

ABSTRACT

This research project examine the relevance of Information Technology to the Management of Small and Medium Scale Enterprises in Nigeria with reference to Card Centre Nigeria Limited.

The research design took both an inferential and a descriptive approach. A sample size of fifty (50) was drawn from the population. A hundred questionnaires were distributed randomly to stratified groups among the staff of De-United Food Industries Plc. A 5 - point likert scale was developed and validated to collect information from the respondents.

The data collected was analyzed with basic descriptive statistics such as frequency and simple percentages. Chi-square analysis was also made. The core findings from the results obtained show that that Information Technology plays significant role in the activities and operations of Small and Medium Scale Enterprises (SMEs), that Information Technology has impacted positively on the managerial practice of SMEs and that Information Technology has improved the performance of SMEs.

Conclusion was draw from the summary of the result. Various remarks and recommendations were proffered to the organization of study.

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CHAPTER ONE INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The dynamic role of Small and Medium Enterprises (SMEs) in developing countries as engines through which the growth objectives of developing countries can be achieved has long been recognized and stated in the literature. The advantages claimed for Small and Medium Enterprises (SMEs) are various, including: the encouragement of entrepreneurship (Olorunshola, 2003); the greater likelihood that SMEs will utilise labour intensive technologies (Salami, 2003) and thus have an immediate impact on employment generation (Udechukwu, 2003, Ogujiuba et. al., 2004, Henriques and Klock 1999); they can usually be established rapidly and put into operation to produce quick returns; SMEs development can encourage the process of both inter- and intra-regional decentralization (Ogujiuba et. al., 2004); and, they may well become a countervailing force against the economic power of larger enterprises (Salami, 2003). More generally the development of SMEs is seen as accelerating the achievement of wider economic and socio-economic objectives, including poverty alleviation (Udechukwu, 2003).

Notwithstanding the recognition of the important roles SMEs play in these countries, their development is largely constrained by a number of factors, such as lack of access to appropriate technology; limited access to international markets, the existence of laws, regulations and rules that impede the development of the sector; weak institutional capacity, lack of management skills and training, and most importantly finance. While some of these factors such as financing have received adequate attention in the literature, some of them, such as technology, have not.

Investment in technology and keeping up with information technology (IT) is increasingly important to all firms (Farag et al, 2009). Technology plays a crucial role in the

development of new SMEs. Technology not only helps in evolving a multi-pronged strategy but also in maximising business opportunities. IT is perceived as essential to achieve sales. Alter (2002) noted that information has the highest likelihood of making a difference if it is integrated into structured business processes and used by people with the knowledge and training needed to interpret it and apply it correctly. Opara et al (2010) assert that the influence of technology goes beyond isolated behavioural changes for the optimization of organizational productivity; it also, affects the culture prevalent in the organization. However, the use of technology involves cost. Computer hardware and software need to be bought and installed. SMEs without access to capital may find it difficult to purchase necessary technology. The rising cost of production inputs in Nigeria especially the cost of electricity and other operating costs can constrain growth. It is therefore pertinent to examine the relevance of information technology to the operations of Small and Medium Scale Enterprises in Nigeria in the face of the challenging business environment.

1.2 STATEMENT OF THE PROBLEM

Despite the potential role of Small and Medium Scale Enterprises (SMEs) to accelerated growth and job creation in developing countries, their development is hampered by a number of factors. One of these factors among others is access to Information Technology (IT). SMEs often have difficulties in gaining access to appropriate technologies and information on available techniques. Despite the numerous institutions providing training and advisory services, there is still a technology-gap in the SME sector as a whole. This is because most small and medium scale entrepreneurs cannot afford the high cost of computer hardware and software.

The inaccessibility to appropriate Information Technology places significant constraints on SME development. Even though SMEs tend to attract motivated managers, they can hardly compete with larger firms. In most cases, SMEs utilize foreign technology with a scarce technical support. The lack of support services or their relatively higher cost can hamper SMEs' efforts to improve their management, because consulting firms are often not equipped with appropriate cost-effective management solutions for SMEs. They usually acquire foreign licenses, because local patents are difficult to obtain.

1.3 OBJECTIVES OF THE STUDY

The broad objective of this study is to examine the relevance of information technology to the management of Small and Medium Scale Enterprises (SMEs) in Nigeria. The specific objectives of the study are as follows:

1. To evaluate the role of Information Technology in the activities and operations of Small and Medium Scale Enterprises (SMEs);
2. To appraise the impact of Information Technology on the managerial practice of SMEs;
3. To investigate the effects of Information Technology on the performance of SMEs.

1.4 RESEARCH QUESTIONS

According to the objectives stated above, the research questions that would be examined in the course of the study are as follows:

1. What role does Information Technology play in the activities and operations of Small and Medium Scale Enterprises (SMEs)?
2. How has Information Technology impacted on the managerial practice of SMEs?
3. How has the adoption of Information Technology affected the performance of SMEs?

1.5 RESEARCH HYPOTHESES

Based on the research questions stated above, the hypotheses to be tested in the course of this research are stated below:

HYPOTHESIS (1)

H₀: That Information Technology does not play any significant role in the activities and operations of Small and Medium Scale Enterprises (SMEs).

H₁: That Information Technology plays a significant role in the activities and operations of Small and Medium Scale Enterprises (SMEs).

HYPOTHESIS (2)

H₀: That Information Technology has not impacted positively on the managerial practice of SMEs.

H₁: That Information Technology has impacted positively on the managerial practice of SMEs.

HYPOTHESIS (3)

H₀: That Information Technology has not improved the performance of SMEs.

H₁: That Information Technology has improved the performance of SMEs.

1.6 SIGNIFICANCE OF THE STUDY

Besides finance, there are other critical elements that are germane to the survival and competitiveness of Small and Medium Scale enterprises (SMEs). One of such factors is Information Technology. This study is significant because it would help to evaluate the role of Information Technology in the activities and operations of a vital segment of the real sector - Small and Medium Scale enterprises (SMEs), which have been identified as having very high

potential in promoting economic growth and development.

While several studies had been conducted on the relevance of Information Technology to large firms, to the best of my knowledge, no study has been conducted on the relevance of same to Small and Medium Scale Enterprises especially in Nigeria. Therefore, this study would strive to bridge this research gap by establishing the link between the adoption of Information Technology and the managerial efficiency of Small and Medium Scale Enterprises.

1.7 SCOPE OF THE STUDY

Information Technology is the multi-disciplinary study of the collection, processing and storage of data; of the use of information by individuals and groups, especially within an organisational context; and of the impact, implications and management of artifacts and technologies applied to those activities. It is therefore evident that the scope of the Information Technology is broad, and encompasses both organisational and technical matters.

This study shall focus on the extent to which Information Technology (IT) is relevant to the management of Small and Medium Scale Enterprises in Nigeria. This study shall not be restricted to the book-keeping and accounting aspects of Information Technology but shall also cover its relevance to planning and forecasting, marketing, decision-making etc. Most of the information and data needed for the study would be gathered from existing literature and from a survey that would be conducted among selected staff of Card Centre Nigeria Limited a card manufacturing company located in Victoria Island in Lagos State.

1.8 DEFINITION OF KEY TERMS

- i. **Data**:- This is any symbol, sign, image, sounds or measure which is in a form which can be directly captured by a person or a machine.
- ii. **Information**:- This is a valuable data until it is placed in an appropriate context, data is not information.
- iii. **Technology**:- This constitute all the knowledge (know-how and know-why), products, processes, tools, methods, and systems employed in the creation of goods or in providing services (Omar and Sapuan, 2010)
- iv. **Information Technology**:- This is the hardware, software and other tools and equipment used by the participants while doing their work (Alter, 2002).
- v. **Information System**:- "a work system whose business process is devoted to capturing, transmitting, storing, retrieving, manipulating, and displaying information, thereby supporting other work systems" (Alter, 2002:6).

THE RELEVANCE OF INFORMATION TECHNOLOGY (IT) TO THE MANAGEMENT OF SMALL AND MEDIUM SCALE ENTERPRISES IN NIGERIA (A Case Study of Card Centre Nigeria Limited)

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