

BUSINESS ENVIRONMENT AND CORPORATE PERFORMANCE THROUGH BUSINESS STRATEGIES: A STUDY OF CONSTRUCTION SERVICE INDUSTRY IN BENIN CITY, NIGERIA.

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ABSTRACT

The Nigerian business environment has been very challenging and unpredictable such that most construction service industries find it difficult to survive while others have become insolvent. Generally, the lack of effective monitoring and assessing business environment has been identified as one of the major causes of this development. This study investigated the relationship between business environment and corporate performance in the construction service sector in Benin City, Nigeria, utilizing system theory as the theoretical framework. The formulated hypotheses were tested using the T-test at a 5% significance level. Employing a quantitative research approach, the study involved a sample of 384 senior management staff's of construction service companies in Benin City. Data was analyzed through Structural Equation Modeling (SEM) with Partial Least Squares (PLS). The results indicated that the external environment (t -statistics = 0.41, $p = 0.000$), internal business environment (t -statistics = 0.216, $p = 0.005$), and business strategy (t -statistics = 0.372, $p = 0.000$) significantly influence corporate performance. The study recommended that conducting regular environmental scans, staying abreast of political, economic, social, and technological changes, and fostering strategic partnerships to enhance the company's adaptability. It was also recommended that strengthening internal controls, fostering a positive workplace culture, and investing in employee development programs can contribute to improved corporate performance. More also, it was also recommended that continuous monitoring and adjustment of the business strategy in response to market changes will contribute to sustaining and enhancing corporate performance.

Keywords: Business environment, internal environment, external environment, business Strategy and Corporate performance.

INTRODUCTION

Organizational success is attributed to the achievement of predefined goals, facilitated by the efficacy of implemented strategies and techniques (Fairoz et al., 2010). A pivotal determinant of corporate performance is the business environment, given its dynamic and unpredictable nature, impacting both external and internal facets (Teece et al., 1997; Wheelen & Hunger, 2015). Specifically, in the realm of construction, external forces extend across the political, economic, social, and technological landscapes. Erumegbe's (2015) research underscores the significant influence of the external environment on diverse facets of corporate performance. In the construction sector, external influences encompass the political, economic, social, and technological environments. The external business environment, as highlighted by Adeoye and Elegunde (2012), plays a pivotal role in shaping

organizational performance. While a prior investigation, led by Hu (2016), emphasized the impact of the internal environment on corporate performance, conflicting findings were reported (Hidayat et al., 2015). The analysis of the internal environment involves identifying strategic factors within the organization, including its culture, systems, and resources. This process is crucial in determining the company's ability to seize opportunities and mitigate threats (Wheelen & Hunger, 2015). Notably, construction companies exhibit unique characteristics compared to firms in other sectors. Success in securing construction-related projects is contingent upon winning tenders, a competitive process conducted by both government and private entities.

The ever-changing dynamics of society have significantly impacted numerous organizations that may lack proper assessment and scanning techniques for environmental factors. Despite the imperative need for organizations to adapt to the unpredictability of their environment, mere adaptation may not suffice. Corporate entities failing to thoroughly analyze and diagnose their internal and external environments often incur substantial losses, manifesting as poor return on investment, diminished customer patronage, and subpar product or service quality. Given the volatile nature of the contemporary business landscape and the rapid pace of changes, it is crucial for every organization to actively monitor and respond to all forces shaping its operating environment to ensure success.

While numerous studies have explored the relationship between business environment and organizational performance, a predominant focus has been on advanced economies, with limited attention given to developing countries, including those in Africa such as Nigeria. Consequently, there is a scarcity of research, particularly within the Nigerian context, that comprehensively examines the interplay of these crucial variables, despite Nigeria being recognized as a potentially lucrative market due to its substantial size and population. Furthermore, existing studies that have been conducted into the nexus of business environment and corporate performance often restricted their scope to manufacturing firms within specific industries.

In the light the above identified problem, the research questions were stated for the study:

- i. How does the internal business environment influence the corporate performance of the construction service industry?
- ii. How does the external business environment affect the corporate performance of the construction service industry?
- iii. What is the correlation between business strategy and the corporate performance of the construction service industry?

The broad objective of this study is to investigate how the business environment influences corporate performance via business strategy within the construction service industry in Benin City, Nigeria. The specific objectives included:

- i. Examine the relationship between internal business environment and corporate performance of construction service industry.
- ii. Determine the relationship between external business environment and corporate performance of construction service industry.
- iii. Ascertain the relationship between business strategy and corporate performance of construction service industry.

The study formulated the following null hypotheses which could either be accepted or refuted at the end of the study:

- i. H_0 : internal business environment has no effect on the corporate performance of construction service industry.
- ii. H_0 : External business environment has no effect on the corporate performance of construction service industry.
- iii. H_0 : internal business Strategy has no effect on the corporate performance of construction service industry.

REVIEW OF RELATED LITERATURE

Concept of Business Environment

The business environment, as defined by Wheelen and Hunger (2015), encompasses the surroundings that an organization encounters and must be carefully considered in the decision-making process. Conceptually, it holds significant weight as a factor influencing the management of business activities, particularly in shaping business strategy planning (Muhammed, 2014). The organizational environment is categorically divided into internal and external components (Wheelen & Hunger, 2015).

The external environment, situated beyond the organization's boundaries, demands thorough analysis to identify the opportunities and threats confronting the company (Abubakar, 2015). Various dimensions contribute to evaluating the company's external environment, including political, economic, social, and technological factors (Shehu & Mahmood, 2014). The impact of the external business environment on organizational performance has been established in studies such as Adeoye and Elegunde (2012). Conversely, the internal environment comprises actors directly connected to factors influencing the company (Muhammed, 2014). This internal environment encompasses variables (Strengths and Weaknesses) intrinsic to the organization and typically beyond the immediate control of top management (Wheelen & Hunger, 2015). Three critical dimensions define the internal environment: organizational structure, culture, and resources (Wheelen & Hunger, 2015). Research by Hidayat et al., (2015) affirms the substantial influence of the internal environment, control environment, and industrial environment on the company's strategy.

Business Strategy

Wheelen and Hunger (2015) expound that business strategy encompasses the enhancement of a company's competitive strength in specific industries or market segments for its products, services, or business units. The complexity of selecting a business strategy surpasses that of designing a business model, as Teece (2012) outlines. Research underscores that the impact of business units carries twice the influence on overall corporate performance compared to the effects of a company or industry (Wheelen & Hunger, 2015). Business strategies can be classified as competitive, involving efforts to surpass rivals for profit, and/or cooperative, involving collaboration with one or more companies for competitive advantages (Wheelen & Hunger, 2015).

Corporate Performance

Organizational performance, also known as corporate performance, serves as an indicator of the achieved level of success and reflects managerial effectiveness. It provides insights into whether the organizational work processes align with the expected goals. Simply put, organizational performance is the comparison of corporate achievements with predetermined goals and objectives (Novak, 2017).

The contribution of employees to organizational performance is crucial, as they form integral teams working towards achieving organizational goals (Almatrooshi et al., 2016). According to Wheelen and Hunger (2015), performance is the ultimate outcome of activities. The evaluation of performance involves selecting specific steps based on the organizational unit under assessment and the goals to be attained.

Balanced Scorecard (BSC) is a widely employed method for measuring corporate performance. As outlined by Wheelen and Hunger (2015), the balanced scorecard combines financial metrics, providing insights into the outcomes of actions considered in this context are operational metrics that center on enhancing customer satisfaction, refining internal processes, fostering innovation activities, and advancing future financial performance. The prevalent approach for gauging corporate performance is the Balanced Scorecard (BSC), which encompasses four perspectives: finance, customers, internal business processes, and organizational growth and learning.

Theoretical Review

Open System Theory

This study is grounded in the open system theory, formulated by biologist Ludwig von Bertalanffy during the period spanning 1930 to 1956. According to Nwachukwu (2006) a system theory is a collection of interconnected and interdependent parts organized in a way that generates a cohesive whole. Kahn (1974) similarly views a system as "any pattern whose elements are related in a sufficiently regular way to justify attention." A system, in essence, is an entity that maintains boundaries and consists of complex interacting components sustaining relationships.

Within the domain of social sciences, these boundaries not only exhibit a tendency to be flexible but also undergo alterations with the evolution of behaviors. The systems theory posits that an organization is conceived as a system, which must function cohesively not only within its internal structure but also as an integral component within a network of other systems. Consequently, it is imperative for the organization to function congruently with the other systems in its environment. The larger system can significantly impact the organization, either positively or negatively, emphasizing the interconnectedness of systems. Boulding (1956), an economist, touched upon the systems theory, referring to it as "The General Empirical Theory," a term slightly distinct from Bartalanffy's (1958) 'General Systems Theory.'

Person-in-Environment Theory

The concept of "Person-in-Environment" (PIE) pertains to the interaction and influence between an individual and their surroundings. The Person-in-Environment theory posits that a person's environment significantly impacts their lifestyle and decision-making. In the early 20th century, Mary Richmond emerged as a notable figure, advocating the idea that an individual's behavior is shaped by their environment. In 1917, she published "Social Diagnosis," a seminal work elucidating the Person-in-Environment perspective.

The Person-in-Environment (PIE) theory stands as a fundamental concept and philosophy in the field of social work, asserting that an individual's behavior can be comprehensively understood by examining their environment, including their past surroundings. This theory serves as a lens through which to understand individuals and their behavior in the context of their environment. Mary Richmond's book emphasized the importance of not only scrutinizing an individual for an explanation of their behavior but

also considering their environment. She advocated for social workers to not only focus on the mental health aspects of the individual but also extend their examination to the environment surrounding them.

Empirical Review

Abubakar (2015) investigated the influence of environmental factors on the performance of Small-Scale Businesses (SSBs) in Kano and Sokoto states. Data collection primarily employed questionnaire methods directed at sampled SSBs. The collected data underwent analysis using multivariate discriminate analysis and multiple regression techniques to gauge the performance level and ascertain the significance of the relationship. The study's findings distinctly reveal that SSBs demonstrated positive performance during the examined period, and environmental factors exerted a noteworthy impact on their performance in Kano and Sokoto states. The study suggests that the government should foster an enabling environment for both existing and potential investors in the sector by providing adequate infrastructure, financial support, and formulating policies conducive to the growth of SSBs. However, the research was conducted in two states of Nigeria, focusing on Small and Medium Enterprises (SMEs), a scope distinct from the subject under review.

Mark and Nwanwu (2015) investigated the effect of the political environment on the business performance of multinational corporations in Nigeria, focusing on publicly traded industrial firms. The study identified twenty-seven such companies, using data from the Nigerian Stock Exchange Fact Book 2012 and the World Bank Group's World Development Indicators. The political climate was evaluated based on the degree of political stability and the lack of violence, whereas business success was measured based on company productivity from 1999 to 2013. The findings revealed that the political environment has a considerable detrimental impact on the business performance of multinational corporations in Nigeria. Based on these findings, the researchers proposed that the Nigerian government reduce the frequency of policy and program changes in order to guarantee the stability of democratic institutions and political integration. However, the research utilized an ex post facto research design primarily centered on primary data. The ongoing investigation employs a survey research design.

Eruemegbe (2015) conducted a study to investigate the impact of the business environment on organizational performance in Nigeria, utilizing Union Bank of Nigeria as the case study. Data collection involved the distribution of questionnaires to officers at Union Bank of Nigeria in Lagos. Of the 39 surveys issued, 20 were completed and returned, yielding a 51% effective response rate. Data analysis and operational hypothesis testing were carried out using a nonparametric technique, specifically the chi-squared statistic. According to the survey results, cooperation, contract-based work, leadership by example in supervision, and the provision of equipment all had a major impact on motivation and productivity. Furthermore, factors including communication, love and belongingness, opportunities for challenging tasks, identification with goals, and overtime were also identified as critical in shaping organizational performance. However, the scope of the study is banking subsector which differs from the construction sector of the economy.

Shehu and Mahmood (2014) investigated the correlation between the business environment and the performance of Small and Medium Enterprises (SMEs) within Nigerian firms. The study employed a quantitative approach, utilizing a cross-sectional research design. Data collection involved the self-administration method with a sample of 640 respondents. The findings underscored the vital role of SMEs in the economic growth of Nigeria, serving as a key source of employment, making significant contributions to industrial establishments, generating income, and fostering the development of craftsmanship. To analyze the relationship, a theoretical model was constructed, and multiple regression analysis was employed. The results indicated a substantial and positive association between

the business environment and the business performance of SMEs. Nevertheless, this study was conducted within the realm of small and medium enterprises, a scope distinct from the focus of the ongoing investigation.

Muhammad (2014) conducted a comparative study that explored the influence of internal and environmental factors on the financial behavior of firms in developed, emerging, and developing economies. The research aimed to assess the dynamic economic effects of capital structure in Spain, Malaysia, and Pakistan, examining the empirical implications and hierarchical significance of factors at the firm, sector, and country levels. The study employed cross-sectional regression analysis on panel data covering the period from 2001 to 2011. The findings, from a theoretical perspective, provide valuable insights into the capital structure literature. The research elucidates critical aspects of termination mechanisms for firms, highlighting the relative importance of environmental factors that have the potential to impact a firm's leverage. However, this research was conducted beyond the borders of Nigeria, enhancing the widespread acceptance of the findings by accounting for geographical variations. .

Empirical Gap Filled by the Study

This research about “business environment and corporate environment through business strategies in the construction on service industry in Benin City, Nigeria” will be useful in many ways:-

- i. This study doesn't focus on the construction service segments, thereby emphasizing the effectiveness of the Business environment technique in the construction industry.
- ii. This investigation into the relationship between the business environment and corporate performance through business strategies within the construction service industry in Benin City, Nigeria is unprecedented. The conclusions drawn from this research will contribute to a better understanding of how business environment factors influence the corporate performance of construction firms in Benin City, Nigeria.
- iii. Additionally, this research aims to comprehend how construction firms respond to the business environment, providing insights into the significance they place on these environmental variables or factors.

METHODOLOGY

Conducted within the framework of a causal design, this study utilizes a research methodology aimed at establishing cause-and-effect relationships between variables. In the context of this research, the focus is on organizational environmental factors, both external and internal. These factors are considered causative agents in shaping business strategies, with the ultimate impact on corporate performance. The causal study seeks to describe the factors contributing to problems in this regard.

The study's population, considered as the unit of analysis, consists of construction service sector companies located in Benin City. The total number of such companies in Benin City, Edo State, is 9,798. For this research, a sample size of 384 respondents was selected using the Taro Yamane method (1969) with a 95% confidence level. The formula for Taro Yamane is presented as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = Sample size

N = Population of the Study

e = Error of precision (0.05)

$$n = \frac{9798}{1 + 9798(0.05)^2}$$

$$n = \frac{9798}{1 + 24.495}$$

n = 385(approximate)

Table1. The overall population and the selected research sample of construction businesses categorized by business class in Benin City, Edo State.

Category	Population	Sample
Small	1803	72
Moderate	7016	270
Big	979	42
Total	9798	384

Source: Data processed (2022)

The process of data collection involved employing a questionnaire as the primary instrument, utilizing a technique where a set of written questions was presented to the respondents for their responses (Sugiyono, 2016). The questionnaire was structured based on indicators corresponding to each variable under investigation. The measurement technique for the questionnaire in this study utilized a Likert scale (Scale 1-5).

The research instrument was derived from the operational definitions of variables and dimensions used in the study. The study encompassed four latent variables, incorporating a total of 13 research dimensions. Each dimension included specific questions aimed at elucidating the phenomena associated with the research problems. The detailed research instrument table is provided below.

DATA ANALYSIS AND DISCUSSION OF FINDINGS

In this study, Structural Equation Model (SEM) analysis is conducted using Partial Least Squares (PLS) analysis. The process involves three stages: outer model analysis, inner model analysis, and hypothesis testing.

Outer Model Analysis

The following table presents an analysis of the outer research model:

Table 1 .Cronbach's Alpha, Composite Reliability, and Average Variance Extracted

	Cut Off	Corporate performance	External environment	Internal environment	Business strategy	Explanation
<i>Cronbach's Alpha</i>	>0.6	0,928	0,958	0,929	0,919	All
<i>Composite Reliability</i>	>0.7	0,938	0,962	0,939	0,935	All aspects fulfilled the standard
<i>Average Variance Extracted (AVE)</i>	>0.5	0,581	0,613	0,562	0,672	

Source: Output SmartPLS 3.0 (2022).

Ghozali (2014) noticed that measuring the dependability of constructs requires taking into account both composite reliability and Cronbach's alpha. A construct is considered reliable if its composite reliability ratings exceed 0.70 and Cronbach's alpha exceeds 0.60. The acceptable criterion for

assessing validity using Average Variance Extracted (AVE) is 0.5. According to the criteria stated in Table 2, the data processing findings meet all of the requirements for the outer model, indicating strong validity and dependability for the research data. As a result, the study can proceed to the inner model analysis phase.

Inner Model Analysis entails inspecting and ensuring the robustness and accuracy of the structural model being built. Ghozali (2014) defines robust regression as a regression approach used when the data error distribution is not normal or there are outliers that affect the model. This strategy is critical for assessing data influenced by outliers, producing robust models that are unaffected by outlier-related disturbances. Resistant estimate ensures that huge changes in a small section of data, as well as modest changes in large portions of data, do not have a significant impact on the model. Evaluation of inner models can be seen from several indicators which include; coefficient of determination (R²); Predictive Relevance (Q²); Goodness of Fit Index (GoF). Here are the calculations presented for each indicator.

1. Coefficient of Determination (R²)

The following is the value of R² software smartPLS 3 output

Table 2 Value R²

	R Square	R Square Adjusted
Corporate performance	0.857	0.853
Business Strategy	0.659	0.689

Source: Output smartPLS 3 (2022)

The assigned R-square values are categorized as follows: a value of 0.67 is considered strong, between 0.67 and 0.18 is deemed moderate, and values below 0.19 are classified as weak. In the context of this study, all the variable relationships examined are characterized as having a strong relationship.

2. Predictive Relevance (Q²)

To calculate Q² the following formula can be used

$$Q^2 = 1 - (1 - R_1^2) (1 - R_2^2) \dots (1 - R_n^2)$$

$$Q^2 = 1 - (1 - 0,857) (1 - 0,659)$$

$$Q^2 = 0.95$$

The blindfolding process is used to evaluate the model's predictive capacity. According to Chin (1998), values ranging from 0.02 to 0.15 indicate minimal predictive power. If the value is between 0.15 and 0.35, the model is considered to have moderate predictive power. Conversely, if the value exceeds 0.35, the model is thought to have excellent predictive power. A Q² value of 0.95 indicates a model with a high predictive capability.

3. Goodness of Fit Index (GoF)

Tenenhaus and Esposito (2005) advocated that the GoF (Goodness of Fit) number be regarded small when it is 0.1, moderate when it is 0.25, and high at 0.38. In this study, the GoF value was calculated, and the model had a high GoF value. This shows that the model accurately depicts an actual phenomena. Tenenhaus (2004) outlines a formula for manually calculating GoF values in Structural Equation Modeling (SEM) with Partial Least Squares (PLS).

$$GoF = AVE^2 \times R^2,$$

$$GoF = 0.68$$

Based on the calculated GoF value of 0.68, this study concludes that the research model effectively captures real phenomena in the relationship among the internal work environment, external work environment, strategy, and business performance within the construction industry in Benin City, Nigeria.

Test of Hypotheses

Structural Equation Modeling with Partial Least Squares (SEM-PLS) bootstraps the structural model, yielding a t-statistic value. If the t-statistic value exceeds the critical value from the t-table at a 95% confidence level (> 1.96), there is a substantial effect. Table 3 shows the bootstrapping values and the hypothesis test conclusions.

Table 3. Summary of Hypothesis Results

	T Statistics	P Value	Conclusion
External Environment->Business Strategy	5.827	0.000	Supported
Internal Environment-> Corporate performance	2.897	0.005	Supported
Business Strategy->Corporate performance	5.467	0.000	Supported

Source: primary data processed (2022)

Meanwhile, to determine the extent of influence between variables, one can examine the loading factor values in the original sample (O) output. This information is accessible in the table of path coefficients within the smart PLS output. The corresponding values are presented in Table 4, indicating the path coefficients.

Table 4 Path Coefficients

	Original Sample	T Statistics	P Value
External Environment->Corporate performance	0.421	6.161	0.000
Internal Environment->Corporate performance	0.216	2.897	0.005
Business Strategy ->Corporate performance	0.372	5.467	0.000

Source: primary data processed (2022)

Discussion of Findings

Findings indicates a significant influence of the external environment on the performance of construction service companies. Notably, a heightened focus on and proactive engagement with external factors such as political, economic, social, and technological contexts positively correlates with improved company performance. These results align with previous research (Escandón-Barbosa, Hernandez-Espallardo, & Rodriguez, 2016; Moynihan & Pandey, 2005; Wen-Cheng, Chien-Hung, & Ying-Chien, 2011). Financially, the political environment exhibits the strongest relationship, implying that economic disruptions can disproportionately impact the financial performance of construction companies. Economic and social environmental changes significantly affect customer-centric performance, internal business perspectives, and learning and growth dimensions.

The study underscores the need for construction companies to proactively address economic turmoil to maintain corporate performance stability. Failure to navigate economic threats can substantially hinder corporate performance. The economic environment, therefore, merits primary attention from companies in formulating strategies for positive performance. Following economic considerations, a comprehensive evaluation of the social, political, and technological environments is recommended. However, in practice, the political environment stands out as the most influential aspect contributing to company

performance. Proximity to the political environment is deemed advantageous in securing tenders for infrastructure projects, given the favorable policies and programs supporting the construction services sector. This underscores the importance of political acumen for construction companies bidding on infrastructure projects.

Despite benefiting from political changes since 2015, construction companies are advised to devise business strategies to anticipate future political developments. Additionally, the study reveals that the internal environment significantly influences corporate performance. The loading factor value of 0.216 suggests that the internal environment contributes to a 21.6% improvement in corporate performance. The internal environment, including elements like organizational culture, structure, and resources, reflects the organizational strengths and weaknesses, showcasing management's ability to steer the company. While environmental changes are inevitable, the internal environment remains controllable by business actors. Effective management of the internal environment enhances the company's capability to achieve its objectives, whereas weak control impedes performance. These findings align with previous research (Hidayat et al., 2015), highlighting the importance of environmental observation as a success factor in strategy implementation and high performance. The study emphasizes that the relationship between the internal environment and financial performance, while moderate, demonstrates that company resources exert a substantial influence on financial outcomes compared to organizational culture and structure. Customer-centric performance, on the other hand, is more influenced by organizational culture, and organizational structure plays a pivotal role in shaping internal business perspectives and organizational learning and growth. The study found that business strategy has a substantial impact on the performance of construction service organizations. With a loading factor of 0.372, it is clear that business strategy can contribute to a 37.2% increase in corporate performance. A well-crafted strategy, with a focus on cost leadership and distinctiveness, is correlated with improved firm performance. These findings are consistent with previous study (Covin and Miles, 2007; Hidayat et al., 2015; Kuratko, 2010; S Finkelstein and Hambrick, 1990). In the competitive landscape of the construction sector, each company's business plan is a valuable asset. To gain tenders, construction businesses use a variety of technologies, presenting cost leadership as a competitive advantage and providing added value to clients. The cost leadership approach entails operating at a lower cost than competitors, allowing the company to generate above-average earnings or business performance.

A focus strategy, where a company targets specific niche markets, is essential for construction services companies to create competitiveness and achieve optimal business performance. Furthermore, differentiation strategies, providing unique services during construction services, often prove beneficial for companies. Competitive human resource strategies directly affect performance behavior, while competitive IT strategies exert a direct influence on financial performance (Li et al., 2008; Machado, 2013; Sheehan, 2014; Singh et al., 2007; Tavitiyaman et al., 2012; Wang & Zang, 2005).

The study underscores the dominance of cost leadership in enhancing corporate performance from the customer perspective, positioning it as an effective strategy to attract new clients. Conversely, the differentiation strategy demonstrates a stronger association with financial performance, internal business perspectives, and learning and growth. This implies that, to improve financial performance and internal business perspectives, companies may give precedence to implementing a differentiation strategy. These findings closely reflect the dynamics within the construction service industry, where securing tenders, particularly from government entities, involves competitive bidding. Strategic considerations, such as establishing unique pricing and workmanship concepts, become pivotal in this

process, contributing to companies' success in winning tenders and subsequently utilizing them as operational opportunities to generate profits, serving as indicators of financial performance.

CONCLUSION AND RECOMMENDATIONS

The identified positive relationship between the external environment and corporate performance highlights the need for a proactive approach. Fostering strategic partnerships further enhances adaptability, positioning companies to capitalize on opportunities and effectively navigate challenges. Organizations are encouraged to cultivate a culture of foresight, enabling them to identify and respond promptly to external factors. Recognizing the substantial influence of the internal environment on overall performance, companies should focus on creating an organizational climate that promotes efficiency, innovation, and employee well-being. Strategic alignment with identified internal strengths, such as culture and resources, will foster an environment conducive to achieving organizational goals. In conclusion, business environment has significant effect on corporate performance in the construction service industry in Benin City, Nigeria.

Based on the findings of the study, the following recommendation were made:

- i. Conducting regular environmental scans, staying abreast of political, economic, social, and technological changes, and fostering strategic partnerships to enhance the company's adaptability. To capitalize on the positive relationship between the external environment and corporate performance, a proactive approach to identifying and responding to external factors is crucial.
- ii. Strengthening internal controls, fostering a positive workplace culture, and investing in employee development programs can contribute to improved corporate performance. It is essential to implement strategies that align with the identified positive influence of the internal environment on overall performance.
- iii. Continuous monitoring and adjustment of the business strategy in response to market changes will contribute to sustaining and enhancing corporate performance. Investing in innovative approaches and competitive strategies can further strengthen the positive impact of business strategy on overall performance.

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