

PDF - INFORMATION TECHNOLOGY AND THE PRODUCTIVITY OF MICRO-BUSINESS ENTERPRISE
IN NIGERIA A STUDY OF SELECTED ORGANIZATIONS IN AMUWO-ODOFIN LOCAL GOVERNMENT
AREA, LAGOS STATE - researchcub.info **ABSTRACT**

The study appraises information technology and the productivity of micro business enterprise in Nigeria: A study of selected organization in Amuwo-Odofin. The main objectives of the study are to examine the effect of information technology on the profitability of small business operations; and to appraise the contribution of information technology on revenue generation in small business enterprises. The population for this study comprise of (the entire) one hundred and sixty members of staff of Sunny Tech Investment and Star Faces Production Enterprises. Out of which a sample size of seventy five was selected for the study using simple random technique. In analyzing the data collected for this study, frequency tables and simple percentages were used to present and analyze data according to the research questions, while the stated hypotheses were tested using Chi-Square technique. The study affirmed that information technology significantly affects the profitability of micro business enterprise. The study also revealed that information technology has contributed immensely to the revenue generation of micro businesses. The study commended that the management of small businesses should endeavor to be information technology compliant to give their business a leverage. The study also recommends that operators of small businesses should take advantage of the internet and social media to give their businesses a wide reach and unrestricted business exposure.

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CHAPTERONE

INTRODUCTION

1.1 Background to the Study

It is widely recognised that micro enterprises are very important for economic growth and job creation in both developed and developing countries (Aris, 2006). Researchers argue that micro businesses play a major role in poverty alleviation in developing countries and also stimulated domestic and regional economic growth in national and regional economies (Berisha-Namani, 2009). They help to diversify economic activity and are flexible to changing market demands (Ongori, 2009). There have been many discussions over the importance of this sector to the economy although there is evidence to 'suggest that small firms do play a major role in the world economy' (Timmons, 1994) and that they constitute the bulk of enterprises in all world economies (Storey, 1994).

In Nigeria, micro business enterprises also play a significant role in terms of economic development as they provide the cornerstones on which Nigeria's economic growth and stability rests (Ojukwu, 2006). The Federal Office of Statistics reveals that about 97% of the entire enterprises in Nigeria belong to the micro and small scale businesses and they employ an average of 50% of the working population as well as contributing up to 50% to the country's industrial output (cited in Ihua, 2009). Micro business enterprises are therefore integral sources of revenue, employment and product innovation for the economic growth of a country (Kropp, Fredric and Zolin, 2008). Small and micro businesses are generally characterised by a smaller workforce and lower turnover. Information and Communication Technologies can help micro businesses enterprise create business opportunities and combat pressures from competition (Levy and Powell, 2005). Small businesses generally have weak capital base since majority of them are either sole proprietorship or partnerships with slim opportunity to get finance from the financial institutions like big companies (Kotelnikov, 2007).

Information Technology (IT) is defined as any technology that facilitates communication and assists in capturing, processing and transmitting information electronically (Hazbo, 2008). Some commonly used ITs in many developing countries include: computer, radio, television and print media (Adegoke, 2006). Modern ITs have become available to many countries worldwide in recent years. However, the most rapid growth are in computer and mobile phone usage (ibid). The adoption of IT is crucial to micro and businesses Enterprises as it has become a major catalyst and enabler of organizational change (Hazbo, 2008). IT increases richness and reach (Evans and Wurster, 1997). Fayomi, (2007) argue that micro and businesses enterprises have the opportunity to achieve a competitive advantage from advances in IT through innovation, marketing, efficiency gains, better quality and customer responsiveness. Also, (Levy, 2002) found some evidence to indicate that the adoption of IT would change the way businesses operate in this era of globalization by changing business structures and increasing competition, creating competitive advantage for businesses and by changing business operations. Hence, for Micro and Small Scale Businesses Enterprises to grow and become successful, they have to be connected to the digital marketplace.

The identification of the link between information technology and the productivity of micro and businesses enterprise is receiving due attention in the Nigerian literature in recent times due to the giant stride made the information technology sector (Levy, 2002). Within the last decade, the use of the Internet in Nigeria has grown so rapidly with the explosion of Internet Service Providers (ISPs), Internet cyber cafés and access points (Kotelnikov, 2007). This had several positive impacts on the social and economic sectors in the

country as many Nigerians has keyed into the dynamic economic potentials inherent in information technology dissemination (Adegoke, 2012).

Some recent studies of relationship between investment in information technology and Micro and Small Scale Businesses) productivity (Kozak, 2005; Abassi, 2007) have reported positive and significant effects of such investments. Experiences from practices of businesses over the world, as observed by Oladejo and Yinus, (2013), suggest that taking advantage of information technology diffusion is possible for business organization and adoption of information technology can provide organization with valuable information, improved productivity, improve relationships with customers and suppliers, increase efficiency and reduce cost of production among others.

According to World Development Report (1999), for leading countries in the world economy, the balance between knowledge and resources has shifted so far towards the former that knowledge has now become perhaps the most important factor determining the standard of living more than land, tools, and labor. Today's most technologically advanced economies are truly knowledge based. Countries are now moving from an industrial economy to a knowledge economy in which economic growth is dependent on a country's ability to create, accumulate and disseminate knowledge. Computers and the internet catalyzed the growth of the knowledge economy by enabling people to put knowledge into a digital form easily transmitted to anywhere around the world (Ojo, 2004). The purpose of this study however is to appraise the benefit of information technology (IT) and its relevance to productivity of Micro and Small Scale Business Enterprises in Lagos State.

1.2 Statement of the Problem

In developed countries, information technology (IT) has been used to change the way businesses are conducted in order to have a strategic advantage in their various operations. However, the investment returns of information technology in developing countries have fallen short of its potential. Researchers have attributed this problem to organizational factors, environmental factors and lack of technical skills, among others (Muhammad, 2008).

The recent increase in technological advancement has strong impact on micro business enterprises in other parts of the world including China and Brazil (James Manyinka et al, 2011). Emphasis on impact of information technology on productivity and performance on Small and Micro enterprises can be considered as an issue of much apprehension to Entrepreneurs, scholars and practitioners in developing economy like Nigeria. In a global world, the use of information technology to increase productivity and performance is

one of the challenges being faced by Small and Micro Enterprises presently in developing country due to the lack of knowledge on the benefit of IT in their businesses (Akande, 2013).

Also, all over the world, globalization has created the need for all kinds of business organizations to continuously upgrade their functions, processes, and be productive in business not only for innovativeness but for survival. However, in Nigeria today only large organizations seem to have enough resources to adopt information technology to enhance their business operations while on the other hand Small Enterprises have limited financial and human resources to adopt information technology and this has ripple down negative effect on their productivity level (Kropp, Fredric and Zolin, Roxanne, 2008).

Some other problems that affect developing countries from adopting information technology in enhancing Small enterprises operations are: economic constraints, systems, and infrastructure and application problems. Of all these problems however, lack of skilled human resources and lack of finance has been described as principal barriers blocking the diffusion and effective exploration of information technology by Small enterprises in developing countries (Abbasi, 2007).

1.3 Aim and Objectives of the Study

The broad aim of this study is to appraise information technology and the productivity of micro business enterprise in Nigeria: A study of selected organization in Amuwo-Odofin

Other specific objectives of the study are to:

Examine the effect of information technology on the profitability of small business operations

Appraise the contribution of information technology on revenue generation in small business enterprises

Examine the challenges in adopting information technology for organizational productivity

Determine the relationship between information technology and product innovation of micro business enterprise.

1.4 Relevant Research Questions

To what extent does information technology affect the profitability of micro business enterprise in Lagos State?

What is the contribution of information technology on revenue generation of micro businesses?

What are the challenges in adopting information technology for organizational productivity?

What is the relationship between information technology and product innovation of micro businesses?

1.5 Relevant Research Hypotheses

In order to answer the research questions and achieve the objectives of the study, the following hypotheses

are advanced and will be tested in the course of this study.

Hypothesis I

There is no significant relationship between information technology and the profitability of micro business enterprises

Hypothesis II

Information technology does not contribute significantly to revenue generation in micro business enterprises

1.6 Significance of the Study

This study is of significance to the following stakeholders:

Policy Makers/Government:

Government and policy makers stand to benefit from this study because it will give them insight into the role technology plays in enhancing the performance and productivity of small and micro business enterprises. Finding of the study will sensitize policy makers on the need to equip micro and small scale businesses with necessary technological facilities that will give their business leverage.

Local Entrepreneurs

Small business operators will educate operators of small businesses operating in Amuwo Odofin on the importance of employing technology to improve and enable their business operations. This is important because technology is the language of business in the 21st century.

Researchers

This study will contribute to the body of knowledge and be useful as a reference material for further studies in the research domain. The study is also important because it is a requirement in partial fulfillment of the award of bachelor degree by this great citadel of knowledge (University of Lagos, Akoka.),

1.7 Scope of the Study

The coverage of this study is restricted to appraising the contribution, challenges, and prospects of information technology on the productivity of small scale enterprise in Nigeria with focus on selected micro and small scale businesses in Amuwo Odofin, Lagos State. The research will also investigate the management issues involved in organizational productivity in Sanny-Tech Investment and Star Faces Product Nigeria Limited, Amuwo Odofin, Lagos State. The study emphasizes on information technology, productivity, contribution of IT to revenue generation, challenges militating against IT deployment to small firms etc.

1.8 Limitation of Study

The main limitation of the study is the reliance on information supplied by microbusiness operators who may not be or want to make a full disclosure of their businesses to an unknown person. There is also the constrain and delinking micro businesses as small businesses

Factorssuch as economic environment, political instability and government policy onmicro business are other constraints that can inhibit the richness of thisstudy, apart from time and limited resources available to the researcher.However, these limitation were overcome by the continuity the researcher, whois a director in a micro-business enterprise.

1.9 Definition of Term

InformationTechnology: This term generally involves the harnessing of electronictechnology for the information need of the business at all level.

Productivity:is concerned with the job activities of a worker and how well those activitieswere well executed. It is the efficiency of the productive factors, translatedin the output from input of material and resources.

MicroEnterprise: Micro-Enterprise in the Nigerian context are business venture whosestaff strength is not more than ten (10), and whose capital outlay do not exceedfive hundred thousand.

Innovation:The process of translating an idea into a good or servicethat createsvalueor for which customers will pay.

Profitability: profitability is the state or condition of yielding a financial profit or gain

Revenuegeneration: Revenue generation is the processby which a business organization marketsand sells a productor serviceto produceincome.

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