IMPACT OF INFORMATION TECHNOLOGY ON THE DEVELOPMENT OF SMALL AND MEDIUM SCALE ENTERPRISES IN BENIN CITY

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DECLARATION

I declare that this project work titled "**Impact of Information Technology on the Development of Small and Medium Scale Enterprises in Benin City**" was carried out by me in the Department of Entrepreneurship, Faculty of Management Sciences. The information derived from the literature has been duly acknowledged in the text and lists of references are provided.

Razak Ehis MAMUD	**Signature**	**Date**

CERTIFICATION

This research work titled "IMPACT OF INFORMATION TECHNOLOGY ON THE DEVELOPMENT OF SMALL AND MEDIUM SCALE ENTERPRISES IN BENIN CITY" by **Razak Ehis, MAMUD** meet the criteria for the award of a Degree of B.Sc. in Entrepreneurship, University of Benin, Benin City, Edo State. And it is ratified for its contribution to knowledge.

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DEDICATION

This Research work is dedicated to Almighty Allah, the most merciful, the most beneficent for his mercies and infinite favors bestowed on me. To my lovely parents, siblings and family I humbly express my gratitude for their unflinching love and encouragement.

ACKNOWLEDGEMENTS

I want to use this medium to express my profound gratitude to Almighty Allah, the Lord of the worlds, the most gracious, the most merciful for showing me his unflinching love, grace, strength, wisdom, health and divine providence in the course of my academic journey thus far. To him I say Alhamdulillahi Robil Alamin. To my lovely parents **Mrs & Mrs Mamud**, siblings, family and the Muslim society (**MSSN**), I humbly express my gratitude for their support and encouragements.

I express my profound gratitude to my project supervisor, in the person of **Dr. Stephen Obeki Obeki**, a lecturer who truly has the best interest of his students at heart. He shows passion and dedication towards the development of his students through his lectures and training. God bless you Sir.

I also acknowledge the Head of Department in the person of **Dr. Amaka Chinanu Orakwue** for her relentless service and proactiveness. May the good Lord continue to uplift you in your various endeavors and careers. I am most grateful to all my lecturers who have taught me. Thank you all for sharing and transforming us with your knowledge and wisdom over the years.

To the late **Dr. Edwin Ehiozogie Enofe,** he was dedicated to the advancement of knowledge, and firm in his principles. May the good Lord have mercy on him.

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ABSTRACT

Information Technology is the study or use of systems (especially computers and telecommunications) for storing, retrieving, and sending information. This study examines the Impact of Information Technology on the Development of Small and Medium Scale Enterprises in Benin City. Survey research design was employed in the study. Primary data was collected through hand-administration of questionnaires to respondents with a convenience sampling method. The data obtained was gotten from a total of 50 respondents from business owners/managers as well as small and medium scale businesses in Benin City.

Furthermore, descriptive and percentage/inferential statistics was used to analyze the data that were collected with the aid of Statistical Package for Social Science (SPSS). The findings revealed that There is a relationship between Information Technology and business development in Benin City. Based on the findings of this research work, Small and Medium Scale Enterprises in Benin City have the potential to increase its productive capacity through the efficient use of Information Technology. Recommendations is made on Modern Technologies, communicating with key stakeholders such as Producers, Manufacturers and Suppliers in order to foster a better working relationship.

CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

The digital economy transformed how business is conducted in the marketplace, with Information Technology (IT) as the reason for this transition. The implementation of information technology (IT) in small and medium scale enterprises (SMEs) is vital for the socioeconomic development of an economy, especially in developing countries (Rahayu & Day, 2017). Agriculture, Transportation, Oil business and Furnishing are the predominant occupation of people in Benin City. However, there is an increase in the use of information technology to gain competitive advantage within small and medium scale enterprises in Benin City. The popularity of Information Technology is due to its crucial role in the development of new SMEs, maximizing business opportunities, understanding customer's needs and developing products or services to cater for those needs, increase sales by developing better customer relationship and experience.

The appearance of Small and Medium Scale Enterprises is particularly important in all developing countries where they support economic growth; improve the distribution of income, productivity, efficiency and economic structure during the economic downturn (Abdullah & Manan, 2011). Electronic Technology and Information are mutually reinforcing business, and one of the key aspects of living in the information society is the growing level of interactions we have with this complex and increasingly electronic environment. The general consequence is that we deal with large volumes of information, new forms and aggregations of information, and new tools for working with information (Marchionini, 1997). Because of technological improvements and innovations, geographic boundaries that once determined business operations no longer apply. There is a shift

toward email marketing, e-commerce, virtual reality, artificial intelligence, online forums, freelancing and e-banking. Small and medium scale enterprises are no longer restricted to, a contained geographic location. A large number of organizations around the globe are currently utilizing Information Technology not only for cutting costs and improving efficiency, but for providing better customer services (Azeez & Tijani, 2012).

Adewoye and Akanbi (2012) maintained that in other to succeed (or survive) in this dynamic world, companies must take note of not only traditional actions such as lowering cost but also keep pace with ever changing capabilities of communication network in advancing the growth of business organization through enhanced efficiency, profitability and expanded market reach. Businesses are no longer relying on trails of paper work to conduct every day transactions. With Technological tools such as Laptops, Mobile gadgets and installed networks, establishments can keep in touch, synchronize and co-ordinate activities with utmost ease. IT have shown a pick-up growth on labor productivity from 1.5 percent to 2.4 percent, which has increased the economic performance and national income (Oliner & Sichel, 2002). Poor financing from policy makers, insufficient capital for small business owners, and constrained access to institutional finance are some of the problems facing SMEs development in Benin City. In order to understand the problem, this study seeks to ask various questions such as; what are the characteristics of small and medium scale enterprises in Benin City? How do small and medium scale enterprise improve on existing IT structure in Benin City? What are SMEs in Benin City doing to increase their productivity and efficiency through the use of IT? Finding the right answers to these questions help determine the next course of action. The study also faced several limitations such as; educational background of few of the respondents, no in-

depth prior research studies on this particular topic, insufficient sample size in order to draw conclusions, and lack of generalizability.

1.1 Statement of the Problem

Despite the role of information technology in accelerated growth, SMEs still face many hurdles in Benin City. According to Bonsu and Sampong, (2012) financial and human capital are barriers to Information Technology adoption in SMEs. There is a gap in adequate infrastructure, availability of experts or skilled personnel and frequent upgrades in technological processes. SMEs often have difficulties in gaining access to vital solutions and tools due to the high cost it entails to fully develop and deploy their applications. High expenses when deploying inventory software for everyday business functions such as accounting, invoicing, customer relationship management and data storage. Governmental policies and regulations around IT technologies can be a challenge for SMEs, these rules can change rapidly making it difficult for small businesses to keep up. SMEs may be confronted with the challenge of glitches in technology, including loss of important data, cyber security threats. SMEs face a lot of competition when it comes to hiring employees with an adequate skill set required for solving IT issues. Larger companies have the advantage because they can offer higher salaries and better benefits, so SMEs outsource their IT staff to reduce cost. Outsourcing can be inefficient and problems may arise when there is no qualified IT expert.

Most small and medium enterprises in Benin City engage in business practices for survival as they operate locally. The institutional frame work need development in order to cater for small and medium enterprise towards the global economy as those of advanced states. Thus, the problem that is

identified for this study is how small and medium scale businesses can be developed to meet the challenges presented by globalization in the face of available infrastructure in Benin City.

According to Eleodinmuo (2015) lack of financing to SMEs in Nigeria is negating their growth. Poor telecommunication infrastructure, limited IT literacy, inability to incorporate IT into business processes, incomplete government regulations for e-commerce and a poor understanding of the dynamics of the knowledge economy (Lucey, 2005). Low participation in international markets means low transactions and contribution to the global economy.

1.2 Research Questions

The following research questions were raised to guide the study:

i. What are the characteristics of small and medium scale enterprises (SMEs) in Benin City?
ii. With the use of Information Technology, which areas of small businesses can be improved?
iii. Which technological tools are used by small and medium scale enterprises in Benin City?
iv. How best can we enhance the full potential of Information Technology in Benin City?
v. How do small and medium scale enterprise improve on existing IT structure in Benin City?
vi. What are SMEs in Benin City doing to increase their productivity and efficiency through the use of IT?

1.3 Objectives of the Study

The main objective of the study is to assess the impact of Information Technology (IT) on the performance of small and medium-scale Enterprises (SMEs) in Benin City.

Specifically, the research seeks to:

i. To determine the general characteristics of small and medium scale enterprises (SMEs) in Benin City.

ii. To explore the areas of small businesses where the use of Information Technology can improve SMEs productivity in Benin City.

iii. Ascertain the technological tools used by small and medium scale enterprises in Benin City.

iv. To suggest ways to enhance the full potential of Information Technology in Benin City.

v. To create a blueprint for improving IT structure in Benin City.

vi. To increase small and medium scale productivity and efficiency through the use of IT.

1.4 Significance of the Study

1.4.1 To Other Researchers

The study portrays its perspectives to different academia's and researchers who will lead their examination. Its findings are open to further observations in order to proffer real life solutions for the development of small and medium scale enterprises in Benin City through the utilization of information technology.

1.4.2 To SMEs

This study provides information to small and medium scale enterprises in Benin City with the most effective means to successfully use IT for their business development and client relationship improvement.

The significance of this study also includes;

i. To provide various stakeholders with recent findings on Information Technology as it relates to SMEs.

ii. To emphasize on the value of IT in running small and medium scale business successfully both locally and globally.

iii. To help stakeholders and others alike with insights on the recent developments and capabilities of Information Technology in pushing businesses to new heights.

iv. To incline individuals, agencies and government to create an enabling environment within which small scale businesses can grow.

1.5 Research Hypotheses

In the course of this Research effort, the Hypotheses stated below were tested.

Hypotheses 1

H_0: There is no relationship between Information Technology and business development.

H_1: There is a relationship between Information Technology and business development.

Hypotheses 2

H_0: There is no relationship between Information Technology and reaching new customers.

H_1: There is a relationship between Information Technology and reaching new customers.

Hypotheses 3

H_0: There is no relationship between communicating with suppliers and business profitability.

H_1: There is a relationship between communicating with suppliers and business profitability.

Hypotheses 4

H_0: There is no relationship between the use of social networks such as Facebook, WhatsApp, Instagram and business efficiency.

H_1: There is a relationship between the use of social networks such as Facebook, WhatsApp, Instagram and business efficiency.

1.6 Scope of the Study

The study is based on the performance of small and medium scale enterprises by utilizing Information Technology efficiently and effectively at the business level. The location of the study is in Benin City, Nigeria where the activities of small and medium enterprises is a mainstay in their day-to-day business operations. The study seeks to assess the extent to which Information Technology impacts the business activities carried out by small and medium scale enterprises in Benin City.

1.7 Limitations of the Study

The study faced a number of limitations which include; educational background of few of the respondents which led to explaining how to answer the questionnaire questions, insufficient sample size in order to draw conclusions, lack of generalizability and no in-depth prior research studies on this particular topic.

1.8 Definition of Terms

Information Technology (IT): the study or use of systems (especially computers and telecommunications) for storing, retrieving, and sending information.

Small and Medium Scale Enterprises (SME): small and medium scale enterprises (SMEs) are businesses that maintain revenues, assets, or a number of employees below a certain threshold.

Certain size criteria must be met, and occasionally, the industry in which the company operates is taken into account as well. Each country has its own definition of what makes up a small and medium scale enterprise. The Central Bank of Nigeria (CBN) defined small businesses with capital ranging from 1 (one) million Naira to 10 (ten) million Naira and employed fewer than 50 individuals.

Information: data as processed, stored or transmitted by a computer.

Technology: the application of scientific knowledge to the practical aims of human life or, as it is sometimes said, to the change and manipulation of the human environment.

Development: the process in which someone or something grows or changes and becomes more advanced.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This part of assessment consists of different concepts, theories and empirical reviews that are associated with the study objectives. The chapter presents general arguments from different authors so as to give a clear understanding of the study. This would help in determining the course of the study.

2.1 Review of Conceptual Literature

The operational terms defined in this research include; small and medium scale enterprises (SMEs) and information technology (IT). The terms will be defined to give a clear understanding as they are used in this study.

2.1.1 The concept of Small and Medium Scale Enterprises

The definition of SMEs differs from country to country with no universal definition. The size of the firm, the number of employees, the firm's turnover, and other factors are among the most widely used criteria for defining SMEs (Omotayo, Akinyele & Akinyele, 2015; Gbadeyan & Boachie, 2016). National Council of Industries refers to SMEs as business enterprises whose total costs, excluding land, are not more than two hundred million naira ₦200millon; (Onugu, 2005). It has been argued that SMEs are an effective instrument for economic growth and development in developed and less developed Countries (Beyene, 2002). The Small and Medium Sized Development Agency of Nigeria (SMEDAN) defines SMEs based on the following criteria: a micro enterprise as a business with less than 10 people with an annual turnover of less than ₦5million; a small enterprise as a business with 10-49 people with an annual turnover of ₦5million to ₦49million; and a medium enterprise as a

business with 50-199 people with an annual turnover of ₦50million to ₦499million. Small and medium scale enterprise is an effective tool that drives economic growth and development globally. Ongori and Migiro, (2010) agreed that SMEs not only help to improve the living standards of people but bring about substantial local capital formation and achieve high levels of productivity and capacity. Even though the use of IT robs unskilled workers of their jobs, it increases the efficiency and effectiveness with which business activities are operated. The use of digital technology in running businesses increases productivity, so a country that is not very fast in adopting these technologies will not have a fast-growing economy (Minton, 2003).

2.1.2 The concept of Information Technology

The term ***information technology*** in its modern sense first appeared in a 1958 article published in the Harvard Business Review; authors Harold J.Leavitt and Thomas L. Whisler commented that "the new technology does not yet have a single established name. We shall call it information technology (Leavitt & Harold; Whisler & Thomas, 1958). Their definition consists of three categories: techniques for processing, the application of statistical and mathematical methods to decision making, and the simulation of higher-order thinking through computer programs.

According to a study by Lymer, (1997), it stresses that the implementation of Information Technology in the organization (which includes SMEs) has the potential to reduce costs and increase productivity level. According to them small firms might find cost-effectiveness as a motivating factor to use Internet commerce for improving communication with trading partners and consumers.

On the other hand, humans are going to discover new ways of working, through interactions with intelligent machines: there is a new language and a new way of thinking such as Artificial Intelligence (AI) solutions, and we need to learn to communicate with (AI) and understand these interfaces to get the best from technology (McAfee & Brynjolfsson, 2017).

2.2 Review of Relevant Theories

This section introduces five theories on sustainable growth of SMEs namely, resource-based theory, knowledge-based theory, dynamic capabilities theory, upper echelon theory and resource-dependency theory. In contributing to business management thesis, the five theories on sustainable growth of SMEs are linked to IT scenarios in this review.

2.2.1 Resource-based Theory

Penrose's (1959) classic "**The Theory of the Growth of the Firm**" became the dominant paradigm in strategic planning. Penrose viewed the external environment as an 'image' in the minds of management. Human resources were very important to Penrose and she placed importance on it. She also suggested a dynamic interaction between the internal and external environments, which defined what she called firms' '**productive opportunity'**. Resource based theory focuses on internal resources as a means of creating a competitive advantage. These internal resources sometimes referred to strategic resource is an asset that is valuable, rare, difficult to imitate and nonsubstitutable. For example, Apple has many strategic resources such as their iPhone, iPad and proprietary software and hardware platforms. Certain resources can be protected by various legal means which includes; Copyrights, trademarks, and patents. In order words, organizations that own strategic resources have important competitive advantages over organizations that do not.

Firm specific IT resources are classified as IT infrastructure, human IT resources, and IT-enabled intangibles. Businesses with higher information technologies tend to outperform a control sample of firms on a variety of profit and cost-based performance index. For example, MasterCard offers industry leading global payment processing technology for merchants of all sizes, partners, and acquirers. This gives them an edge over other payment gateway systems.

Strategic Resources	**Expansion**
Difficult-To-Imitate: these resources often involve intellectual property that are legally protected, for example; trademarks, patents, and copyrights.	For example, Coca-Cola has its secret recipe which is protected from public reach. This helps them prevent imitation.
Rare: rare resources are those resources held by very few or no other competitors.	For example, Amazon provides a customer centric workforce that puts the customer first. This has given them customer loyalty.

Nonsubstitutable: These resources exist when other firms cannot duplicate the strategy provided by a particular firm.	Southwest's organizational culture extends to how customers are treated by employees. Managers at other airlines would love to attract the customer loyalty that Southwest enjoys, but they have not yet found ways to inspire the kind of customer service Southwest culture encourages.

Figure 1: Porter (1989).

Porter (1989), suggests that a firm's internal factors, such as resources and capabilities, determine a firm's profit.

2.2.2 Knowledge-based Theory

The knowledge-based theory considers knowledge as the most important resource of a firm. Its proponents argue that because knowledge-based resources are usually difficult to imitate and socially complex, heterogeneous knowledge bases and capabilities among firms are the major determinants of sustained competitive advantage. This knowledge can be seen in organizational culture and identity, policies, routines, documents, systems, and employees. This perspective builds upon and extends the resource-based theory initially promoted by Penrose (1959) and later expanded by others (Wernerfelt 1984; Barney 1991; Conner 1991).

IT play an important role in knowledge-based view of the firm because information systems can be used to enhance large-scale intra & inter-firm knowledge management (Alavi & Leidner, 2001).

Assumptions of Knowledge-based theory of the firm:

i. Production activities in firms involve the application of knowledge.
ii. The incapability of markets to coordinate specialized knowledge necessitated the existence of firms, with management playing the coordination roles within the firms.
iii. Knowledge draws strategic significance from its appreciative value as opposed to other traditional factors of production, which depreciate.
iv. Knowledge-based resources are characterized by difficulty of imitation and social complexities.
v. Knowledge-based resources hold the most strategic significance in firms.
vi. Individuals rather than organizations are responsible for creating, holding, and sharing knowledge.

The nature of knowledge can be analyzed through two major fronts:

1. Knowledge as an independent idiosyncratic characteristic of the firm

2. Knowledge management as a determinant activity in the firm.

Idiosyncratic view of knowledge

People possess different types of tacit and explicit knowledge and apply their knowledge in uniquely different ways. Individuals use different perspectives to think about problems and devise solutions. They share knowledge and group physical and intellectual assets in new and creative ways (Ashkenas, 1998).

i. The philosopher Polanyi, (1967) described tacit knowledge as knowing more than we can tell, or knowing how to do something without thinking about it, like ride a bicycle. This highly personal, subjective form of knowledge is usually informal and can be inferred from the statements of others (Sternberg, 1997). Tacit knowledge tends to be local. It is not found in manuals, books, databases or files.

ii. Technical tacit knowledge is demonstrated when people master a specific body of knowledge or use skills like those gradually developed by master craftsmen.

Knowledge management

Knowledge management is an ongoing process, that finds value and use for raw information which is shared across organizational boundaries (Bonner, 2000). Knowledge management is a directed process of determining the information a company has that could be of benefit to others in the company, and then devising ways to make it easily available'' (Liss, 1999). Different methods are used to codify and create personalized ways to manage knowledge e.g., many consultants use the knowledge assets listed in a manual or documentation in a variety of situations or jobs. All knowledge databases should be well organized, accurate, current and easy to search. Unfortunately, few organizations handle explicit and tacit knowledge effectively (Bonner, 2000).

Identifying Knowledge: This is a process of knowledge management which begins with the review and appraisal of the existing resources as well as identifying any resource gaps that may need to be filled to increase the organizations' competitive ability.

i. **Creating New Knowledge:** creating new knowledge involves introducing new ways of conducting and managing business processes both at individual and team levels. The process of creating new knowledge may be achieved through training, brainstorming sessions, or internal and external consultancy.

ii. **Applying Knowledge:** Applying knowledge is the stage where the organization emphasizes the continuous transformation of information into skills and knowledge with the objective of achieving competitive advantage.

iii. **Sharing Knowledge:** Relevant knowledge should always be made accessible at all times to all interested parties within the organization. In the book titled *Human Resource Management for Tourism, Hospitality and Leisure: An International Perspective,* there are two methods of distributing knowledge: the stock method which involves distributing knowledge through information databases, and the flow method which involves direct knowledge distribution through individual and group mentoring and collaborations.

2.2.3 Dynamic Capabilities Theory

The phrase "dynamic capabilities" was introduced by David Teece, Gary Pisano and Amy Shuen in the year 1997. Dynamic Capabilities has to do with the firm's ability to build, integrate, and reconfigure internal and external resources to address rapidly changing business environments (Teece et al., 1997). They are common in creative managerial and entrepreneurial acts such as pioneering new markets.

The capacity of an organization to create, extend, or modify its resource base is known as dynamic capabilities (Helfat, 2007). They reflect the extent to which the firm's idiosyncratic resources can be aligned to match the opportunities of the business environment. The basic assumption of the dynamic capabilities' framework is that core competencies should be used to modify short-term competitive positions in order to build longer-term competitive advantage. It involves temporal dynamics, including capability lifecycles as well as the lifecycles and evolutionary paths of firms and industries (Helfat & Peteraf. 2003).

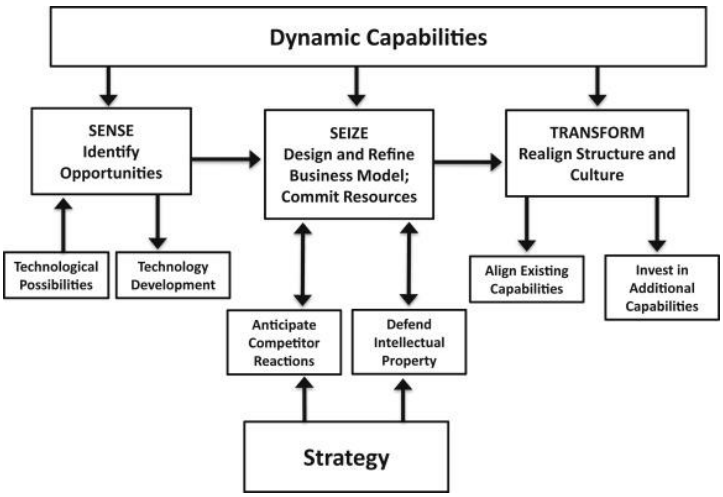

Figure 2: Source: Teece, 2007

2.2.3.1 Dynamic capabilities illustration

The diagram above shows how a business needs to sense and identify opportunities in order to have a competitive advantage. A firm's strategy and future plans should be in sync with consumer needs, competitive opportunities, technological needs and the success of the firm is determined by its dynamic capabilities to address these needs. Search for technological possibilities through research

and current technological development in order to enhance or automate the business productivity. The dynamic capabilities framework, a multidisciplinary model of the firm with dynamic capabilities at its core reflects this interdependence.

2.2.4 Upper echelon Theory

Donald C. Hambrick, a strategic management professor and Phyllis A. Mason first published an article about the upper echelon perspective in 1984. The article is cited over 16,000 times and additional articles have been published over the last decades. Upper echelon theory puts forward the idea that strategic decisions are connected to the background characteristics of an organization's management (Hambrick & Mason, 1984). The theory is used in human resource management as a framework to hire new executives. Additionally, the theory can be used to analyze other market competitors and predict future strategic decisions of CEOs. According to Kaplan, (2005) individual characteristics and cognitions are developed by past experience, education, and personal values. Past experience influences the way top managers perceive and respond to certain situations. The theory has served as a catalyst for examining how business owners' experiences and personal characteristics influence their choices, perceptions and actions in ways that generally impact the outcome of their business e.g., (Bromiley & Rau, 2016; Hodgkinson & Sparrow, 2002; Wang, & Zhu, 2016). Hambrick, (1984) pointing to the conclusion that if we want to understand strategy, we must understand strategists.

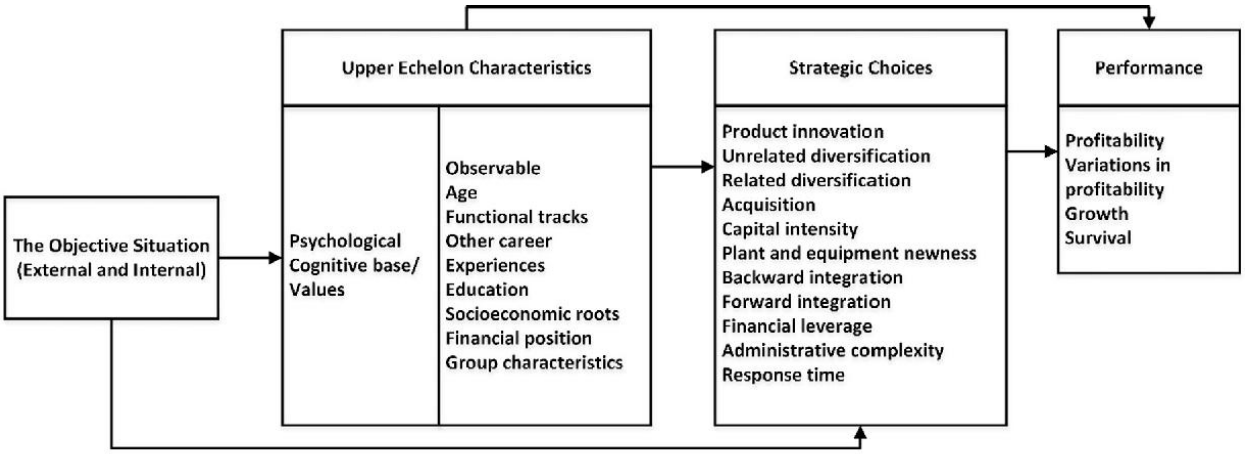

Figure 3: Source: Hambrick and Mason, (1984)

2.2.4.1 Upper echelon illustration

2.2.5 Resource-dependency Theory

Jeffrey Pfeffer and Gerald R. Salancik published ***The External Control of Organizations: A Resource Dependence Perspective*** in the early 1970s. Resource dependence theory (RDT) is the study of how the external resources of an organization affect the behavior of the organization. The procurement of external resources is an important aspect of both the strategic and tactical management of any company. Nevertheless, a theory of the consequences of this importance was not formalized until the 1970s, with the publication of The External Control of Organizations: A Resource Dependence Perspective (Pfeffer & Salancik 1978). The resource dependence theory was devised to explain how organizations' behavior is affected by the external resources they possess (Pfeffer, 1978).

In other words, resource dependence theory examines the relationship between organizations and the products they need to operate (for example; employees, finance, raw materials, technology). When a

business owner has a reasonable amount of resource at his or her disposal, it will make other business dependent on them creating a symbiotic relationship. The theory views inter organizational relationship as a means for securing the required resources in order to enhance control over resource supply. For example, most IT firm outsource talents with the required skills to undertake a task. There might be external influence from government or bigger organizations on smaller firms creating dependencies. Commercial Banks in Nigeria for example is dependent on the Central Bank when it comes to interest rates and other financial policies.

Assumptions of resource dependence theory:

i. All business depends on resources to survive.
ii. The environment includes other organizations to a great extent.
iii. These resources ultimately originate from an organization's environment.
iv. The resources needed by a business enterprise is thus in the hands of other business.

2.3 Review of Empirical Literature

This section presents different research which have been conducted by other researchers in relation to this study, so as to know how they did, what they find out and what gap did they leave behind. Empirical literature review comprised of foreign and local studies.

2.3.1 An Empirical study on the performance of Small and Medium Scale Enterprises (SMEs) in utilizing Information Technology

It is commonly accepted that our era is characterized by the intense globalization of markets and the constant increasing competition. Within this global competitive environment, the small and medium

sized enterprises (SMEs) are required to wage their own fight, a fight for modernization, for survival and for distinction. Quite a few studies, research institutions and, of course, researchers have come to the conclusion that small and medium sized enterprises significantly contribute to economic development, production, competitiveness, employment, as well as decentralization and social coherence. SMEs are a component element of the structure of all economies and societies of our planet. They also function as the seedbed of new enterprises, innovative products and applications, flexible business forms, servicing of local needs and a zoning plan for the distribution of employment and income (Storey, 1994; Singh, & Garg, 2008). Most small and medium sized enterprises use Information and Communication Technologies.

Relevant research has shown that the use of computers, serves administrative and functional purpose, such as the rendering of accounts, payroll, the drawing up of a budget, inventory, and other similar functions (Bridge & Peel, 1999). The basic condition that arises for the use of computers, but also of all technologies, whether old or new, electronic or not, is not only their acquisition by the SMEs, but also their correct and functional use (Louadi, 1998).

In this particular study, what is examined on the first level is the use of Information and Communication Technologies (ICT) among SMEs regarding firm size and industry sector and on a second level, the factors on which the development created by the effective-efficient use of ICT is dependent. The European Commission (2003) provided the definition for the categorization of SMEs.

The definition categorizes SMEs into three categories:

1. The category of micro, small and medium-sized enterprises (SMEs) are made up of enterprises, which employ fewer than 250 persons, which have an annual turnover not exceeding 50 million EUR, and/or an annual balance sheet total not exceeding 43 EUR million.

2. A small enterprise is defined as an enterprise that employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed 10 EUR million.

3. Within the SME category, a micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

In today's competitive environment, there are three basic reasons, which prove why the efficient use of information systems constitutes a primary condition in the competitiveness of SMEs. First of all, the competitive tension within each market entails that enterprises operate under pressure and therefore, seek out cleverer and more innovative methods in relation to those of their competitors. Secondly, the basic flow of all enterprises is turning inflow into profitable outflow. This means that the producers are directly dependent on the collaboration with their suppliers, their customers and their distribution network.

Thirdly, information technology shows the way towards the internationalization of an enterprise. Researchers such as Quelch and Klein (1996) predicted the significant benefits that stem from the

adoption of ICTs in the internationalization effort of SMEs, and they actually came to the conclusion that the creation of the Internet overthrew the traditional methods and practices of global marketing even within the developing economies. The efficient/effective use of Information Technology can contribute in other ways to the development of SMEs. The best-known ways are microeconomic theory, the theory of representation, and the theory of transaction cost.

According to the microeconomic theory, the new technologies are considered to be the production factors which substitute capital and labor. The result is the requirement of less capital and labor for the production of the same result. According to the theory of transaction cost, enterprises exist because they can perform transactions internally in a cheaper way than with domestic enterprises in the market. Information systems contribute to the reduction of the cost of participating in a market i.e; the transaction cost by making its active engagement within it more attractive (Cordella, 2006; Cheung, & Steven, 1987). Finally, as far as the theory of representation is concerned, the enterprise is a network of contracts among the interested individuals, and not a unified entity that seeks maximization of profit. The owner of the enterprise employs interested individuals by relinquishing authority and delegating responsibility.

2.4 Research Gap

Limitation of Resource-based Theory

Critique 1: There are no managerial implications. The resource-based view explains that managers have to develop and utilize strategic resources that meet the criteria; (non-imitable, non-

substitutional, valuable, and rareness,). However, the resource-based view does not explain how managers can do this (Connor, 2002).

Critique 2: Connor (2002) argues that the resource-based view does not apply to smaller firms. This is because sustained competitive advantage" cannot be based on their static resources, and therefore they fall beyond the bounds of the resource-based view".

Critique 3: Although the resource-based view of the firm recognizes the important role of knowledge in firms that achieve a competitive advantage; however, proponents of the knowledge-based view argue that the resource-based perspective does not go far enough.

Limitation of Knowledge-based Theory

Critique 1: Research-based view treats knowledge as a generic resource, rather than having special characteristics. It therefore does not distinguish between different types of knowledge-based capabilities.

Critique 2: Individual's learning processes are impacted by their sense of self as well as their organizational context.

Critique 3: It is also questionable whether knowledge can truly be a firm's most strategic resource without considering whether the knowledge is actually used or just retained within individuals.

Limitation of Dynamic Capabilities Theory

Critique 1: While dynamic capabilities are valuable, they also have the same limitations as any traditional strategy in being unable to achieve all types of competitive advantage at the same time.

Critique 2: There has been significant debate as well concerning the effects and consequences of dynamic capabilities, particularly in regard to market advantages and firm performance.

Critique 3: Eisenhardt and Martin, (2000) take a very different view of dynamic capabilities, asserting that they represent best practices and exhibit equifinality. As such, they argue, dynamic capabilities cannot be a source of competitive advantage or superior firm performance.

Limitation of Upper Echelon Theory

Critique 1: Upper echelon theory has been criticized for lack of attention to the process mechanisms that mediate the relationship between executive orientation and firm outcomes (e.g., Bluedorn, Johnson, Cartwright, & Barringer, 1994; Menz, 2012; Cragun, Olsen, & Wright, in press).

Critique 2: The theory did not examine the specific steps of the information filtering process, research has grown beyond theorizing about the link between executive characteristics and cognitive processes, to specifying the impact of contextual conditions (e.g., retirement, crisis, environmental continuity vs. change, etc Bilgili (2017). For example, when CEOs become celebrities their cognitive processes change (Lovelace & colleagues, 2018).

Critique 3: While several studies have advanced the understanding of executives' cognitive structure and processes, overall progress in this area is rather limited.

Limitation of Resource-Dependency Theory

Critique 1: While resource dependence theory is one of many theories of organizational studies that characterize organizational behavior, it is not a theory that explains an organization's performance per se.

Critique 2: Power and resource dependence are directly linked; power is dependent on what is happening at a particular time.

Critique 3: By nature, man is dependent therefore there is internal resource constraint.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter details the research methodology adopted in this research work. It first outlines the research objectives and the appropriate methodology the research will be based on. The population for the research design and analysis will be discussed also. The source of Data Collection, Research Instrument, and method of Data Analysis are also addressed.

There are generally two types of research methods according to Ghauri (1995); the quantitative and qualitative research methods. The quantitative method entails systematic empirical studies, which involve quantifying through the assistance of mathematics and statistics (Bryman & Bell, 2007). In quantitative research methods, data is collected and transformed into numbers which are empirically tested to see if a relationship can be found in order to be able to draw conclusions from the results gathered. On the other hand, qualitative research does not rely on statistics or numbers rather qualitative research often refers to case studies where the collection of information can be received from a few studying objects (Bryman & Bell, 2007). Furthermore, qualitative research methods emphasize on the understanding, the interpretation, and observations in natural settings and closeness to data with a sort of insider view (Ghauri, 1995).

A quantitative approach will be more suitable in order to draw conclusions from the survey analysis and reach the objectives of this research which is to assess the impact of Information Technology (IT) on the performance of small and medium-scale Enterprises (SMEs) in Benin City. The Research data will be tested using Cronbach's Alpha statistics to determine the reliability of the survey, the Mean weighted average would be used to take a decision based on the perceptions of the respondents,

while Pearson Correlation will be used to measure the relationship between variables in order to test the hypotheses of the study. Results would be presented in a tabular form for easy understanding with interpretation of results for breaking down the process observed during the course of the study. The target population comprises SMEs and business owners within (Egor Local Government Area of Edo State, Benin City, Nigeria). A simple random sampling is used for the study with a sample size of 50. This method was used because all the SMEs in the Ugbowo axis cannot be covered due to their large numbers. Localization of small businesses such as Café owners, Students with registered businesses, Fashion Designers, and small-scale retail businesses were surveyed in this study.

3.1 The Research Design

Research Design constitutes guidelines which direct the researcher towards solving the research problem. According to Hassan, (1995) research design is a blue print of activities or specification of procedures and strategies to follow so as to obtain the most valued answers to research questions, or attain the objectives of study with optimal control of variables. Research design is essentially the overall framework of a research project, that is the master plan within which various data gathering tools are used. Hence research design constitutes the direction for the collection, measurement and analysis of research data. In conducting this research, a survey is carried out with the aid of a structured questionnaire. Survey Research is one in which a group of people or items is studied by collecting and analyzing data from only a few number of people or items considered to be representative of the entire group (Nworgu, 2006).

A structured questionnaire will be used to conduct this study with close ended questions. The survey will encompass Business owners, SMEs and Student Entrepreneurs within Egor Local Government

Area. The justification for choosing Egor Local Government Area is because of the dominant nature of SMEs in the clusters which is characterized by micro financial institutions, transportation and logistics companies etc. The questionnaire is constructed on a 5-point Likert scale: 5, strongly agree, 4, agree, 3, neutral, 2, disagree and 1, strongly disagree on the variables of interest (general knowledge of IT, areas of small business Information Technology improves on, technological tools used by SMEs, increasing the potentials of IT in SMEs productivity and efficiency).

Case Processing Summary

		N	%
Cases	Valid	50	100.0
	Excluded	0	.0
	Total	50	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.733	24

Figure 4: Source: Authors own, generated with SPSS (2023).

The reliability of the instrument was tested using Cronbach Alpha statistics. The result showed sustainability of SMEs growth has a Cronbach Alpha coefficient value of 0.733 which is made up of 24 construct items.

3.2 Population of The Study

According to Ndagi, (1999) population is sometimes referred to as the universe, and it is defined as the entire group whose characteristics are to be estimated. Ndagi defined sample as a limited number of elements selected from the population which is representative of that population. The study area is Benin City, the capital of Edo State, Nigeria. Benin City is located within longitude 5^0 35'E and 5^0 41'E and latitude 6^0 26'N and 6^0 31'N. It comprises the urbanized parts of the local government areas of Oredo, Egor, Ikopa Okha and Uhunmwunode. The National Population Commission (NPC, 2009) estimated the 2006 population of Egor as approximately 340, 278. Ugbowo is located within the Egor area which the researcher focuses on a small number of SMEs within the cluster. The total number of SMEs within the Ugbowo region is unclear, therefore a sample of 50 Small and Medium Scale businesses are used as sample for conducting the study. The area which is one of the major centers of economic activities in the state, comprises of companies like 7up bottling company, precious palm royal hotel, God is good motors etc., making it a good location to collect data from the SMEs clustered around the area.

3.3 Sample Size and Sampling Technique Method

Kothari and Garg (2014) define sampling as the process of selecting representative elements from a given population that will form the sample. A sample is a subset of the population; it comprises some numbers selected from the population. Since sample needs to be representative of the population, the sample will be drawn from Small and Medium Scale Enterprises. According to Saunders, Lewis and Thornhill (2012), the use of a sample is justified since it is not practical to undertake research on an

entire population. Kothari and Garg (2014) defined a sample size as a selected group derived from a given population for purposes of undertaking a study. A convenience sampling method is used. The sample size (n) is made up of 50 respondents. The respondents provide responses to the close ended statements contained in the questionnaire. This statement seeks to measure the respondent's perception using the Likert scale. The results are analyzed and interpreted in order to gain insight on the Impact of Information Technology on the Performance of SMEs in Benin City, Egor Local Government Area. The number of respondents is limited to fifty (50) because not every business owner can be examined during the course of this study.

3.4 Source of Data Collection

Data collection can be either primary or secondary according to Ghauri, (1995). Primary data is information that the researcher gathers on his own, for instance by using interviews, questionnaires and tests. On the other hand, secondary data refers to the data such as literature, documents and articles that is collected by other researchers and institutions (Bryman & Bell, 2007). The questionnaire is structed to obtain bio data information from the respondents such as gender, marital status, age, educational level of respondents and 20 statements to examine the respondent's perception on the Impact of Information Technology as it affects their business development. In this thesis, our mode of data collection is in the form of a structured questionnaire.

3.5 Research Instrument

A Research Instrument is a tool used to collect, measure, and analyze data related to your research interests. The instrument used in this research is a structured questionnaire which is used to collect important information needed to carry out this study and draw conclusions. The aim is to collect data

accurately and efficiently from the sample and minimize research bias, to address an existing gap, to ascertain the role Information Technology plays in the development of small and medium scale enterprises.

3.6 Justification of Method Used

The use of questionnaire will help in the collection of data from different people with varying opinions. Thus, many people will respond to similar questions with different opinion and views. The use of questionnaire will also give the respondents time to think and ponder on the question before they gave a response. Anonymity will be guaranteed to the respondents so as to get vital information without fear and cohesion, which would provide better insights for the success of the research work.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter is concerned with the presentation and analysis of data collected through the use of a structured-questionnaire. The data collected from the respondents were presented in tabular form with simple frequency and percentage for easy understanding. A total of 50 questionnaires were distributed to small and medium scale enterprises (SMEs) in Benin City. The bio-data such as gender and age of each respondent were collected, as well as the statements designed for responses on a scale basis. The responses are computed on a 5 - 1 point scale: Strongly agree: 5 points, Agree: 4 points, Neutral: 3 points, Disagree: 2 points, and Strongly disagree: 1 point. The study used closed-ended questions to gather numerical data, for further quantitative analysis. The statistical methods include; Cronbach's Alpha for reliability test of the instrument, Pearson Correlation for testing of hypotheses, Mean and Standard Deviation for calculating the weighted average and determining the perceptions of the response. The interpretation of results used a descriptive approach to examine the data gotten from the survey, also discussion of findings was used to explain the results from the survey.

4.1 Presentation of Data/Background Information of Bio-Data of the Respondents

The data collected from the respondents were analyzed in tabular form with simple percentage for easy understanding. A total of 50 questionnaires were distributed with a 100% response rate. The tables represent the findings from the survey.

Table 4.1: Questionnaire Administration

Items	**Total**
Questionnaires	50
Responses	50
Total	**50**

Figure 5: Source Author's own, generated results using SPSS (2023).

From the above **Table 4.1:** it would be observed that a total of 50 questionnaires were administered to respondents with a 100% response rate. That means that all the respondents returned the questionnaire.

Table 4.2: Gender of Respondents

Gender	**Total**	**Percentage (%)**
Male	29	58%
Female	21	42%
Total	**50**	**100%**

Figure 6: Source: Author's own, generated results using SPSS (2023).

From **Table 4.2:** Male gender represents 58% of the population while the female gender represents 42% of the population of the study.

Table 4.3: Marital Status

Marital Status	Total	Percentage (%)
Single	40	80%
Married	10	20%
Separated	0	0%
Divorced	0	0%
Widowed	0	0%
Total	**50**	**100%**

Figure 7: Source: Author's own, generated results using SPSS (2023).

Table 4.4: Age

Age	Total	Percentage (%)
20years and below	10	20%
21 – 30years	32	64%
31 – 40years	6	12%
41years and above	2	4%
Total	**50**	**100%**

Figure 8: Source: Author's own, generated results using SPSS (2023).

From **Table 4.4:** Age of the respondents is represented by 20% of individuals between 20years and below, 64% are between 21 – 30years, 12% are between 31 – 40years, while 4% are between 41years above.

Cronbach Alpha

		N	%
Cases	Valid	50	100.0
	Excluded	0	.0
	Total	50	100.0

Figure 9: Source: Author's own, generated results using SPSS (2023).

Cronbach's Alpha	N of Items
.733	24

Figure 10: Source: Author's own, generated results using SPSS (2023).

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Statement1	88.76	46.390	.123	.734
Statement2	88.76	45.656	.308	.725
Statement3	88.90	45.480	.333	.723
Statement4	89.04	43.019	.482	.711
Statement5	88.84	43.688	.533	.712
Statement6	91.36	43.827	.123	.751
Statement7	88.80	47.592	-.001	.741
Statement8	88.92	45.218	.312	.724

Statement9	89.36	42.358	.292	.725
Statement10	89.20	40.980	.461	.708
Statement11	88.96	44.243	.410	.718
Statement12	88.90	43.765	.550	.712
Statement13	89.18	41.661	.467	.708
Statement14	88.98	42.142	.644	.702
Statement15	88.98	42.142	.580	.704
Statement16	91.38	44.853	.058	.760
Statement17	88.86	44.245	.419	.717
Statement18	89.08	44.932	.288	.724
Statement19	88.80	45.224	.329	.723
Statement20	88.98	44.959	.319	.723
Gender	92.06	46.466	.185	.730
MaritalStatus	92.28	47.430	.067	.735
Age	91.48	47.030	.047	.739
EducationalLevel	90.18	46.273	.081	.740

Figure 11: Source: Author's own, generated results using SPSS (2023).

Figure 11: shows the means and variance using the Cronbach's statistics.

4.2 Estimation of Results

Responses on the impact of Information Technology on the development of Small and Medium Scale Enterprises in Benin City

Statements	SA(%)	A(%)	N(%)	D(%)	SD(%)	Mean	S.D	Decision
I have come across the word **"Information Technology (IT)"** before now.	**39 (78.0)**	**10 (20.0)**	**0 (0.0)**	**0 (0.0)**	**1 (2.0)**	**4.72**	**.671**	**High perception**
Information technology (IT) brings about business development.	**37 (74.0)**	**12 (24.0)**	**1 (2.0)**	**0 (0.0)**	**0 (0.0)**	**4.72**	**.497**	**High perception**

Information technology (IT) makes it easier to reach new customers.	**29 (58.0)**	**21 (42.0)**	**0 (0.0)**	**0 (0.0)**	**0 (0.0)**	**4.58**	**.499**	**High perception**
Information technology is used to maintain customer relationships.	**27 (54.0)**	**19 (38.0)**	**3 (6.0)**	**1 (2.0)**	**0 (0.0)**	**4.44**	**.705**	**High perception**
Communicating with suppliers is easier with Information Technology.	**34 (68.0)**	**14 (28.0)**	**2 (4.0)**	**0 (0.0)**	**0 (0.0)**	**4.64**	**.563**	**High perception**
Information technology is not useful in my business.	**5 (10.0)**	**5 (10.0)**	**5 (10.0)**	**11 (22.0)**	**24 (48.0)**	**2.12**	**1.380**	**Low perception**
I am able to communicate with customers through telephone calls.	**37 (74.0)**	**11 (22.0)**	**1 (2.0)**	**1 (2.0)**	**0 (0.0)**	**4.68**	**.621**	**High perception**
I make online transactions daily to run my business.	**30 (60.0)**	**18 (36.0)**	**2 (4.0)**	**0 (0.0)**	**0 (0.0)**	**4.56**	**.577**	**High perception**
I make use of POS which generates teller for record keeping.	**24 (48.0)**	**16 (32.0)**	**5 (10.0)**	**2 (4.0)**	**3 (6.0)**	**4.12**	**1.136**	**Low perception**
I make use of ATM machines.	**27 (54.0)**	**15 (30.0)**	**5 (10.0)**	**1 (2.0)**	**2 (4.0)**	**4.28**	**1.011**	**High perception**
I make use of social networks such as Facebook, WhatsApp, and Instagram.	**29 (58.0)**	**18 (36.0)**	**3 (6.0)**	**0 (0.0)**	**0 (0.0)**	**4.52**	**.614**	**High perception**
Technology has made my business more efficient to a large extent.	**30 (60.0)**	**19 (38.0)**	**1 (2.0)**	**0 (0.0)**	**0 (0.0)**	**4.58**	**.538**	**High perception**
I build my brand online in order to reach new and	**28 (56.0)**	**11 (22.0)**	**9 (18.0)**	**2 (4.0)**	**0 (0.0)**	**4.30**	**.909**	**High perception**

existing clients.								
Information technology has made production and distribution of goods and services easy.	**29 (58.0)**	**17 (34.0)**	**4 (8.0)**	**0 (0.0)**	**0 (0.0)**	**4.50**	**.647**	**High perception**
Information technology helps my business promotion and marketing.	**30 (60.0)**	**16 (32.0)**	**3 (6.0)**	**1 (2.0)**	**0 (0.0)**	**4.50**	**.707**	**High perception**
Information technology does not have a positive impact in my business.	**6 (12.0)**	**4 (8.0)**	**4 (8.0)**	**11 (22.0)**	**25 (50.0)**	**2.10**	**1.418**	**Low perception**
Producers and suppliers are able to work more efficiently.	**33 (66.0)**	**16 (32.0)**	**1 (2.0)**	**0 (0.0)**	**0 (0.0)**	**4.62**	**.602**	**High perception**
IT helps to lower business cost by selecting price list from different suppliers.	**25 (50.0)**	**20 (40.0)**	**5 (10.0)**	**0 (0.0)**	**0 (0.0)**	**4.40**	**.670**	**High perception**
Information Technology makes it easy to send and receive money from customers.	**36 (72.0)**	**12 (24.0)**	**2 (4.0)**	**0 (0.0)**	**0 (0.0)**	**4.68**	**.551**	**High perception**
Information technology helps to make my business more profitable.	**28 (56.0)**	**19 (38.0)**	**3 (6.0)**	**0 (0.0)**	**0 (0.0)**	**4.50**	**.614**	**High perception**

Figure 12: Source: Author's own, generated results using SPSS (2023).

Note: SA = Strongly Agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly Disagree, **Decision using Weighted Average**: 85.56/20 = **4.278**. To get the weighted Average, I sum the total number of mean and divided it by the total number of statements.

Explanation:

The perceptions of each respondent are calculated using their mean values. To measure the results and give a decision, I will use the weighted average value. To calculate the weighted average value, I will simply sum up the Mean value for each statement, then divide by the total number of statements.

Solution:

Total number of Mean

Total number of Statements

That is;

85.56 = **4.278 weighted average**

20

The weighted average **4.278** is used to check the mean value of each response, in order to ascertain the respondents perception. The mean averages lower than the weighted average has a low perception and the mean averages higher than or equal to the weighted average has a high perception.

Hypotheses Test (Pearson Correlation)

This subsection restated the hypotheses and tested each of them in order to determine the hypotheses of the study using Pearson Correlation. Pearson product-moment correlation coefficient (r) is normally reported as a decimal number somewhere between **+1.00** and **-1.00** which shows the strength of relationship. The positive and negative sign represents positive and negative correlation

respectively. When the test P value or sig value is larger than **0.05**, we do not reject the $\mathbf{H_0}$ (Null). But when the test P value or sig value is smaller than **0.05**, we reject the $\mathbf{H_0}$ (Null) and accept the $\mathbf{H_1}$(Alternative hypotheses).

Size of Correlation	**Interpretation**
1	Perfect Positive/Negative Correlation
.90 - .99	Very High Positive/Negative Correlation
.70 - .90	High Positive/Negative Correlation
.50 - .70	Moderate Positive/Negative Correlation
.30 - .50	Low Positive/Negative Correlation
.10 - .30	Very Low Positive/Negative Correlation
.0 - .10	Markedly Low and Negligible Positive/Negative Correlation

Figure 13: Source: Research Coach (2023).

Figure 13: shows the Pearson product-moment correlation coefficient (r) and their interpretation.

The following are the Hypotheses tested below:

Hypotheses 1

H_0: There is no relationship between Information Technology and business development.

H_1: There is a relationship between Information Technology and business development.

		Statement1	Statement2
Statement1	Pearson Correlation	1	.617**
	Sig. (2-tailed)		< 0.01
	N	50	50
Statement2	Pearson Correlation	.617**	1
	Sig. (2-tailed)	< 0.01	
	N	50	50

**. Correlation is significant at the 0.05 level (2-tailed).

Figure 14: Source: Author's own, generated results using SPSS (2023).

Interpretation of Results

Pearson correlation of Information Technology and business development was found to be moderately positive and statistically significant where (r = .617, p < 0.01). With an (**r = .617**), it means that the relationship between Information Technology and business development is moderately strong because it has a positive value (see **figure 13** for referencing). Also, (**p < 0.01**) makes the relationship statistically significant because '**p**' is less than **0.05**. The result of this hypotheses using Pearson correlation supports the alternative hypotheses $\mathbf{H_1}$. This shows that there is a relationship between information technology and business development.

Hypotheses 2

H_0: There is no relationship between Information Technology and reaching new customers.

H_1: There is a relationship between Information Technology and reaching new customers.

		Statement2	Statement3
Statement2	Pearson Correlation	1	.340*
	Sig. (2-tailed)		.016
	N	50	50
Statement3	Pearson Correlation	.340*	1
	Sig. (2-tailed)	.016	
	N	50	50

*. Correlation is significant at the 0.05 level (2-tailed).

Figure 15: Source: Author's own, generated results using SPSS (2023).

Interpretation of Results

The correlation of Information Technology and reaching new customers has the following values; (r = .340, p <0.16). With an (**r = .340**), it means that there is low positive relationship between Information Technology and reaching new customers. Where (**p < 0.16**), there is no significant relationship between Information Technology and reaching new customers because '**p**' is larger than **0.05**. The result of this hypotheses using Pearson correlation supports the Null hypothess $\mathbf{H_0}$. This shows that there is no relationship between information technology and reaching new customers.

Hypotheses 3

H_0: There is no relationship between communicating with suppliers and business profitability.

H_1: There is a relationship between communicating with suppliers and business profitability.

		Statement5	Statement20
Statement5	Pearson Correlation	1	.413**
	Sig. (2-tailed)		.003
	N	50	50
Statement20	Pearson Correlation	.413**	1
	Sig. (2-tailed)	.003	
	N	50	50

**. Correlation is significant at the 0.05 level (2-tailed).

Figure 16: Source: Author's own, generated results using SPSS (2023).

Interpretation of Results

Pearson correlation between communicating with suppliers and business profitability was found to be moderately positive and statistically significant where (r = .413, p < 0.03). With an (**r = .413**), it means that there is a low positive relationship between communicating with suppliers and business profitability. Also, (**p < 0.03**) makes the relationship between communicating with suppliers and business profitability statistically significant because '**p**' is smaller than **0.05**. The result of this hypotheses using Pearson correlation supports the alternative hypotheses $\mathbf{H_1}$. This shows that there is a relationship between communicating with suppliers and business profitability.

Hypotheses 4

H_0: There is no relationship between the use of social networks such as Facebook, WhatsApp, Instagram and business efficiency.

H_1: There is a relationship between the use of social networks such as Facebook, WhatsApp, Instagram and business efficiency.

		Statement11	Statement12
Statement11	Pearson Correlation	1	.427**
	Sig. (2-tailed)		.002
	N	50	50
Statement12	Pearson Correlation	.427**	1
	Sig. (2-tailed)	.002	
	N	50	50

**. Correlation is significant at the 0.05 level (2-tailed).
Figure 17: Source: Author's own, generated results using SPSS (2023).

Interpretation of Results

Pearson correlation of the use of social networks such as Facebook, WhatsApp, Instagram and its relationship with business efficiency was found to be positively low and statistically significant where ($r = .427$, $p < 0.02$). With an (**r = .427**), it means that there is a positive relationship between the use of social networks such as Facebook, WhatsApp, Instagram and business efficiency. Also, (**p < 0.02**) makes the relationship statistically significant because '**p**' is less than **0.05**. The result of this

hypotheses using Pearson correlation supports the alternative hypotheses $\mathbf{H_1}$. This shows that there is a relationship between the use of social networks such as Facebook, WhatsApp, Instagram and business efficiency.

4.3 Discussion of Findings

The result analysis shows that majority of the respondents appeared to perceive that 'Information Technology helps in their business activities. This suggests that Information Technology has a positive impact in the operations of small and medium scale business in Benin City. The respondents had a high perception of the importance and role Information Technology plays in the day-to-day activities of their business. Also, a high number of the respondents strongly agreed that Information Technology makes it easy to send and receive money from customers. This is crucial in the operations of the business as there is need to meet supply and demand. Producers and suppliers are able to work more efficiently bringing about improved products and customer satisfaction. On the other hand, not all respondents make use of POS for record keeping which resulted in a low perception. A lower number of respondents agreed that Information technology does not have a positive impact in their business operations.

During the result analysis, the researcher discovered that there is a positive relationship between Information Technology and business development. This means that small businesses can utilize Information Technology to their advantage. The business development can be achieved with the use of technological tools in their business activities. The second Hypothesis of this study suggests that there is no relationship between Information Technology and reaching new customers. However, Pearson correlation between communicating with suppliers and business profitability was found to

have a positive relationship. Communicating with suppliers can lead to a better understanding of what the customers need and how to improve on products and services.

The market needs are put into consideration because without demand there is no supply. The fourth Hypotheses shows that; there is a positive relationship between the use of social networks such as Facebook, WhatsApp, Instagram and business efficiency. Business owners can take advantage of the opportunities presented by social networks. These are platforms with a lot of users who engage online, communicate and make transactions on a daily basis.

In summary, a large number of the respondents agree that Information technology (IT) brings about business development. The results from the study asserts that Information Technology has a positive impact on the development of small and medium scale enterprises. This effect can be noted from the perceptions of respondents where the results examined suggests that businesses benefit from information technology. It is important to note that Information Technology helps business owners in carrying out various tasks from all levels within the business. Moving forward, Managers and Entrepreneurs need to incorporate the use of Information Technology to improve business productivity and efficiency.

CHAPTER FIVE

5.1 Summary of Findings

The study seeks to investigate how small and medium scale business in Benin City use Information Technology to make improvements to their business, and technological tools used by small and medium scale enterprises. Also, to figure out the best way to enhance the full potential of Information Technology in Benin City, and how to increase the productivity and efficiency of SMEs in Benin City through the use of Information Technology. The results obtained from the survey indicates that 58% of Small and Medium Scale Enterprises are managed by men and 42% of Small and Medium Scale Enterprises are managed by women in Benin City, between the age range of 20years and below (20%), 21 – 30years (64%), 31-40years (12%) and 41years & Above (4%). The Research results also shows that most stakeholders in the small-scale business holds B.Sc qualification in their respective fields of specialization. The research question reveals that SMEs introduce Information Technology to change its process and product as this relates to the words of "Chau, 1995 who argues that Information Technology enhances the production process in organizations as monitoring technologies could be used to reduce the number of supervisors required in the process". SMEs utilize Information Technology to make their services more easily tradable as "Minton, 2003 affirms that buyers and sellers are able to share information and transfer goods across national borders with the use of ICT, which helps to increase access to global supply chain'. Small and Medium Scale Enterprise (SMEs) stakeholders in Benin City affirms that the use of Information

Technology has made production and distribution of goods and services easier. This supports Lauder and Westall, (1997) that "ICT improves suppliers' relations consequently a reduction in inventories".

5.2 Conclusion

From the context of this study, conclusion can be drawn with emphasis that Information Technology has a huge impact on the productivity of Small and Medium Scale Enterprises (SMEs) in Benin City. In overview of the research, it is found that Stakeholders in the SME industry agree that the utilization of Information Technology in their business operation, enhances its productivity and efficiency which boost profitability. Business owners enjoy reduced transaction costs due to outsourcing of suppliers, communication with producers and manufacturers in order to exchange goods and services, and reach new clients across borders through the use of information technology. Furthermore, Information Technology (IT) brings about business development., as there is a positive relationship between the use of Information Technology and business development.

5.3 Recommendations

Based on the findings in this research work, Small and Medium Scale Enterprises in Benin City have the potential to increase its productive capacity through the use of Information Technology. Emphasis should be placed on Modern Technologies, communicating with key stakeholders such as Producers, Manufacturers and Suppliers in order to foster a better working relationship. Information Technology should always be utilized to produce goods and deliver efficient services in the work place. Understanding what your customer needs are through the use of technological tools for better products and satisfaction.

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APPENDIX

A SAMPLE OF THE RESEARCH QUESTIONNAIRE

QUESTIONNAIRE

Department of Entrepreneurship,

Faculty of Management Sciences,

University of Benin.

Dr. Stephen Obeki Obeki

(Project Supervisor)

Dear Respondent,

I am a student from the Department of Entrepreneurship, Faculty of Management Sciences, University of Benin. The aim of this questionnaire is to conduct research which is used for academic purpose only.

Research Topic: **"Impact of Information Technology on the Development of Small and Medium Scale Enterprises in Benin City"**. Kindly answer the questions in this questionnaire as the information provided would aid our research endeavors. Thank you for your cooperation.

ECTION A: PERSONAL DATA

Tick √ in the appropriate box and give answers where necessary.

1. Gender: Male [ ] Female [ ]

2. Marital Status: Single [ ] Married [ ] Separated [ ] Divorced [ ] Widowed [ ]

3. Age: 20yrs and below [ ] 21 – 30yrs [ ] 31 – 40yrs [ ] 41years and above [ ]

4. Educational Level of Respondents: Primary School Certificate [ ] SSCE/GCE [ ] OND/NCE [ ] HND/BSC [ ] MSc/ MBA/PhD [ ]

Section B

Below are lists of statement that aim to evaluate your assessment of **The Impact of Information Technology (IT) on the development of Small and Medium Scale Enterprises in Benin City.**

Kindly indicate the extent you agree or disagree with the statements using the questionnaire guide by ticking (✓);

Questionnaire guide: *Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), Strongly Disagree (1).*

S\n	STATEMENTS	SA	A	N	D	SD
	General Knowledge of IT	**5**	**4**	**3**	**2**	**1**
1	I have come across the word **"Information Technology (IT)"** before now.					
2	Information technology (IT) brings about business development.					
	Areas of small business IT improves	**5**	**4**	**3**	**2**	**1**
3	Information technology (IT) makes it easier to reach new customers.					
4	Information technology is used to maintain customer relationships.					

5	Communicating with suppliers is easier with Information Technology.					
6	Information technology is not useful in my business.					
	Technological tools used by SMEs	**5**	**4**	**3**	**2**	**1**
7	I am able to communicate with customers through telephone calls.					
8	I make online transactions daily to run my business.					
9	I make use of POS which generates teller for record keeping.					
10	I make use of ATM machines.					
11	I make use of social networks such as Facebook, WhatsApp, and Instagram.					
	Increasing the potentials of IT in SMEs	**5**	**4**	**3**	**2**	**1**
12	Technology has made my business more efficient to a large extent.					
13	I build my brand online in order to reach new and existing clients.					
14	Information technology has made production and distribution of goods and services easy.					
15	Information technology helps my business promotion and marketing.					
16	Information technology does not have a positive impact in my business.					
	Productivity and efficiency	**5**	**4**	**3**	**2**	**1**
17	Producers and suppliers are able to work more efficiently.					
18	IT helps to lower business cost by selecting price list from different suppliers.					
19	Information Technology makes it easy to send and receive money from customers.					
20	Information technology helps to make my business more profitable.					