the same locality, the generalization of the findings with a different environment should be approached cautiously because of differences in the prevailing economic and socio-cultural environment. Secondly, there is no doubt that a relationship exists between the external business environment and fast food restaurants from the study, but this relationship may be subject to moderation

of another variable. Future research may consider different geographical locations (Cities) considering the heterogenic nature of Nigerian society with its attendant different cultures.

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