

EXPLORING THE RELATIONSHIP BETWEEN INTERNAL BUSINESS ENVIRONMENT AND ORGANISATIONAL PERFORMANCE IN THE REAL ESTATE SECTOR IN LAGOS STATE.

By

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ABSTRACT

This study investigates the relationship between the internal business environment and organisational performance in the Nigerian real estate sector, with specific emphasis on Lagos State. While prior scholarship has extensively examined external environmental influences, less attention has been directed toward the internal organisational drivers of performance in emerging market contexts. To address this gap, the study focuses on three key dimensions of the internal environment—leadership, organic business functions, and sales—and their combined effect on organisational outcomes. Primary data were collected from 100 participants via Google Forms and analysed using descriptive and inferential statistics with SPSS version 26. The findings reveal that organisations that strategically enhance their internal environment demonstrate superior performance outcomes. Theoretically, the study extends the Resource-Based View (RBV) by integrating insights from Dynamic Capabilities Theory and Contingency Theory, thereby emphasising the importance of adaptability and fit between internal processes and external demands. Practically, the study provides real estate managers, policymakers, and investors with actionable strategies to strengthen leadership effectiveness, improve functional efficiency, and optimise sales operations for sustainable growth in Lagos' dynamic housing market.

Keywords: Internal business environment, organisational performance, sales, leadership, organic business function, real estate sector.

1.0 INTRODUCTION

In the constantly evolving global business landscape, organisations are increasingly required to navigate complex and dynamic ecosystems shaped by both internal and external forces. The internal business environment refers to the internal conditions of an organisation, including its structure, leadership, resources, capabilities, and culture, which are largely within the control of management (Roundy et al., 2018). Conversely, the external environment encompasses the broader political, economic, social, technological, and legal dimensions that influence organisational operations but are outside direct control (Buye, 2021). Effective performance depends on an organisation's ability to understand and align these internal and external dynamics (Atuahene et al., 2023). The real estate sector exemplifies this complexity, particularly in Nigeria where rapid urbanisation, population growth, and housing demand intersect with significant infrastructural and regulatory challenges. Lagos State, as Nigeria's commercial hub, faces a housing deficit exceeding 3.4 million units, with more than 70% of its residents renting homes (Guardian, 2025). Within this volatile environment, the internal factors of real estate firms—such as leadership style, efficiency of business functions, and sales strategies—play a critical role in determining competitiveness and survival. Although the Resource-Based View (RBV) has been widely employed to explain organisational performance through the effective deployment of unique internal resources (Barney,

1991), it has been criticised for its static assumptions and limited ability to account for how organisations adapt in turbulent markets. To address these limitations, this study adopts an integrative theoretical lens by combining RBV with Dynamic Capabilities Theory, which highlights the firm's ability to reconfigure resources in rapidly changing environments (Teece, 2018), and Contingency Theory, which stresses the importance of aligning internal processes with external conditions (Donaldson, 2001). Together, these perspectives provide a richer understanding of how Lagos real estate firms navigate internal dynamics to achieve performance outcomes.

The real estate sector in Nigeria, particularly in Lagos, is simultaneously a critical driver of economic development and a sector plagued by challenges such as inadequate housing supply, rising costs, and regulatory bottlenecks (ThisDayLive, 2025). While external pressures have been extensively studied, internal factors that shape organisational performance remain relatively underexplored in this context. This omission is significant because the internal environment—comprising leadership, functional operations, and sales—forms the foundation upon which external strategies are executed (Wheelen & Hunger, 2017). Existing studies in the Nigerian context have predominantly examined macroeconomic, financial, or regulatory dimensions of real estate (Onodugo & Ewurum, 2013; Rizal et al., 2017), often neglecting the contribution of internal organisational dynamics to performance. Furthermore, reliance on the RBV alone does not fully capture the adaptive requirements of firms operating in volatile and uncertain markets such as Lagos. The unique problem, therefore, lies in the absence of comprehensive empirical research that integrates RBV, Dynamic Capabilities, and Contingency perspectives to explain the internal business environment–performance nexus in Nigeria's real estate sector. This study addresses this gap by empirically examining how leadership, organic business functions, and sales jointly influence performance outcomes among Lagos real estate firms. By situating its contribution within both theoretical and practical domains, the study provides insights into how Nigerian real estate organisations can leverage internal strengths to enhance competitiveness, resilience, and long-term sustainability in an increasingly complex housing market.

1.1 Aim and objectives of the study

The aim of this study is to explore the relationship between the internal business environment and organisational performance in the Lagos real estate sector, with particular emphasis on how leadership, organic business functions, and sales contribute to firm outcomes. By integrating the Resource-Based View (RBV), Dynamic Capabilities Theory, and Contingency Theory, the study provides a holistic perspective on the role of internal dynamics in enhancing performance in an emerging market context.

The specific objectives are to:

- i. Examine the influence of leadership on organisational performance in Lagos real estate firms.
- ii. Assess the impact of organic business functions (such as finance, marketing, production, R&D, and personnel) on organisational performance.
- iii. Evaluate the effect of sales activities on organisational performance.
- iv. Analyse the combined effect of leadership, organic business functions, and sales on organisational performance.

1.2 Research Questions

The study seeks to answer the following research questions:

- i. How does leadership influence organisational performance in Lagos real estate firms?

- ii. What is the impact of organic business functions (such as finance, marketing, production, R&D, and personnel) on organisational performance?
- iii. To what extent do sales activities affect organisational performance in the real estate sector?
- iv. What is the combined effect of leadership, organic business functions, and sales on organisational performance?

1.3 Research Hypotheses

To achieve the above objectives, the following hypotheses will be tested:

H₀₁: Leadership has no significant influence on organisational performance in Lagos real estate firms.

H₀₂: Organic business functions (finance, marketing, production, R&D, and personnel) have no significant impact on organisational performance.

H₀₃: Sales activities have no significant relationship with organisational performance.

H₀₄: Internal business environment dimensions, when combined, have no significant effect on organisational performance.

2.0 LITERATURE REVIEW

2.1 Preamble

This chapter presents a review of relevant literature underpinning the study. It covers the conceptual foundations, theoretical perspectives, and empirical findings on the relationship between internal business environment, organic business functions, and organisational performance. The review synthesises current knowledge, highlights gaps, and establishes the framework guiding this research in the context of the Lagos real estate sector.

2.2 Conceptual Review

2.2.1 Internal Business Environment

The internal business environment refers to the set of internal factors that shape an organisation's strategic decisions, processes, and outcomes (Oliveira, 2022). These include structure, culture, resources, and capabilities. Organisational structure defines formal roles and hierarchies, while culture reflects shared values and norms guiding behaviour (Barney & Hesterly, 2021). Resources—financial, technological, and human—along with organisational capabilities, determine the firm's ability to compete (Grant, 2022). In highly dynamic sectors such as real estate, internal environments are particularly critical, as firms rely on effective governance, skilled workforce, and financial strength to navigate housing deficits, regulatory complexity, and fluctuating market conditions (ThisDayLive, 2025). Thus, managing the internal environment is essential to sustaining competitiveness and performance.

2.2.2 Organic Business Functions

Organic business functions represent the internally driven processes that enable firms to grow and adapt without relying on external interventions such as mergers or acquisitions. They involve leveraging innovation, knowledge sharing, customer engagement, and sustainable practices to build resilience (Kotler & Keller, 2015; Ritson, 2019). In real estate, organic growth is evident in firms that strengthen project development capabilities, integrate digital property platforms, and invest in sustainable building technologies. Such internal strategies support long-term competitiveness, reduce dependency on volatile external partnerships, and align with global trends towards green and technology-driven real estate practices (Yuesti et al., 2018; Tajuddin et al., 2020).

2.2.3 Organisational Performance

Organisational performance reflects the extent to which a firm achieves its objectives through efficient use of resources and effective strategies (Bennett et al., 2014). Performance is typically measured through financial indicators (profitability, return on investment) and non-financial indicators (customer satisfaction, innovation, employee commitment). In real estate, performance also depends on project delivery timelines, housing quality, market responsiveness, and regulatory compliance (Uzonwanne, 2016). Recent studies emphasise that firms must integrate sustainability and digital transformation into performance measures, as clients increasingly demand affordable, eco-friendly, and technology-enhanced housing solutions (Teece, 2018; Tajuddin et al., 2020).

2.3 Theoretical Framework

2.3.1 Resource-Based View (RBV)

The RBV conceptualises organisations as bundles of resources and capabilities that, when valuable, rare, inimitable, and non-substitutable (VRIN), provide sustained competitive advantage (Barney, 1991; Grant, 2022). In the Lagos real estate sector, internal resources such as land banks, financial capacity, architectural expertise, and brand reputation can distinguish leading firms from competitors. Recent scholarship extends RBV by highlighting the role of dynamic capabilities—the ability to integrate, build, and reconfigure resources in rapidly changing environments (Teece, 2018). This is critical in Nigeria, where volatile exchange rates, inflation, and policy reforms require firms to continuously adapt their capabilities to sustain performance.

2.3.2 Contingency Theory

Contingency theory posits that there is no universal best strategy; rather, organisational effectiveness depends on aligning internal structures and processes with external environmental conditions (Kapoor, 2020). For real estate firms, this implies tailoring strategies to contextual factors such as housing demand, urbanisation rates, government regulations, and access to financing. The theory reinforces that performance improves when there is a fit between internal strengths (resources, culture, processes) and external demands (market dynamics, technology, regulatory pressures) (Wade, 2021). In Lagos, where housing deficits persist alongside rapid population growth, firms that align flexible structures with contextual realities are more likely to achieve superior performance.

2.3.3 Dynamic Capabilities Theory (DCT)

Dynamic Capabilities Theory builds on RBV by emphasising not only the possession of resources but also the ability to renew, reconfigure, and adapt them in response to environmental change (Teece, Pisano, & Shuen, 1997; Teece, 2018). Dynamic capabilities include processes such as sensing opportunities, seizing them through strategic investments, and reconfiguring internal structures to maintain competitiveness. In the Nigerian real estate context, dynamic capabilities are particularly relevant given the sector's exposure to economic volatility, regulatory shifts, and rapid urbanisation. For instance, firms that can quickly integrate digital platforms for property marketing, sustainable construction technologies, and flexible financing models are better positioned to survive and thrive. DCT therefore complements RBV and contingency theory by providing a framework for understanding how firms can transform internal resources into sustained performance in turbulent environments. It also aligns directly with the study's objectives, as it explains how leadership, sales, and organic business functions can be adapted to maintain long-term competitiveness in Lagos real estate.

2.4 Empirical Review

Mureithi (2012) demonstrated in Kenyan tertiary institutions that leadership strongly predicts organisational success. This aligns with findings by Tajuddin et al. (2020) in Malaysia, where

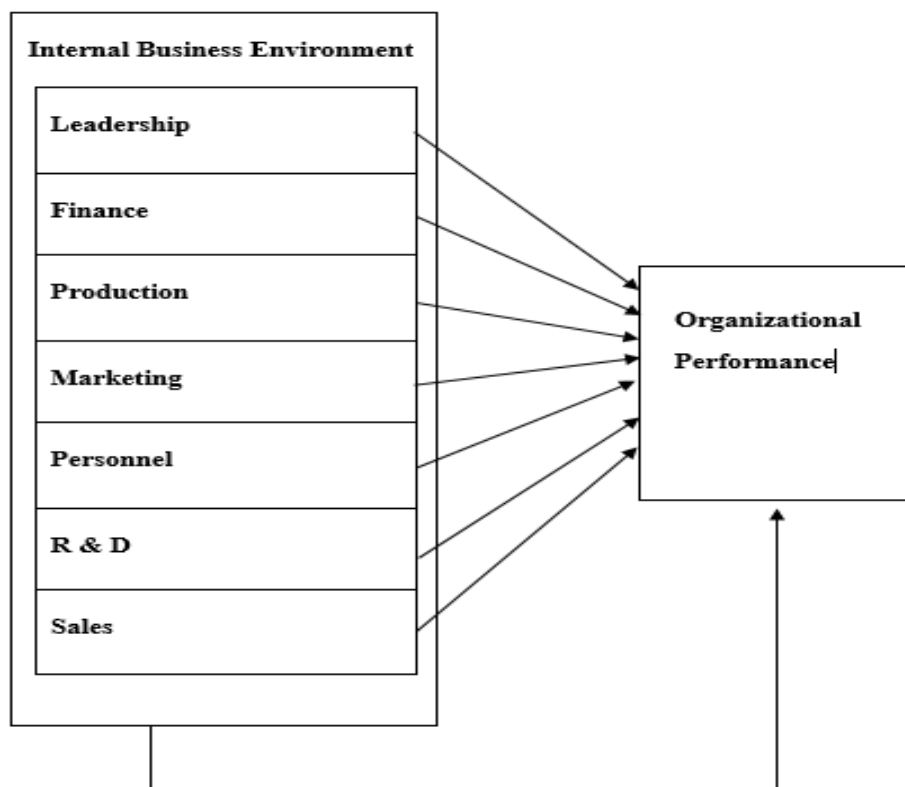
strategic direction significantly improved SME performance. In real estate, leadership that fosters innovation and sustainability is increasingly recognised as central to firm competitiveness.

Yuesti et al. (2018) showed that resource-based capabilities significantly influence competitive advantage and performance in Indonesian firms. Similarly, Teece (2018) emphasised that firms that develop dynamic capabilities are better positioned to adapt to disruptive environments—parallels highly relevant to Nigeria's volatile housing market.

Kapoor (2020) and Wade (2021) found that firms aligning internal processes with external conditions outperform those that adopt rigid, one-size-fits-all strategies. For Lagos real estate firms, this suggests that adaptability to regulatory shifts, demographic pressures, and urban housing needs is critical. Overall, the empirical evidence suggests that organisational performance in the real estate sector is shaped by a combination of internal resources, leadership, and contextual alignment

2.5 Conceptual Framework

Figure 1: Conceptual model



Source: Researcher, 2024

3.0 METHODOLOGY

3.1 Preamble

This chapter outlines the methodology adopted in the study, covering the research design, approach, population, sample size, data collection instrument, reliability and validity procedures, as well as methods of analysis. Ethical considerations guiding the study are also discussed.

3.2 Research Design

A quantitative survey design was adopted to investigate the relationship between the internal business environment and organisational performance in the Lagos real estate sector. According to Creswell and Creswell (2018), survey designs are appropriate for describing trends, attitudes, or opinions by studying a sample of a population. This design was selected because it allows the collection of data from a relatively large number of respondents in a cost- and time-efficient manner.

3.3 Research Approach

The study employed a deductive approach, moving from theory to hypothesis testing. Quantitative methods were used to establish measurable relationships between the independent variable (internal business environment) and the dependent variable (organisational performance). The use of structured questionnaires enabled statistical testing and generalisation (Saunders et al., 2019).

3.4 Population of the Study

The target population comprised owners and managers of real estate firms in Lagos State, given their central roles in strategic planning, decision-making, and organisational performance. This focus ensured that the respondents possessed relevant knowledge and experience concerning the internal environment of their firms.

3.5 Sample Size and Sampling Technique

A total of 100 respondents were selected using convenience sampling, given the absence of a comprehensive database of all real estate practitioners in Lagos. The sample size was justified using Krejcie and Morgan's (1970) sample size determination table, which indicates that for a population size exceeding 10,000, a minimum sample of 100 is statistically adequate for generalisation at the 95% confidence level. Additionally, the size meets the requirements of Cohen's (1992) power analysis, which recommends at least 80 participants to detect medium effect sizes with a power of 0.80.

3.6 Research Instrument

Primary data were collected using a structured questionnaire consisting of two sections. Section A captured respondents' demographic information, while Section B measured constructs related to leadership, sales, organic business functions, and organisational performance. Items were rated on a 5-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The instrument was adapted from validated scales used in prior business environment and performance studies (Mohajan, 2017; Saunders et al., 2019).

3.7 Validity and Reliability

Content validity was established through expert review by two academics and one industry practitioner, ensuring that the questionnaire items adequately captured the constructs under study. Construct validity was assessed via factor analysis during the pilot test with 20 respondents. Reliability was examined using Cronbach's alpha coefficients. The results showed acceptable internal consistency: leadership ($\alpha = 0.82$), organic business function ($\alpha = 0.78$), sales ($\alpha = 0.81$), and organisational performance ($\alpha = 0.85$). All exceeded the 0.70 threshold recommended by Hair et al. (2020), confirming reliability.

3.8 Method of Data Collection

Data were collected through Google Forms, which ensured accessibility and convenience for respondents across Lagos State. Participation was voluntary, and reminders were sent to improve the response rate.

3.9 Method of Data Analysis

Completed questionnaires were screened for missing data, coded, and entered into SPSS version 26. Descriptive statistics (mean, standard deviation, frequency) were used to summarise

respondent characteristics and key variables. Inferential statistics included correlation analysis to examine relationships and multiple regression analysis to test hypotheses regarding the effects of leadership, organic business function, and sales on organisational performance.

3.10 Ethical Considerations

Ethical standards were strictly adhered to. Respondents were provided with an informed consent form explaining the purpose of the study, voluntary nature of participation, and assurance of confidentiality. No identifying personal information was disclosed in reporting. The study protocol was reviewed and approved by the relevant academic committee before data collection commenced.

4.0 RESULTS

4.1 Preamble

The result presents the analysis of the study and its findings. Descriptive and inferential statistics explanations are included. The demographics of the participants are discussed in this chapter. This chapter examines the study's hypotheses using Pearson correlation and regression.

4.2 Descriptive Analysis

This section examines the data obtained from respondents by means of questionnaires. The responses were presented using percentages and frequency distribution

Table 4.1 Gender

GENDER		
	Frequency	Percent
Female	33	33.0
Male	67	67.0
Total	100	100.0

Source: SPSS Output, 2024

According to the table 4.1 above, of the 100 respondents, 33 are females, representing 33%, and 67 are males, representing 67%. As shown by the results, most of those who responded are male.

Table 4.2 Educational Qualaification

EDUCATION QUALIFICATION		
	Frequency	Percent
College	23	23.0
First degree	39	39.0
Others Specify	11	11.0
Second degree	27	27.0
Total	100	100.0

Source: SPSS Output, 2024

The educational background is shown in the table 4.2 above: 23 participants have a college degree, accounting for 23%; 39 participants have a first degree, accounting for 39%; 27 participants have a second degree, accounting for 27%; and 11 participants have other degrees, accounting for 11%. The majority of the participants have first degrees, as can be seen from the table above.

Table 4.3 Job Level

JOB LEVEL		
	Frequency	Percent
Junior staff	39	39.0
Management staff	24	24.0
Senior staff	37	37.0
Total	100	100.0

Source: SPSS Output, 2024

The job level of the respondents is shown in the table 4.3; 39 of the respondents belong to the junior staff, which represents 39%, 24 of the respondents belong to the management staff, which represents 24%, and 37 of the respondents belong to the senior staff, which represents 37%. According to the table, the majority of the respondents are junior staff members.

4.3 Variables

Table 4.4 Organic Business Function

	Organic business function	SA	A	U	N	D	SD
Q1	I believe that organic businesses contribute positively to environmental sustainability	25 (25.0)	61 (61.0)	2 (2.0)	5 (5.0)	1 (1.0)	6 (6.0)
Q2	Organic functions promote open communication, internal growth and development	20 (20.0)	64 (64.0)	5 (5.0)	2 (2.0)	5 (5.0)	4 (4.0)
Q3	Organic businesses functions generate enough revenue to support their operations and growth	15 (15.0)	60 (60.0)	8 (8.0)	5 (5.0)	8 (8.0)	4 (4.0)
Q4	Organic businesses prioritize internal development and expansion	23 (23.0)	57 (57.0)	4 (4.0)	6 (6.0)	5 (5.0)	5 (5.0)

Source: SPSS Output, 2024

Respondents' view on "Organic business function". The data reveals that 61% of the respondents support the idea that organic businesses have a positive impact on environmental sustainability. Additionally, 64% of the respondents agree that organic functions encourage open communication, internal growth, and development. Furthermore, 60% of the respondents believe that organic business functions generate sufficient revenue to sustain their operations and growth. Finally, 57% of the respondents are in agreement that organic businesses prioritize internal development and expansion.

Table 4.5 Sales

	Sales	SA	A	U	N	D	SD
Q5	Real estate sector explores strategies to boost sales, such as diversifying product lines, improving customer service, or enhancing marketing efforts.	18 (18.0)	64 (64.0)	6 (6.0)	4 (4.0)	2 (2.0)	6 (6.0)
Q6	Our companies regularly assess sales to identify areas where there might be need for improvement in quality.	21 (21.0)	67 (67.0)	3 (3.0)	5 (5.0)	2 (2.0)	2 (2.0)

Q7	Customer satisfaction is essential to recurring business and brand loyalty.	31 (31.0)	56 (56.0)	3 (3.0)	4 (4.0)	2 (2.0)	4 (4.0)
Q8	Setting definite sales goals is essential to tracking progress.	26 (26.0)	61 (61.0)	5 (5.0)	2 (2.0)	4 (4.0)	2 (2.0)

Source: SPSS Output, 2024

'Respondents' view on "Sales and profit". Approximately 64% of survey participants indicate that the real estate industry is looking into methods to increase sales, such as expanding product ranges, enhancing customer service, and improving marketing efforts. Additionally, 67% of these individuals believe that our companies regularly review expenses to identify potential areas for cost reduction without compromising quality. Moreover, 56% emphasize the importance of customer satisfaction in generating repeat business and building brand loyalty. Furthermore, a significant 61% of respondents recommend that establishing clear sales objectives is crucial for monitoring progress.

Table 4.6 Leadership

	Leadership	SA	A	U	N	D	SD
Q9	Leaders modify their approaches to fit the demands of the objectives of the company	34 (34.0)	50 (50.0)	10 (10.0)	2 (2.0)	1 (1.0)	3 (3.0)
Q10	Leaders foster an atmosphere that promotes innovation and creativity.	35 (35.0)	53 (53.0)	5 (5.0)	3 (3.0)	1 (1.0)	3 (3.0)
Q11	Leaders shape and reinforce the values and norms within an organisation	29 (29.0)	58 (58.0)	7 (7.0)	3 (3.0)	0 (0.0)	3 (3.0)
Q12	Leadership encourages open communication	33 (33.0)	51 (51.0)	7 (7.0)	4 (4.0)	1 (1.0)	4 (4.0)

Source: SPSS Output, 2024

Respondents' view on "Leadership". Approximately half of the survey participants indicate that leaders adapt their approaches to align with the company's objectives. In addition, 53% of these respondents are of the opinion that leaders cultivate an environment that encourages innovation and creativity. Similarly, 58% show that leaders influence and uphold the values and norms within an organisation. Lastly, a significant 51% of respondents propose that leadership promotes transparent communication.

Table 4.7 Organisational Performance

	Organisational performance	SA	A	U	N	D	SD
Q13	The organisation sets strategic goals that is aligned	26 (26.0)	56 (56.0)	8 (8.0)	4 (4.0)	3 (3.0)	3 (3.0)
Q14	In today's dynamic business environment, adaptability is key	32 (32.0)	50 (50.0)	6 (6.0)	8 (8.0)	1 (1.0)	3 (3.0)

Q15	Our organisation encourages creative thinking and innovation	28 (28.0)	56 (56.0)	5 (5.0)	5 (5.0)	2 (2.0)	4 (4.0)
Q16	Our organisation consistently meets the quality standards	33 (33.0)	51 (51.0)	7 (7.0)	5 (5.0)	2 (2.0)	2 (2.0)

Source: SPSS Output, 2024

Respondents' view on "Organisational performance". The majority of respondents, accounting for 56%, are in agreement with the assertion that the organisation establishes strategic goals that are aligned. Likewise, 50% of respondents concur with the statement that adaptability is crucial in today's dynamic business environment. Moreover, 56% of respondents support the idea that our organisation fosters creative thinking and innovation. Finally, 51% of respondents believe that our organisation consistently upholds quality standards.

4.4 Correlation

4.4.1 Test of hypothesis one

H₀₁: Leadership has no significant influence on organisational performance in Lagos real estate firms.

Table 4.10 PEARSON CORRELATION OF HYPOTHESIS ONE

		Leadership	Organisational performance
Leadership	Pearson Correlation	1	.807**
	Sig. (2-tailed)		.000
	N	100	100
Organisational performance	Pearson Correlation	.807**	1
	Sig. (2-tailed)	.000	
	N	100	100
**. Correlation is significant at the 0.01 level (2-tailed).			

As can be seen from the above table, the correlation coefficient of 0.807 clearly indicates a very strong positive relationship between leadership and organisational performance. The p value of correlation, 0.000 (with significance level 5%), is less than 5%, so the null hypothesis is rejected and the alternate hypothesis is accepted. And therefore, the study can say that leadership affects organisational performance.

4.4.2 Test of hypothesis two

H₀₂: Organic business functions (finance, marketing, production, R&D, and personnel) have no significant impact on organisational performance.

Table 4.8 PEARSON CORRELATION OF HYPOTHESIS TWO

		Organic business function	Organisational performance
Organic business function	Pearson Correlation	1	.745**
	Sig. (2-tailed)		.000

	N	100	100
Organisational performance	Pearson Correlation	.745**	1
	Sig. (2-tailed)	.000	
	N	100	100
**. Correlation is significant at the 0.01 level (2-tailed).			

The organic business functions and organisational performance are reflected in the correlation value. This strong correlation with a value of 0.745 suggests that organic business functions greatly influence organisational performance. A thorough evaluation of the correlation coefficient and significance level was conducted to gauge the extent of the correlation. The significance criterion is 5% (0.05), and the significance value for this correlation is 0.000, which is lower than 0.05. Therefore, the P-value being below the significance level leads to the rejection of the null hypothesis and acceptance of the alternative hypothesis. Therefore, it can be concluded that "Organic business function has an impact on organisational performance."

4.4.3 Test of hypothesis three

H0₃: Sales activities have no significant relationship with organisational performance.

Table 4.9 PEARSON CORRELATION OF HYPOTHESIS THREE

		Sales	Organisational performance
Sales and Profit	Pearson Correlation	1	.831**
	Sig. (2-tailed)		.000
	N	100	100
Organisational performance	Pearson Correlation	.831**	1
	Sig. (2-tailed)	.000	
	N	100	100
**. Correlation is significant at the 0.01 level (2-tailed).			

A strong relationship was demonstrated between sales and organisational performance with the correlation coefficient of 0.831. It then calculated the correlation coefficient and significance level to check the strength of the association between sales and organisational performance. Having a P value of 0.000 is less than 0.05 (5%) significance level, the study reject the 'null hypothesis' and accept the 'alternate hypothesis.' This statistical result implicates a strong correlation between sales and the organisation's performance.

4.4.4 Test of hypothesis Four

H0₄: Internal business environment dimensions, when combined, have no significant effect on organisational performance.

Table 4.11 PEARSON CORRELATION OF HYPOTHESIS FOUR

		Internal business environment	Organisational performance
	Pearson Correlation	1	.796**

Internal business environment	Sig. (2-tailed)		.000
	N	100	100
Organisational performance	Pearson Correlation	.796**	1
	Sig. (2-tailed)	.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

As expected, there was a very strong positive correlation of 0.796 in the table given above between the combined impact of the internal business environment dimension and organisational performance. At a significance level of 5%, the p value of the correlation is significantly smaller than 0.000, and so it rejects the null hypothesis and accepts the alternate hypothesis. Therefore, we said that there exists a statistically significant relationship between the combined effect of the dimension of internal business environment and organisational performance.

4.5 Regression Analysis

Table 4.11 MODEL SUMMARY

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.871 ^a	.758	.750	1.96576	1.797

a. Predictors: (Constant), LEADERSHIP, ORGBUSINESS_FXN, SALES

b. Dependent Variable: ORGANISATIONAL_PERFORMANCE

The model shows a strong positive relationship between the predictors and organisational performance ($R = .871$). The R^2 value of .758 indicates that approximately 75.8% of the variance in organisational performance is explained by Leadership, Sales, and Organic Business Function. The Durbin–Watson statistic (1.797) is close to 2, suggesting no serious autocorrelation in residuals.

Table 4.12 ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1160.746	3	386.915	100.128	.000 ^b
	Residual	370.964	96	3.864		
	Total	1531.710	99			

a. Dependent Variable: ORGANISATIONAL_PERFORMANCE

b. Predictors: (Constant), LEADERSHIP, ORGBUSINESS_FXN, SALES

The ANOVA table evaluates the significance of the regression model in predicting Organisational Performance. The regression model is statistically significant ($F(3, 96) = 100.13$, $p < .001$), indicating that the predictors collectively explain organisational performance at a high level of significance.

Table 4.13 COEFFICIENT

Coefficients ^a					
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig. (p)	

							95% CI (B)
		B	Std. Error	Beta (β)			
1	(Constant)	.341	1.161		.294	.769	(-1.96, 2.64)
	ORGBUSINESS_FXN	.034	.086	.038	.396	.693	(-0.14, 0.21)
	SALES	.514	.103	.493	5.011	.000	(0.31, 0.72)
	LEADERSHIP	.431	.091	.397	4.734	.000	(0.25, 0.62)

*** $p < .001$

The results indicate that Sales ($\beta = .493$, $p < .001$) and Leadership ($\beta = .397$, $p < .001$) significantly and positively predict organisational performance. These findings suggest that firms that strengthen sales capabilities and leadership practices achieve higher performance outcomes. In contrast, Organic Business Function ($\beta = .038$, $p = .693$) was not statistically significant, implying that internal operational functions, while necessary for stability, may not directly drive performance outcomes in the Lagos real estate sector. This suggests that the competitive environment prioritises market-facing strategies (such as sales growth and leadership direction) over purely internal functional structures. The non-significance of Organic Business Function aligns with contingency and dynamic capabilities perspectives, which emphasise the ability to adapt leadership and sales strategies to external market dynamics rather than relying solely on internal routines.

4.5 Discussion of findings

This study tested how three dimensions of the internal business environment organic business function, sales, and leadership affect organisational performance in Lagos real estate firms. The regression model explained a large proportion of variance in performance ($R^2 = .758$), indicating the internal environment is highly relevant in this context. However, the predictors had differentiated effects. Sales ($\beta = .493$, $p < .001$) emerged as the strongest predictor. This indicates that market-facing capabilities such as pricing strategy, customer acquisition and retention, product diversification, and sales channels translate directly into revenue and performance in Lagos real estate. The result is consistent with studies highlighting the centrality of sales and market responsiveness in volatile emerging markets (Judith & Devis, 2023). Leadership ($\beta = .397$, $p < .001$) Leadership was the second strongest predictor. Effective leaders in Lagos real estate appear to perform two critical functions: (a) they sense and seize market opportunities (such as identifying peri-urban growth corridors, negotiating regulatory approvals), and (b) they mobilize and reconfigure internal resources to implement projects under constrained financing and infrastructure conditions. This finding aligns with Dynamic Capabilities Theory (Teece, 2018): leadership represents a higher-order capability that orchestrates sensing, seizing, and reconfiguring processes, thereby converting resources into performance outcomes. Practically, strong leadership also helps firms navigate Lagos-specific challenges such as complex land acquisition processes and the need for regulatory liaison.

Organic business function ($\beta = .038$, $p = .693$) (internal operational routines such as finance, procurement, HR, and production processes) did not significantly predict performance. This divergent finding warrants careful interpretation. Organic functions may be necessary for operations but they are insufficient as standalone drivers of competitive advantage. Dynamic Capabilities Theory distinguishes ordinary capabilities (routine functions) from dynamic capabilities (leadership, market sensing, sales innovation). In Lagos's turbulent market, ordinary capabilities deliver stability but only drive superior performance when reconfigured and mobilised by leadership and market-oriented strategies (Teece, 2018). Furthermore, Structural constraints typical of Lagos such as limited access to long-term financing, high and volatile construction input costs (related to exchange-rate fluctuations), bureaucratic land administration (such as Land Use Act related processes), and infrastructure deficits may limit the payoff of optimized internal routines. In other words, even well-run internal processes may not boost performance strongly if external constraints (title insecurity, expensive finance, poor roads/flooding) block project delivery or market absorption (Uzonwanne, 2016)

4.6 Conclusion

The study demonstrates that internal business environment matters, but its components do not all contribute equally. In Lagos real estate firms, sales ($\beta = .493$) and leadership ($\beta = .397$) significantly and positively predict firm performance, while organic business functions showed no direct effect. These results indicate that dynamic, market-oriented capabilities and leadership-driven reconfiguration of resources create competitive advantage in contexts marked by financing scarcity, regulatory complexity, and infrastructural constraints. The study therefore bridges RBV and Dynamic Capabilities Theory within a contingency perspective and provides sector-specific evidence from Lagos.

4.7 Recommendations

The following recommendations were provided based on the findings of the study:

- i. Invest in leadership development with emphasis on regulatory navigation, stakeholder engagement, and strategic risk management (permit teams, land-acquisition specialists). Leadership capacity strengthening should include negotiation, public-sector liaison, and project finance literacy.
- ii. Strengthen sales and financing innovation — adopt pre-sales models, rent-to-own schemes, staged payments, and partnerships with mortgage banks or micro-finance institutions. Develop CRM and digital marketing to segment demand and accelerate cash flows.
- iii. Build strategic partnerships — pursue PPPs with Lagos State agencies for affordable housing; partner with institutional investors or REIT structures to access longer-term capital.
- iv. Streamline land administration and title processes (such as digitization of land records, one-stop approval windows) to reduce project lead times and transaction risk. Clearer, faster land processes will increase the returns to internal capability investments.
- v. Support mortgage market deepening incentives for long-term mortgage instruments, interest-rate subsidies for affordable housing, and regulatory support for securitisation and REIT growth can improve developers' access to finance.

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