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INTERNATIONAL MARKETING ENVIRONMENT AND SMALL AND MEDIUM-SCALE ENTERPRISES (SMEs) DEVELOPMENT IN CROSS RIVER STATE

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Abstract
This paper conceptually examines the relationship between the international marketing environment and the development of Small and Medium-Scale Enterprises (SMEs) in Cross River State, Nigeria. Drawing on a structured review and synthesis of relevant theoretical and empirical literature, the paper examines how political, economic, socio-cultural, technological, legal, and ecological/physical dimensions of the international marketing environment shape SME survival, growth, competitiveness, innovation, market expansion, and international market participation. The analysis is anchored on Open System Theory and the Internationalization Theory, which emphasize the interaction between organizations and their external environments and the need for firms to adapt progressively to changing market conditions. The conceptual synthesis indicates that SME development is strongly influenced by the interaction of these environmental dimensions rather than by any single factor. Political and legal conditions affect regulatory certainty and business operations; economic conditions influence finance, costs, demand, and investment; socio-cultural factors shape market acceptance and consumer behaviour; technological development enhances innovation and market reach; while physical infrastructure and ecological conditions influence operational efficiency, resilience, and sustainability. The paper concludes that sustainable SME development in Cross River State requires strategic adaptation to the international marketing environment, supported by coordinated policies on finance, infrastructure, digital transformation, regulation, market access, and sustainability.

Keywords: International Marketing Environment, PESTLE, SMEs, Economic Development, Cross River State, Nigeria.

1.1 Introduction

Evidence abounds that modern businesses are diverse, complex and dynamic in nature. They operate in an environment that is not only complex but which continuously undergoes sometimes cataclysmic change (Eboh & Agu, 2015). A business enterprise, whether regional, national, or multinational, does not exist in isolation but functions as an integral part of a larger social system in which it operates. This is especially true for Small and Medium Enterprises (SMEs), which form the backbone of most developing economies.

According to Isimoya (2016), the marketing environment refers to the sum total of external factors or forces that operate to influence and/or affect the activities of a business organization. Understanding the marketing environment therefore means understanding the physical, socio-cultural, economic, technological, political, legal, moral, and behavioural factors

that influence business policy and practice (Etuk, 2020). For SMEs in Cross River State, these environmental forces are even more consequential because small businesses typically possess fewer resources to cushion the impact of environmental volatility compared to large corporations.

Cross River State, with Calabar as its capital, represents a unique socio-economic landscape in Nigeria's South-South geopolitical zone. The state hosts a mix of agricultural, service, and light manufacturing activities, making it a fertile ground for SME development. However, the trajectory of SME growth in the state has been uneven, plagued by structural challenges embedded in the marketing environment. Over the years, competitive pressures, globalization, unstable government policies, poor infrastructure, and a challenging economic environment have conspired to limit the growth potential of SMEs in the state (Etuk, 2020).

At the international level, the marketing environment has grown increasingly complex with the advent of globalization, digital commerce, and evolving consumer behaviour. These forces have opened up new opportunities for SMEs willing to expand beyond local markets, but have equally introduced new threats in the form of intensified competition, currency volatility, and regulatory complexity. Understanding how this international marketing environment interacts with local SME development in Cross River State is therefore both timely and necessary.

This paper is structured around the PESTLE framework - examining the Political, Economic, Social, Technological, Legal, and Ecological dimensions of the marketing environment, and assesses their collective and individual implications for SME development in Cross River State.

1.2 Statement of the problem

Over the past years, competitive pressures from the competitive environment have greatly increased in international market. Moreover, recent market changes in terms of globalization, technology of consumers complicate the management issues of business. This have caused many businesses that lack strategy to fold up and those ones still in the market are striving hard to survive with rational management decisions. Also, it has been observed that the safety and maintenance of security have been poor resulting from unstable political and legal environment. Also, the economic environment has been unconducive for businesses due to poor economic policies and increase in tax payment by government. This has affected sales and profit level of SMEs. The inaccessibility of loan facilities by business operators has made levels of expansion in their business to be low and this lead to low profitability. Moreso the socio-cultural environment has not been encouraging. The cultural practice of the people has equally affected the business operation as their habit of valuing pleasure than business has led to low productivity among business operators.

1.3 Objectives of the Study

The broad objective of this paper is to conceptually examine the relationship between the international marketing environment and the development of Small and Medium-Scale Enterprises (SMEs) in Cross River State, Nigeria. Specifically, the paper sought to:

1. examine the conceptual relationship between the political environment and SME development in Cross River State;

2. examine how the economic environment shapes SME development and competitiveness;
3. explore the implications of the legal environment for SME survival, growth and international market participation;
4. examine the role of the socio-cultural environment in shaping SME market opportunities and development;
5. assess the contribution of the technological environment to SME innovation, competitiveness and market expansion; and
6. examine the implications of the ecological/physical environment for sustainable SME development and international market participation.

1.4 Research Questions

The following conceptual questions guide the paper:

1. How does the political environment shape SME development in Cross River State?
2. In what ways does the economic environment influence SME growth, survival and competitiveness?
3. What are the implications of the legal environment for SME development and international market participation?
4. How does the socio-cultural environment shape SME opportunities and business development?
5. What role does the technological environment play in SME innovation, competitiveness and market expansion?
6. How does the ecological/physical environment influence sustainable SME development in Cross River State?

1.5 Significance of the Study

This paper is significant to SME owners and managers, government and regulatory agencies, development organizations, academics and researchers.

For SME owners and managers, the paper provides a framework for understanding how external environmental forces create opportunities and constraints that should be incorporated into strategic decision-making. This is particularly important because SMEs generally have fewer resources with which to absorb environmental shocks.

For government and policymakers, the paper highlights the need for an enabling environment encompassing infrastructure, access to finance, digital connectivity, predictable regulation and trade facilitation. Recent World Bank evidence identifies infrastructure, finance, market openness and the business environment as important areas for strengthening Nigeria's private sector.

For development agencies, the paper provides a framework for coordinating interventions around finance, digitalization, skills, market access and international trade. UNCTAD (2025), for example, identifies finance, digital adoption and integration into regional value chains as important issues for African MSMEs.

Academically, the paper contributes a PESTLE-based conceptual framework for explaining how international environmental forces interact with SME development in a developing economy context like Nigeria.

1.6 Scope of the Study

The study covered content, geographical and sampling scope. To the content scope, the study examined international marketing environment and Small and Medium Scale Enterprises development in Cross River State. The scope area covers independent variables which are Economic, Political, Legal, Technological, Sociocultural while dependent variable is development.

For the geographical scope, the study is carried out in Cross River State, Nigeria. It included Southern, Central and Northern Senatorial districts. While the unit of analysis involved only registered SMEs currently exporting or have export potential in Cross River State, Nigeria.

2.0 Literature Review

2.1 Theoretical Framework

2.1.1 Open System Theory

Open System Theory, developed from Ludwig von Bertalanffy's systems perspective, views organizations as systems that interact continuously with their external environments through the exchange of information, resources, energy and feedback (Bertalanffy, 1968). Unlike closed systems, open organizations depend on environmental inputs and adapt their structures and strategies in response to changing conditions.

Applied to business organizations, the theory suggests that firms must monitor customers, suppliers, competitors, government, technology and broader socio-economic conditions. Its principle of equifinality further indicates that organizations can achieve similar objectives through different strategies depending on prevailing environmental circumstances. This perspective is particularly relevant to SMEs in Cross River State because their survival depends on their ability to respond to changing economic, political, technological, legal and socio-cultural conditions.

SMEs have limited control over many environmental forces and therefore require continuous environmental scanning, adaptation and feedback. Changes in taxation, infrastructure, regulation, exchange rates or consumer preferences can substantially affect their operations. Recent evidence on Nigeria's private sector similarly identifies finance, infrastructure, business regulation and competitiveness as important dimensions of the business environment (World Bank, 2025).

2.1.2 Internationalization Theory

Internationalization Theory explains how firms progressively expand beyond domestic markets as they acquire knowledge, experience and resources (Johanson & Vahlne, 2009). International market participation can provide SMEs with access to new customers, technologies, knowledge and sources of competitive advantage. However, internationalization may also expose firms to exchange-rate volatility, regulatory differences, cultural diversity and stronger competition.

The theory is relevant to Cross River State SMEs because globalization and regional integration increasingly connect local businesses to international markets. The African Continental Free Trade Area (AfCFTA) offers opportunities for SMEs to access wider African markets, while digital technologies can facilitate e-commerce, payments and cross-border

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market participation. UNCTAD (2025) notes that digitalization can improve MSME integration into regional and global value chains, although finance, informality and limited digital adoption remain significant constraints.

2.2 Conceptual Framework

2.2.1 The Marketing Environment

The marketing environment comprises internal and external forces that influence an organization's decisions, performance and ability to achieve its objectives. External forces can be considered at the macro- and micro-environmental levels. The macro-environment includes broad political, economic, socio-cultural, technological, legal and ecological influences, while the micro-environment includes customers, suppliers, competitors and intermediaries.

This study adopts the PESTLE framework - Political, Economic, Socio-cultural, Technological, Legal and Ecological factors—as its principal structure for examining how the international marketing environment influences SME development in Cross River State. The framework is consistent with contemporary assessments of Nigeria's business environment, which emphasize macroeconomic stability, infrastructure, regulation, access to finance, technology and market competitiveness as interconnected determinants of private-sector performance (IMF, 2026; World Bank, 2025).

2.2.2 Small and Medium Enterprises (SMEs)

SMEs are businesses classified according to criteria such as workforce size, turnover and assets. Current SMEDAN classifications identify small businesses as generally employing 10–49 persons and medium businesses as employing 50–199 persons, with turnover also considered in classification (SMEDAN, 2025). In Cross River State, SMEs operate across agriculture, food processing, hospitality, trade, manufacturing, creative industries and services. Their development is affected by access to finance, infrastructure, technology, skills, markets and regulatory conditions. Nationally, recent interventions by SMEDAN and development partners emphasize access to finance, market linkages, capacity building, formalization and digital transformation as important areas for SME development (SMEDAN, 2024, 2026).

2.2.3 Economic Environment

The economic environment includes inflation, interest rates, exchange rates, economic growth, fiscal policy and monetary policy. These variables directly influence production costs, purchasing power, investment and profitability.

For Cross River State SMEs, access to affordable finance remains a major concern. The World Bank (2025) reports that fewer than one in twenty Nigerian MSMEs have access to bank credit, while collateral requirements and costly short-term lending constrain business expansion. The approval of the $500 million FINCLUDE project further demonstrates the continuing importance of expanding affordable and longer-term MSME finance in Nigeria. (World Bank, 2025).

Macroeconomic instability also affects SMEs through inflation and exchange-rate movements. Recent IMF evidence shows that Nigeria's inflation has been strongly influenced by food prices, supply shocks and exchange-rate movements, although inflation persistence has recently moderated following monetary and foreign-exchange reforms (IMF, 2026).

Consequently, SMEs dependent on imported inputs may experience increased production costs, while reduced consumer purchasing power can weaken demand.

2.2.4 Political Environment

The political environment encompasses government policies, regulatory institutions, taxation, trade policies, political stability and public-sector decisions affecting business operations. Stable and predictable policies can encourage investment, whereas frequent regulatory changes can increase uncertainty and compliance costs.

For SMEs, government policy affects taxation, business registration, trade facilitation, infrastructure and access to support programmes. The IMF (2025) emphasizes the importance of improving Nigeria's business environment, reducing barriers facing SMEs and strengthening infrastructure, digital capacity and trade competitiveness. Political and regulatory conditions also influence Cross River State's international market potential. Its proximity to Cameroon and participation in regional trade provide opportunities, but SMEs require adequate information, finance, infrastructure and trade-support services to exploit these advantages effectively.

2.2.5 Socio-Cultural Environment

The socio-cultural environment includes demographic characteristics, lifestyles, cultural values, social norms and consumer preferences. These factors influence both demand and the manner in which firms design and communicate their products. Cross River State's cultural heritage, tourism potential and the Calabar Carnival create opportunities for SMEs in hospitality, food, fashion, entertainment, arts and tourism. Population growth and youth demographics can expand markets while also providing labour and entrepreneurial opportunities. Increasing digital literacy and changing consumer lifestyles similarly create opportunities for technology-enabled products and services.

At the international level, cultural differences influence consumer behaviour, communication and business practices. SMEs seeking international markets therefore need cultural awareness and the capacity to adapt products, pricing and promotional strategies to different markets.

2.2.6 Technological Environment

The technological environment encompasses digital infrastructure, innovation, automation, research and development and technological capabilities. Technology can reduce transaction costs, improve productivity, strengthen customer relationships and provide access to wider markets. Digitalization presents significant opportunities for Cross River State SMEs through e-commerce, digital payments, social-media marketing and online customer engagement. UNCTAD (2025) identifies digital technologies as important mechanisms for improving MSME participation in regional and global value chains. SMEDAN has also introduced digital-maturity initiatives focusing on technology adoption, digital skills, digital presence, cybersecurity, automation and emerging technologies (SMEDAN, 2026).

Nevertheless, inadequate and unreliable electricity remains a major technological constraint. World Bank data indicate that Nigeria's electricity access reached about 62.5% of the population in 2024, illustrating the continuing infrastructure gap, (World Bank, 2025). Investment in reliable electricity, broadband connectivity, digital skills and innovation is therefore essential for SMEs to compete effectively.

2.2.7 Legal Environment

The legal environment comprises laws and regulations governing contracts, taxation, employment, consumer protection, intellectual property, competition, business registration and environmental responsibility. A predictable legal system can protect business rights and reduce investment risk, while excessive or complicated compliance requirements can increase operating costs.

For Cross River State SMEs, regulatory compliance may involve registration, licensing, taxation and other government requirements. Internationalization adds further obligations relating to customs, tariffs, intellectual property and trade agreements. Consequently, simplifying regulatory processes and improving institutional coordination can strengthen SME competitiveness.

2.2.8 Physical/Ecological Environment

The physical environment includes roads, electricity, water, telecommunications and natural conditions affecting business operations. Poor infrastructure increases transportation, production and distribution costs and can restrict access to markets.

Reliable infrastructure remains an important requirement for Nigeria's private-sector development. The World Bank (2025) identifies electricity and transportation gaps among the structural constraints requiring attention to support private-sector growth. For Cross River State SMEs, improved roads, electricity, water and digital connectivity would reduce operating costs and improve market reach.

Ecological considerations are increasingly important because consumers, investors and regulators are paying greater attention to sustainability. SMEs involved in agriculture, eco-tourism, renewable energy, recycling and green production can potentially use environmental responsibility as a source of differentiation. UNCTAD (2024) similarly identifies climate, energy and infrastructure vulnerabilities as important factors affecting African business resilience.

2.2.9 Challenges of SMEs

The principal challenges confronting SMEs in Cross River State include inadequate finance, poor infrastructure, regulatory burdens, limited managerial skills and insufficient market knowledge. Access to finance remains particularly important: recent World Bank evidence identifies limited credit access as a longstanding constraint on Nigerian MSME growth, while the new FINCLUDE programme seeks to address financing gaps through longer-term lending and credit guarantees (World Bank, 2025).

Infrastructure problems, particularly unreliable electricity and transportation, increase operating costs. Regulatory complexity involving taxes, permits and licensing can further divert scarce resources away from productive activities. Skills gaps in management, financial literacy, digital marketing and international market development also limit SME competitiveness.

2.2.10 Opportunities

Despite these constraints, Cross River State SMEs have substantial opportunities arising from domestic demand, tourism, agriculture, creative industries, digital commerce and regional trade. The state's cultural and ecological assets provide opportunities in hospitality, agri-food, creative industries and eco-tourism.

Regional integration through AfCFTA can enlarge the market available to Nigerian SMEs, while digital platforms provide comparatively low-cost routes to customers beyond the state and national borders. UNCTAD (2025) emphasizes that AfCFTA, combined with digital trade technologies and innovative finance, can strengthen MSME participation in regional value chains.

2.2.11 Sustainability of the Marketing Environment for SME Development

A sustainable marketing environment requires firms to integrate economic, social and environmental considerations into their strategies. Sustainability can strengthen long-term customer relationships, organizational resilience and market differentiation.

For Cross River State SMEs, sustainable practices can include efficient resource use, responsible sourcing, waste reduction, green production, staff development, digital transformation and sound corporate governance. Alignment with the Sustainable Development Goals can also strengthen access to socially conscious consumers, development finance and international markets.

Government has an important enabling role through consistent policies, infrastructure investment, access to finance, digital development and reduced regulatory barriers. Recent Nigerian initiatives demonstrate growing emphasis on finance, market access, digital transformation and business-support ecosystems (SMEDAN, 2024; World Bank, 2025). Ultimately, sustainable SME development requires an environment in which firms can adapt to economic and technological changes while maintaining responsible social, environmental and governance practices.

3.0 Methodology

3.1 Research Approach

This paper adopted a conceptual research approach based on a structured review and synthesis of relevant literature. The approach is appropriate because the purpose of the paper is not to statistically test causal relationships among variables but to integrate existing theoretical and empirical knowledge into a coherent explanation of how the international marketing environment shapes SME development in Cross River State.

Conceptual research enables researchers to clarify constructs, establish relationships among concepts and develop explanatory frameworks from existing knowledge. Accordingly, the present paper synthesizes literature relating to international marketing environment, PESTLE analysis, SME development, internationalization, digitalization, sustainability and the Nigerian business environment.

3.2 Sources of Literature

The relevant literature was drawn from: peer-reviewed journal articles, scholarly books, conference and academic publications, reports from international development organizations, Nigerian government and regulatory publications, and authoritative institutional databases and reports such as the World Bank, IMF, UNCTAD and SMEDAN.

3.3 Literature Search and Selection

The literature was identified through searches based on combinations of keywords including:

"international marketing environment," "PESTLE," "SMEs," "MSMEs," "SME development," "SME internationalization," "Nigeria," "Cross River State," "digitalization," "SME competitiveness," "trade," "AfCFTA," and "business environment."

3.3 Inclusion/Exclusion Criteria

Priority was given to literature that:

1. addressed one or more dimensions of the PESTLE framework;
2. examined SME development or internationalization;
3. focused on Nigeria or comparable emerging-market economies;
4. provided evidence relevant to African SMEs; or
5. contributed directly to the theoretical explanation of environmental adaptation and internationalization.

Foundational theoretical sources were retained regardless of publication age because theories such as Open System Theory and the Uppsala internationalization model provide the conceptual foundations of the paper.

3.4 Method of Literature Analysis

The study employed thematic conceptual analysis. The reviewed literature was organized into the six dimensions of the PESTLE framework: political, economic, socio-cultural, technological, legal, and ecological/physical. Within each theme, the literature was examined to identify: major environmental pressures, opportunities available to SMEs, constraints confronting SMEs, implications for SME survival and growth, implications for international market participation, and areas where the environmental dimension interacts with other dimensions. The findings were then synthesized rather than statistically computed.

4.0 Conceptual Results and Synthesis of Literature

Because this is a conceptual paper, the results represent findings synthesized from the reviewed literature, rather than questionnaire or statistical results. The synthesis is guided by the environmental dimensions of the PESTLE framework and interpreted through Open System Theory and Internationalization Theory (Bertalanffy, 1968; Johanson & Vahlne, 2009).

4.1 Political Environment and SME Development

The conceptual synthesis indicates that the political environment constitutes an important external condition shaping SME development. Government policies relating to taxation, trade, investment, infrastructure, security, business registration and market regulation can either facilitate or constrain entrepreneurial activity (SMEDAN, 2024, 2025; World Bank, 2025).

A predictable political and regulatory environment can reduce uncertainty and encourage investment, while inconsistent policies can increase planning difficulties and compliance costs. For SMEs, these effects may be particularly pronounced because smaller firms generally have fewer financial and administrative resources to respond to regulatory changes (SMEDAN, 2025; World Bank, 2025).

The Nigerian context reinforces this relationship. The World Bank (2025) identifies improvements in the business environment, infrastructure, market openness and competition as important components of private-sector-led growth. The conceptual implication is that political

support for SMEs should extend beyond isolated intervention programmes to include policy consistency, infrastructure provision, trade facilitation and institutional efficiency (World Bank, 2025).

For Cross River State, proximity to Cameroon and potential participation in regional trade create opportunities, but the ability of SMEs to exploit these opportunities depends partly on the quality of government-supported trade and business infrastructure. This is consistent with the internationalization perspective, which emphasizes the importance of environmental conditions, market knowledge and institutional factors in firms' movement into external markets (Johanson & Vahlne, 2009).

4.2 Economic Environment and SME Development

The literature indicates that the economic environment is one of the most immediate influences on SME development. Inflation, exchange rates, interest rates, purchasing power, taxation and access to credit influence production costs, investment decisions, demand and profitability (IMF, 2025, 2026; SMEDAN, 2025; World Bank, 2025).

The current Nigerian environment demonstrates the importance of these factors. The IMF (2026) reports that inflationary pressures have been influenced by food prices, supply shocks, exchange-rate developments and other macroeconomic factors, while recent reforms have contributed to improvements in macroeconomic resilience. These conditions have direct implications for SMEs because changes in input prices, consumer purchasing power and financing costs can affect their ability to maintain operations and expand.

Access to finance remains another important constraint. The World Bank (2025) reported that fewer than one in twenty Nigerian MSMEs had access to bank credit and subsequently approved a $500 million financing operation intended to expand access to finance for small businesses.

The conceptual result is therefore that economic conditions affect SME development through both cost and resource channels**.** Inflation and exchange-rate volatility can increase operating costs, while inadequate credit restricts investment, expansion and innovation (IMF, 2025, 2026; World Bank, 2025). This is consistent with the broader evidence that Nigerian MSMEs continue to face constraints associated with finance, operating costs and the wider business environment (SMEDAN, 2025, 2026).

4.3 Legal Environment and SME Development

The legal environment encompasses business registration, taxation, contracts, employment regulations, intellectual property, consumer protection, competition and international trade requirements (SMEDAN, 2024; World Bank, 2025).

The literature suggests a dual relationship. Effective laws can protect property rights, reduce uncertainty, support fair competition and facilitate investment. Conversely, excessive regulatory complexity, overlapping requirements and high compliance costs can disproportionately affect SMEs because smaller firms typically have more limited organizational and financial capacity to absorb regulatory burdens (SMEDAN, 2025; World Bank, 2025).

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The international dimension adds further complexity because SMEs seeking cross-border markets must consider customs requirements, standards, intellectual property protection, tariffs and other trade regulations. UNCTAD (2025) emphasizes the importance of an enabling trade and policy environment for the participation of African enterprises in regional and global value chains.

Consequently, the conceptual synthesis suggests that legal predictability and regulatory simplicity are important enabling conditions for SME development and internationalization. The issue is not simply the presence or absence of regulation but whether the regulatory system is transparent, predictable, proportionate and accessible to smaller firms (World Bank, 2025; Johanson & Vahlne, 2009).

4.4 Socio-Cultural Environment and SME Development

The socio-cultural environment affects SMEs through consumer behaviour, values, lifestyles, demographics, social networks and cultural expectations. These factors influence market demand, entrepreneurial behaviour and firms' ability to establish relationships with customers and other stakeholders (SMEDAN, 2024, 2025).

Cross River State possesses cultural and tourism assets that can generate opportunities for SMEs in hospitality, food, fashion, entertainment, creative industries and tourism. At the same time, SMEs seeking international markets must understand differences in consumer preferences, communication practices, values and business norms. Such adaptation is consistent with Internationalization Theory, which emphasizes the importance of experiential knowledge and adaptation as firms engage with markets that differ from their existing environments (Johanson & Vahlne, 2009).

The conceptual finding is that socio-cultural factors should not be viewed solely as constraints. They can function simultaneously as market resources and adaptation requirements.

Local cultural identity can provide differentiation, particularly where SMEs convert cultural products and services into commercially viable offerings. However, international market participation requires adaptation to the social and cultural expectations of target markets (Johanson & Vahlne, 2009; UNCTAD, 2025).

4.5 Technological Environment and SME Development

Technology emerges from the literature as both an enabler of SME development and a source of competitive pressure. Digital technologies can reduce geographical barriers, facilitate online promotion, support electronic payments, improve customer relationships and enable SMEs to access customers outside their immediate location (UNCTAD, 2024, 2025).

UNCTAD (2025) emphasizes that digital technologies can help African MSMEs improve productivity, market access and integration into regional and global value chains. It also identifies low digital adoption, infrastructure limitations and limited access to finance as continuing barriers to the realization of these benefits.

For Cross River State SMEs, digital marketing, e-commerce, social media, mobile payments and digital business-management tools could therefore provide mechanisms for overcoming geographical limitations and improving access to wider markets (UNCTAD, 2025).

However, technology does not automatically produce SME development. Its benefits depend on electricity, internet access, affordability, digital skills, cybersecurity and managerial capacity (SMEDAN, 2025; UNCTAD, 2025). The conceptual result is therefore that technology affects SME development through an enabling ecosystem rather than through technology adoption alone**.**

4.6 Ecological/Physical Environment and SME Development

The ecological/physical dimension includes electricity, roads, transportation, water, telecommunications, environmental conditions and sustainability requirements. These factors constitute important elements of the operating environment within which SMEs acquire resources, produce goods and services, and reach customers and suppliers (World Bank, 2025; SMEDAN, 2025).

Infrastructure deficiencies can increase operating costs, reduce productivity and restrict access to customers and suppliers. The World Bank (2025) identifies electricity and transportation infrastructure among the major areas requiring improvement to support Nigeria's private-sector development.

At the same time, environmental sustainability is becoming increasingly relevant to international markets. Consumers, investors and regulators are paying greater attention to responsible production, resource efficiency and environmental impacts. UNCTAD (2024, 2025) similarly emphasizes the growing importance of sustainable and digitally enabled participation in global and regional value chains.

For Cross River State, this creates both challenges and opportunities. SMEs operating in agriculture, tourism, hospitality, waste management, renewable energy and environmentally oriented production may develop competitive opportunities from sustainability-oriented business models.

The conceptual finding is therefore that physical infrastructure provides the foundation for SME operation, while ecological sustainability increasingly influences long-term competitiveness and international market acceptance**.** The conceptual model proposes that SME development is produced through the combined interaction of environmental conditions and SME strategic adaptation, rather than by a single environmental factor.

This interpretation is consistent with Open System Theory, which views organizations as open systems that continuously receive inputs from their environments, transform those inputs through organizational processes and capabilities, and respond through adaptation (Bertalanffy, 1968). It is also consistent with Internationalization Theory because environmental conditions influence the firm's ability to acquire knowledge, resources and capabilities required for participation in external markets (Johanson & Vahlne, 2009).

4.8 Conceptual Proposition

Based on the synthesis, the paper proposes the following overarching proposition:

Proposition 1: A stable and supportive political environment provides conditions that can facilitate SME development and international market participation.

Proposition 2: A favourable economic environment, particularly improved access to finance and macroeconomic stability, can strengthen SME growth and competitiveness.

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Proposition 3: A predictable and accessible legal environment can reduce regulatory barriers and facilitate SME development and internationalization.
Proposition 4: Socio-cultural compatibility and effective market adaptation can enhance SME opportunities in domestic, regional and international markets.
Proposition 5: Technological adoption and digital capability can strengthen SME productivity, innovation, competitiveness and market reach.
Proposition 6: Adequate physical infrastructure and environmentally sustainable practices can strengthen SME resilience and long-term development.

5.0 Discussion of Conceptual Findings

The conceptual synthesis demonstrates that SME development in Cross River State should be understood as an environment-dependent and adaptive process. The findings support the central argument of Open System Theory that firms cannot be adequately understood independently of their external environments. SMEs continually interact with government, customers, suppliers, competitors, financial institutions, technological systems and wider social and ecological forces (Bertalanffy, 1968).

The economic dimension is particularly important because current Nigerian conditions combine reform-driven improvements with continuing inflation, financing and infrastructure challenges. The IMF's (2026) assessment reports improved macroeconomic resilience but continued structural constraints, while the World Bank (2025) continues to emphasize infrastructure, finance and business-environment reforms as central to private-sector growth. Evidence from SMEDAN (2025, 2026) similarly indicates that Nigerian MSMEs operate within a business environment in which access to finance, infrastructure and other institutional conditions remain significant considerations.

The technological dimension also deserves increased attention. UNCTAD's (2025) recent African evidence suggests that digital technologies and innovative financing can improve MSME productivity, market access and integration into regional value chains, although digital exclusion and financing constraints remain significant barriers. UNCTAD (2024) likewise highlights the role of digitalization and technology in strengthening enterprise participation in increasingly interconnected markets.

The findings further indicate that environmental dimensions interact rather than operate independently. For example, digital transformation requires electricity and telecommunications infrastructure; internationalization requires legal and regulatory support; export growth depends partly on political and trade conditions; and technological investment requires adequate financial resources. This interconnectedness reinforces the Open System Theory perspective that organizational outcomes emerge from interactions between internal capabilities and multiple external environmental forces (Bertalanffy, 1968).

From the perspective of Internationalization Theory, the interaction among these environmental factors also affects the knowledge, resources and capabilities required for SMEs to expand beyond their immediate markets. Firms' ability to enter and sustain participation in external markets is therefore influenced not only by their internal strategies but also by the institutional, economic, technological and socio-cultural conditions surrounding them (Johanson & Vahlne, 2009).

Overall, the conceptual synthesis reveals that SME development in Cross River State is not determined by any single environmental dimension. Rather, development emerges from the interaction of political, economic, legal, socio-cultural, technological and ecological/physical conditions with firms' capacity for adaptation, resource mobilization and strategic response (Bertalanffy, 1968; Johanson & Vahlne, 2009). This provides a basis for understanding the international marketing environment as a multidimensional system within which Cross River State SMEs pursue survival, growth, competitiveness and participation in wider markets.

6.0 Conclusion

This conceptual paper examined the relationship between the international marketing environment and SME development in Cross River State through the PESTLE framework and the perspectives of Open System Theory and Internationalization Theory. The synthesis indicates that political, economic, socio-cultural, technological, legal and ecological/physical conditions collectively shape the opportunities and constraints confronting SMEs. Economic instability and financing constraints can restrict investment and expansion; regulatory conditions can either facilitate or hinder formalization and internationalization; socio-cultural factors affect market adaptation; technology provides opportunities for productivity and wider market access; while infrastructure and environmental sustainability influence operational resilience and long-term competitiveness.

The paper therefore concludes that SME development should be approached as an adaptive process in which firms continuously respond to their changing marketing environment. For Cross River State, the development of a supportive SME ecosystem requires coordinated attention to infrastructure, finance, digital transformation, regulatory predictability, market access, skills development and sustainability.

7.0 Recommendations

1. The Government of Nigeria and Cross River State should improve policy consistency, simplify regulatory procedures and reduce unnecessary administrative burdens affecting SMEs.
2. Financial institutions and SME-support agencies should increase access to affordable, longer-term finance and credit-guarantee mechanisms, particularly for productive investment and export-oriented activities. This is consistent with the continuing financing gap identified by the World Bank.
3. SMEs should be supported with affordable broadband, digital-skills training, e-commerce capabilities, digital payments and cybersecurity awareness. UNCTAD's recent work demonstrates the potential of digital technologies to improve MSME participation in regional value chains.
4. Investment in electricity, roads, transportation, telecommunications and other productive infrastructure should remain central to SME development in Cross River State.
5. SME support programmes should provide information and capacity-building on AfCFTA, export procedures, international standards, foreign-market research, product adaptation and digital international marketing.
6. SMEs should be encouraged to adopt resource-efficient, environmentally responsible and socially sustainable practices capable of strengthening their resilience and international competitiveness.

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