Political-Legal Environment and Performance of SMEs in Rivers State

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Abstract: *The study investigates the influence of political-legal environment on the performance of SME's in Rivers State. A cross-sectional survey design was adopted in the study. 1200 SMEs in Rivers State constitute the study population. The sample size of 291was drawn, using krejcie and Morgan's 1970 table. The simple random technique was used. Political-legal environment was operationalized with political environment and legal environment, while goal attainment and profitability were used to measure the dependent variable (organisational performance). The hypotheses were analyzed using the Spearman rank order correlation coefficient. The findings shows a significant relationship between the dimensions of political environment and performance of SMEs. The study concludes that a positive strong significant relationship exists between the political-legal environment and the performance of SME's in Rivers State. The study recommends that the SMEs should have a deep understanding of the political and legal environment that governs their business environment interactions, tax and levy policies, antitrust policy, the legal environment's stability, judicial efficiency, and law enforcement for successful goal attainment and profitability.*

Keywords: *Political Environment, Legal Environment, Goal Attainment, Profitability*

1.0 Introduction

Small and medium-sized businesses (SMEs) have been seen as builders of national development and economic prosperity. Small enterprises, especially newly established ones, are change agents (Acs & Storey 2004; Audretch 2006). In industrialised and developing nations alike, small and medium-sized enterprises (SMEs) are extremely active and widely acknowledged as a vehicle for production, economic growth, development, and poverty reduction. This widespread acceptance of SMEs is supported by their capabilities in areas like job creation, the ability to assemble domestic savings for investment, the introduction of business approaches, the inequalities reduction, enhancement of products and services, restructuring the weak agricultural sector or other uncompetitive transition economies, creating economic balance stability through industrial diffusion, promotion or provision of efficient resource consumption, and association to other industries (Ojo, 2006; Ogujiuba, Ohuche & Adenuga, 2004; SEAF, 2004).

Small and medium-sized businesses have a crucial role indeveloping economies all over the world due to their high importance (Ndiaye, Razak, Nagayev, & Ng, 2018). According to Onugu (2005), Nigeria must work to strengthen its SMEs if it wants to make significant

progress toward achieving the Millennium Development Goals. The majority of SMEs, especially new businesses, display lower levels of performance, profitability, and productivity. The business environment, market conditions, institutional and regulatory framework, access to infrastructure, strategic resources like skills, capital, expertise, data, technology, or networks, and the political and legal climate all affect how well small businesses function.

Although SMEs are important for efficient economic growth, their performance has lagged behind expectations due to the political and legal environment. Manufacturing is increasingly dispersed among companies and nations as a result of recent accelerations in globalisation. Global value chains include advantages and disadvantages for SMEs to consider, but multinational corporations have been at the forefront of this process (OECD, 2018). Participating in global value chains can be especially beneficial for SMEs since it can offer more affordable access to international markets, opportunities for business expansion, and a faster pace of innovation and managerial expertise (OECD, 2018).

The environment in which organisations operate presents both possibilities and challenges that must be solved in order for them to achieve their goals. Small and medium-sized firms are more exposed to environmental vulnerabilities and threats because of their perceived contributions to the national economy, needing favourable government measures to protect them. According to Cepel et al. (2018), the political and legal environment governs international business interactions, tax and levy policies, antitrust policy, the legal environment's stability, judicial efficiency, and law enforcement, as well as the administrative load on firms. It also serves as a legal and supportive foundation for commercial activities. According to Lutz et al. (2010), the biggest roadblock to entering the market is government regulation. To investigate how changes in institutional organisation affect a country's commercial operations, Stenholm et al. (2013) looked at a sample of 65 nations. The authors hold that institutional procedures and legal requirements are related to business results.

Political factors are a nested set of macroeconomic and political policies that are harmful to small businesses from a micro perspective and the economy from a macro perspective. The high rate of inflation, the succession of growth and stagnation periods, the volatility of the exchange rate, as well as short-term and circular policies, have all contributed to the instability of the macroeconomic level in society (Kamali, Zonouzi, Hoseyni, & Khoramshahi, 2021).

Recent decades have seen a rise in interest among specialists in the contribution that small and medium-sized businesses make to promoting global economic progress. The shift to a market economy has been significantly aided by small and medium-sized businesses, which have boosted innovation, income generation, and economic and employment dynamism. Studies on small and medium-sized businesses (SMEs) have discovered that they positively affect management innovation (Colclough, Moen, Hovd, & Chan, 2019) and job creation (Abdullateef, Abubakar, Danjuma, Abdul-Rasheed, & Adeyemi, 2017; Igwe, Odunukan, Rahman, Rugara, & Ochinanwata, 2020).

Other studies (Adebayo, Alheety, & Yusoff, 2019; Igwe et al., 2020; Bosworth & Finke, 2020; Chun & Watanabe, 2012; Kandogan, 2020; Teagarden, 2019) place a stronger emphasis on the alleviation of poverty and food scarcity, the creation of wealth, and the decrease in youth unemployment in developing countries. However, this study is justified

by the dearth of empirical research on the political-legal environment and the performance of SMEs in Rivers State. This study will meet a recognised gap in the literature.

Statement of the Problems
The political-legal environment barrier that can affect SMEs operations is newness with the required procedures, as well as problems in understanding and handling the complexity of customs documentation or the bureaucracy associated with operations (Arteaga-Ortiz and Fernández-Ortiz, 2010). This is due to their more constrained financial resources (Arteaga-Ortiz and Fernández-Ortiz). This raises the cost of compliance and could cause delays, necessitating more inventories and working capital for SMEs (OECD, 2018). Procedure barriers are more difficult to identify and frequently go undetected. They are therefore usually challenging to identify and get rid of (OECD, 2006). SMEs typically deal with political and governmental obstacles.

A recent survey (European Committee of Regions and Eurochambers, 2019) found that SMEs are very concerned about the lack of domestic government support or incentives for participating in global value chains. SMEs generally have a low level of consciousness and understanding of the changing aspects and structure of global value chains, and the majority of SMEs across industries are unable to pinpoint their competitive advantages within the value chain (OECD, 2008). Additionally, SMEs' ability to successfully participate in global value chains may be constrained by scarcity of necessary resources and the difficulty to protect the company's intellectual property (OECD, 2018).

Aim and Objectives of the Study
The study examines political-legal environment and performance of SMEs in Rivers State. Specifically, it examines the connection between:
1. Political environment and goal attainment of SMEs in Rivers State
2. Political environment and profitability of SMEs in Rivers State
3. Legal environment and goal attainment of SMEs in Rivers State
4. Legal environment and profitability of SMEs in Rivers State

Research Questions

1. What is the relationship between political environment and the goal attainment of SMEs in Rivers State?
2. What is the connection between political environment and profitability of SMEs in Rivers State?
3. What is the association between legal environment and goal attainment of SMEs in Rivers State?
4. What is the bond between legal environment and profitability of SMEs in Rivers State?

Research Hypotheses
Ho$_1$: There is no significant relationship between political environment and goal attainment of SMEs in Rivers State.

Ho2: There is no significant relationship between the political environment and profitability of SMEs in Rivers State.

Ho3: There is no significant relationship between legal environment and goal attainment of SMEs in Rivers State.

Ho4: There is no significant relationship between legal environment and profitability of SMEs in Rivers State.

2.0 Review of Related Literature
Resource Dependence Theory (RDT)

Resource Dependence Theory (RDT) is a theory that emphasizes organizations to reduce their environmental dependency and uncertainty barrier. The theory was first introduced in the early 1970s through various articles, first of all by Pfeffer (1972) and then with his fellow academic (Pfeffer and Leblebici 1973)[1]. The basis of the theory started with an open system economic understanding and continued with the dependency theory of organization theories. Resource Dependence Theory (RDT) suggests that organizations are dependent on external resources such as capital, labour, and raw materials. The theory argues that the political-legal environment can affect the availability of these resources and thus impact the performance of SMEs[1]. For instance, government policies can influence the availability of capital and labour for SMEs.

Political-Legal Environment

The political-legal environment is a collection of variables that includes the general state of politics, the extent to which business and economic issues are politicised, the degree of political morality, the state of law and order, political stability, and the political ideologies and practices of the ruling party. It is the effectiveness of the current administration, government policies, the current legal system, how the general public views the economy. All of these factors have impact on the political and legal environment in which the company must function and compete. Political-legal environment is a collection of factors, such as the general state of politics, the degree of politicisation of business and economic issues, the level of political morality, the law and order situation, political stability, and the political ideology and practices of the ruling party. It is a combination of a lot of factors such as the current political party in power, the degree of politicization of trade and industry, the efficiency of the current government, government policies, current legal framework, the public attitude towards the economy, etc. All these factors will shape the political-legal environment in which the firm has to operate and compete.

Governments all across the world routinely pass regulations that affect specific industries. For example, the financial sector is heavily regulated. Restaurants and medical facilities are also subject to stringent regulations. Retail clothing stores and vehicle washes are not nearly as strictly regulated. To minimise audit concerns, it is critical for SMEs to have a current grasp of all laws and rules that apply to your organisation. Any company can be significantly impacted by government policies. For instance, the 2018 tax reform package, which affected every industry, decreased corporate rates. Regardless of the industry, environmental regulations, loan rates, and other issues will affect all organisations (Ndukwu, 2023). According to Heslop (2023), a political system is the collection of formal legal institutions that comprise a "government" or a "state." However, in a broader sense,

the term encompasses both actual and prescribed forms of political action, not only the legal organisation of the state but also the actuality of how the state operates. In a broader sense, the political system is viewed as a set of "processes of interaction" or as a subsystem of the social system that interacts with other non-political subsystems, such as the economic system. This emphasizes the significance of informal sociopolitical processes and the study of political evolution.

Corporate activities rely on the political/legal system to provide support and to govern interactions between corporate entities and the environment. This guarantees that corporate operations such as discussions and agreements, promises and fulfilment take place against the backdrop of a functional legal system, which works as an arbitrator to ensure fairness and legalities (Abereijo & Fayomi, 2005; Kadiri, 2012). While these operational activities among small and medium-sized firms (SMEs) necessitate prudence and adherence to the legal system, the attention of SMEs practitioners is attracted to variables such as the extent to which the Nigerian legal system can provide SMEs with the necessary legal provisions.

Government, legal, and political are the three primary components of a political-legal context. Because the government decides all fiscal policies, monetary policies, and taxes modules, and firms operate and compete in the economy, the sort of government control at the centre and the state has a tremendous impact on businesses. Government policy heavily influences and controls business. As a result, the sort of government in charge of a country has a significant impact on any organisation; a strategist must examine changes in the regulatory environment and their impact on the business. The government imposes taxes and charges that have an impact on business. The implementation of the Fringe Benefits Tax has had a significant influence on the business.

Any business must have a strong legal framework to succeed. In order to protect both consumers and manufacturers equally, a nation must have a strong and effective legal system. Corporate law, royalty law, patent law, and intellectual property rights are further topics. For instance, international laws significantly affect how businesses operate. The way a nation develops, interprets, and enforces corporate wealth creation while abiding by legal constraints is tied to its legal environment (Adekunle, 2011). while contending with a plethora of legal frameworks and the risk of failure because of noncompliance (Daniel et al., 2014; Collinson et al., 2017; Ibeh et al., 2012; Mendy & Hack-Polay, 2018). Business companies seek to conduct their operations in nations with reliable legal systems. Businesses must, however, be well-versed in the key laws governing organisations, competition, and consumer protection in every nation. The pertinent laws governing corporations, competition, intellectual property, foreign exchange, and labour must be understood by businesses.

Organisations are influenced and constrained by political pressure. Business organisations are under a lot of pressure from political unpredictability, political movements against certain goods, services, and groups, the politicisation of trade unions, etc. A nation's economy and stock market must be steady for this to happen. Additionally,

a number of political organisations have a significant impact on unions and corporations. In light of this, a firm's success is significantly influenced by the political climate of a nation.

Politics can be a double-edged sword for a company; on one hand, political connections can help the company reduce policy risk and gain access to more critical resources; on the other hand, political connections can present the government or politicians as powerful stakeholders who can impose their own interests on other stakeholders, resulting in multiple agency conflicts. Political instability, political campaigns against particular goods, services, and organisations, politicisation of labour unions, and other pressures, in addition to governmental and legal concerns, have an impact on and constrain organisations. Managers should take into account the political context of a nation when conducting daily commercial operations. Three factors that make up a government's political climate are its level of activity, the types of laws it passes, and its general political stability. SME entrepreneurs must evaluate the political climate of the nation before starting a business. The government's stability and how onerous the rules are for foreign enterprises, such as taxation and foreign ownership of company property, import tariffs, quotas, and export restrictions, must also be evaluated.

Enacted and passed legislation addresses issues such as competition, minimum wages, environmental preservation, worker safety, and copyrights and patents. According to Rodenburg (2023), the Telecommunications Act of 1996 was approved by Congress to deregulate the telecommunications business, which resulted in increased competition and new opportunities as conventional borders between service providers blurred. This has resulted in a tremendous increase in mobile technology, which has shifted the focus of telecommunications, bringing up difficulties relating to broadband access and speed, content streaming, and much-needed network infrastructure enhancements to meet ever-increasing data flows.

The ancient concept of law pervades every area of organisational life (Daniel, Radebaugh, & Sullivan, 2014; Slapper, 2016). It is defined as a set of laws that are created and enforced by institutional governance and social or governmental regulation. It shapes how organisations function (Collinson, Narula, & Rugman, 2017; Daniel et al., 2014; Rugman & Collinson, 2009) as well as how they perform externally (Amoako & Lyon, 2014; Assadinia et al., 2019). The dangers associated with intellectual property rights have made SMEs' problems worse (Daniel et al., 2014), and SMEs in developing countries lack a full grasp and analysis of the legal and regulatory environment of foreign markets (Adekunle, 2011). Large firms and SMEs in urban areas have access to plenty of financial resources, but SMEs in rural areas are constrained by policy.

Political risks include the unpredictability surrounding the placement and use of power both within a nation and from outside forces. There are two types of political hazards: internal political risks and external political risks. The Internal political risks in developing economies include social fragmentation, lax rule of law, and corruption. Since the majority of business prospects also occur in these nations, many multinational corporations weigh the potential advantages of these chances against the additional costs and dangers they entail. Intergovernmental ties are subject to external political hazards, which include both advantages like trade agreements and investments and risks like conflicts that have a negative impact on transnational trade and business and terrorist threats.

Organisational Performance

Performance is a notable accomplishment in a particular area of endeavour. The concept of performance describes how an individual or group comes to a decision in order to achieve a goal. According to Yucesoy and Barabási (2016), performance is the sum of all achievements that can be measured objectively in a certain field of endeavour. The term "performance" is used in a variety of contexts, including social, economic, technological, and athletic performance. The Latin verb "performare" means to carry out an order, and this is where the term "performance" gets its etymological origin. According to Mahmudova and Kovács (2018), its current meaning derives from the English term "to perform," which means to put into practice something that calls for a specific aptitude or talent. According to Mahmudova and Kovács (2018), the term "performance" is frequently used to assess the job completed by an organisation and to gauge competitiveness. The idea of "performance," and more specifically "business performance," is not well understood in literature.

When compared to the final output at the end of a business period, business performance measures how well the target task of the business was completed (Yldz et al., 2014). The degree of a firm's success in achieving its goals can be used to describe business performance. According to Kennerley and Neely (2002), performance at the organisational level is a multi-dimensional notion that integrates marketing, general management, accounting, economics, sociology, and psychology. According to Fielden et al. (2003), an organization's performance is assessed based on how well its human resources, suppliers perform, how well their products and services are received by customers and markets, and other financial considerations over the course of their evolution. A crucial task that supports the strength of every company is measuring the performance of the company.

The company's success is typically assessed from a variety of perspectives. Financial and non-financial measures are the most frequently addressed in the literature. Both of these metres are utilised concurrently in order to make effective strategic decisions for businesses and assure long-term success. The performance measurement system is the tool that provides the firm with the essential information to plan and direct its processes in order to achieve organisational goals. There are numerous performance measuring techniques and a variety of financial and non-financial criteria to consider (Maisel and Cokins, 2013; Al-Hakim and Lu, 2017).

Goal Attainment

Setting goals is the first step in future planning, and they are crucial for the growth of abilities in a variety of spheres of life, including work, relationships, and everything in between. They are the object of our figurative arrow. Effective target attainment measurement is a systematic process that includes management and staff, as well as crystal-clear communication and exhaustive documentation. Goal achievement is used to support the accomplishment of the organization's business objectives, link compensation to individual and/or team job performance, and give feedback to managers and staff about needed professional development (skills and/or behaviours) (Dunn, 2023). Any organisation must achieve all three of these objectives in order to succeed.

When rating behavioural, cognitive, or social performance, the Goal Attainment Scaling (GAS) is a criterion-referenced scale with precisely specified anchor points. This measurement technique was developed in the late 1960s to assess the efficacy of

interventions in mental health settings, but it has since been found to be a helpful and alluring tool for practitioners in the behavioural sciences, such as those who work in mental health care and education (Kiresuk, Smith, & Cardillo, 2014). The client, the practitioner, or stakeholders who are worried about the desired behaviour set the goals for the client or population. Then, starting with the ideal scenario, the criteria for the gamut of potential outcomes are established.

Profitability

Profit is a measure of how efficiently resources are used in an economic activity, and its basic parts are the revenues and costs generated by that activity. Profitability rates are a sort of economic efficiency that can be used to describe profitability. Profitability rates, according to Sighicea and Vasilescu (2009), are a synthesis of an organization's economic and financial characteristics and a measure of how well it uses its resources to generate profit.

Profitability varies depending on the level of organisation of the economy. Starting with the classical formula for determining economic efficiency as the ratio between the outcome obtained and the efforts made even within the same level of economic organisation (micro, mezzo, or macroeconomic), one can distinguish among more indicators used for characterising it, based on the different elements taken into account when quantifying the outcome on the one hand and the effort on the other (Sighicea & Vasilescu, 2009).

Empirical Review

In Nigeria, Mendy, Odunukan, and Rahman (2021) identify and assess environmental and policy barriers to the internationalisation of rural SMEs. They created a model that expands internationalization theory's overemphasis on these hurdles' structural components and gives managers a tool for overcoming them. They also distributed 403 surveys throughout Nigeria's six geopolitical zones using the partial least squares (PLS) path modelling methodology. The investigations show that 90% of the problems are physical and geographical (or place-related), while 85% are generally overlooked components of legal and regulatory constraints. Therefore, if it is not possible to offer equal respect to place-related barriers in internationalisation theory, place-related barriers should be given somewhat greater importance.

Ufua, Olujobi, Ogbari, Dada, and Edafe (2020), investigated how the legal system affected SMEs operating in the Nigerian economy. The study used a conceptual review and relied on existing literature about the historical development of the Nigerian legal system, concentrating on the important aspects that have an impact on SME practices in Nigeria. The findings reveal a relationship between Nigeria's legal system and SMEs' performance. It also brought to light the legal system's shortcomings in supporting SMEs in Nigeria and creating a favourable business environment.

Pang and Wang (2021) find that firms with financial constraints, firms in highly regulated industries, and firms in nations with less favourable legal environments or shareholder protection mechanisms are more likely to forge political connections. Their sample spans 49 countries and 151,475 firm-year observations. Furthermore, we discover that political connections negatively impact both the firm's worth and operating results. If a company operates in a highly regulated industry, this negative effect is more obvious. However, a

better legal framework or a better shareholder protection mechanism can greatly mitigate the negative effect by limiting the expense of rent-seeking activities associated with political connections.

3.0 Methodology

A cross-sectional survey design was adopted in the study to achieve the stated objectives. 1200 SMEs in Rivers State constitute the study population. The sample size of 291was drawn, using krejcie and Morgan's 1970 table. The simple random technique was used. The sample elements were given a structured questionnaire. Political-legal environment was operationalized with political environment and legal environment. Goal attainment and profitability were used to measure the dependent variable (organisational performance). Each concept was assessed using five items. The Cronbach alpha was used to determine the variable's dependability. The questionnaire items were graded on a 4-point Likert scale, with 1 indicating severe disagreement, 2 indicating disagreement, 3 indicating agreement, and 4 indicating strong agreement. The earlier state hypotheses were scrutinised using the Spearman rank order correlation coefficient.

4.0 Result

291-questionnaire were distributed, but only 278(95.5%) copies were returned. The hypotheses test is undertaken at a 95% confidence interval and the decision rule is stated below.

Where P < 0.05 = Reject the null hypotheses
Where P > 0.05 = Accept the null hypotheses

Table 1: Correlations between political environment and dimensions of organisational performance

			Political environment	Goal attainment	Profitability
Spearman's rho	Political environment	Correlation Coefficient	1.000	.785**	.740**
		Sig. (2-tailed)	.	.000	.000
		N	278	278	278
	Goal attainment	Correlation Coefficient	.785**	1.000	.695**
		Sig. (2-tailed)	.000	.	.000
		N	278	278	278
	Profitability	Correlation Coefficient	.740**	.695**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	278	278	278

**. Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS Output, 2023.

Political environment and Goal attainment: In column five of Table 1, the rho value of 0.785** at a significance level of 0.000 is less than the alpha level of 0.05. Consequently, the null hypothesis (Ho$_1$) is rejected, and the alternate hypothesis (Ha$_1$) is accepted. This suggests that political environment and goal attainment have a significant positive link.

Political environment and Profitability: The rho value in column six of Table 1 above is 0.740** at a significance level of 0.000, which is less than the alpha level of 0.05 used

for political environment and profitability. The null hypothesis (Ho2), which states that there is no significant association between political environment and profitability, is rejected because the significance value is less than the alpha level of 0.05, and the alternate hypothesis is accepted. This suggests that there is a strong positive relationship between political environment and profitability.

Table 2:   Correlations between legal environment and the dimension of organisational performance

			Legal environment	Goal attainment	Profitability
Spearman's rho	Legal environment	Correlation Coefficient	1.000	.690**	.654**
		Sig. (2-tailed)	.	.000	.000
		N	278	278	278
	Goal attainment	Correlation Coefficient	.690**	1.000	.605**
		Sig. (2-tailed)	.000	.	.000
		N	278	278	278
	Profitability	Correlation Coefficient	.654**	.605**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	278	278	278

**. Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS Output, 2023.

Legal Environment and Goal Attainment: The rho value in Column 5 of Table 2 is 0.690** at a significance level of 0.000, which is less than the alpha level of 0.05. The null hypothesis (Ho3) is rejected, while the alternate hypothesis (Ha3) is accepted. This suggests that legal environment has a high positive relationship with goal attainment.

Legal Environment and Profitability: The rho value of 0.654** at a significance level of 0.000 in column six of Table 2 above is less than the alpha level of 0.05 for the hypothesis relating to legal environment and Profitability.   The null hypothesis (Ho4), which claims that there is no significant association between legal environment and profitability, is rejected because the significance value is less than the alpha level of 0.05, and the alternate hypothesis is accepted. This implies that legal environment and profitability have a highly significant positive relationship.

5.0 Discussion of Findings
According to the data analysis above, political-legal environment in terms of political environment and legal environment has a relationship with organisational performance. Each hypothesis is discussed in detail below.
Political Environment and Goal Attainment
The results of the data analysis in Table 1 showed a strong relationship between political environment and goal attainment. The P-value of 0.000 demonstrates a strong positive relationship existence between political environment and goal attainment, and the rho value of 0.785 demonstrates a strong positive connection between the variables

The results of this study support that of Lee (2006), who employed political salience as a concept characterizing the political environment of public organizations and investigated

its effects on an organizational characteristic, goal ambiguity. for political salience and structural insulation. The findings reveal significant relationships between these variables and firms' goal attainment.

Political Environment and Profitability

The hypothesis 2 analysis in Table 1 showed a positive strong significant correlation between political environment and Profitability. The P-value of 0.000, and the rho value of 0.740 demonstrates a strong positive link between political environment and profitability. The findings contradict that of Mark, & Nwaiwu, (2015) whose findings showed that political environment has a negative significant impact on business performance of multinational companies in Nigeria. But the study agrees with Aisen, & Veiga, (2013). whose findings shows that higher degrees of political instability are associated with lower growth rates of GDP per capita and political instability adversely affects growth by lowering the rates of productivity growth

Legal Environment and Goal Attainment

The results in Table 2 revealed that the legal environment relates significantly to goal attainment. The P-value of 0.000 shows that the legal environment relates to goal attainment, while the rho value of 0.690 shows a strong positive correlational value between the variables. The correlation among the variables signifies that the legal environment relates to the goal attainment of the SMEs in Rivers State. This result is consistent with the study of Ufua, Olujobi, Ogbari, Dada, and Edafe (2020), who investigated how the legal system affected SMEs operating in the Nigerian economy. The findings reveal a relationship between Nigeria's legal system and SMEs' performance.

Legal Environment and Profitability

The analysis presented in Table 2 revealed that the legal environment relates significantly to Profitability. The P-value of 0.000 shows that the legal environment relates to Profitability, while the rho value of 0.654 shows a high positive correlational value among the variables. This finding agrees with Pang and Wang (2021) whose findings revealed financial constraints and profitability is related to legal environments.

6.0 Conclusion and Recommendations

The study examines the political-legal environment and organisational performance of SMEs in Rivers State, Nigeria. The dimensions of political-legal environment which are political environment and legal environment has a strong positive relationship with organisational performance. Hence, the study found a strong correlation between the political-legal environment and the organisational performance of SMEs in Rivers State. The study, therefore, concludes that a relationship exists between the political-legal environment and the organisational performance of the SMEs in Rivers State. It is recommended that;

1. The governments in politically fragmented countries with high degrees of political instability need to address its root causes and try to mitigate its effects on the design and implementation of economic policies to have durable economic policies that may produce higher profitability and goal attainment
2. The SMEs should study the political-legal environment for the successful enhancement of goal attainment and profit maximization.

3. The SMEs should have a deep understanding of the political and legal environment that governs their business environment interactions, tax and levy policies, antitrust policy, the legal environment's stability, judicial efficiency, and law enforcement for successful goal attainment and profitability
4. The SMEs should study the political-legal environment before embarking on business activities and know the legal implication of policies and laws on the firm's activities

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