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INFLUENCE OF BUSINESS INFORMATION USE ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN PORT-HARCOURT NIGERIA.

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Abstract

At the center of any economy lies the contributions of the SMEs. It is documented that the economic growth experienced in the developed countries of the world can be attributed largely to the contributions of the SME sector. Unfortunately in Nigeria, research has shown the performance of SMEs to be low especially in Port-Harcourt. This study examined by analyzing the influence of business information use on performance of Small and Medium Enterprises in Port-Harcourt Nigeria. Data collection was done by the use of a self-structured questionnaire. Four hundred and forty eight (448) copies of questionnaires were distributed to proprietors of Small and Medium Enterprises registered under the National Association of Small Scale Industrialist Rivers State Chapter. Four hundred and twenty six copies were retrieved while three hundred and ten copies were used for analysis. The research adopted a descriptive and inferential analysis to determine characteristic and description of respondent for each variable indicator and hypothesis using linear regression. The results showed that business information use does influence performance of SMEs in Port-Harcourt ($R = 0.748$, $R^2 = 0.560$, $F = 387.021$ Sig. = 0.000). The study concludes that business information use for SMEs performance is inevitable. It is recommended that agencies in charge of SMEs in Nigeria should put more effort in ensuring formal information sources are made available to proprietors of SMEs.

Keywords: Business Information, Information use, SME, Business Performance.

1. Introduction

Small and medium enterprises (SMEs) are businesses that employ less number of staff and with small amount of capital expenditure compared to large businesses. The number of employees in SMEs vary from country to country. According to the Organization of Economic Cooperation and Development (2005), an SME may have as much as 250 employees in the European Union while some countries set their highest number of employees at 200, others such as the United States of America set the maximum at 500 employees. In Nigeria, there seems to be no consensus on the number of employees for SMEs. This is may be due to the various categorization established by Federal Government Agencies such as the Central Bank of Nigeria, Small and Medium Enterprises Development Agency of Nigeria and Nigeria Chamber of Commerce. However, SMEs in Nigeria are generally classified into small, medium and large, hence every small business falls under SME sector which according to Phummy (2011), is involve in trading rather than large scale entrepreneurship.

It could be said that no single economy can attain its target height without the input from the SME sector. This signifies that, at the center of any economy lies the contributions of the SMEs. Agwu and Emeti (2014) affirmed that SMEs are the engine of economic growth and development as manifested in their capacity to create jobs, reduce poverty and advance the development of indigenous business thereby stimulating national development. The fact that SMEs constitutes a significant portion of every sector of an economy make their performance key to the survival of any economy. The criticality of SMEs to the development of any economy has triggered a lot of research geared towards keeping them alive. Advanced economies like the USA, UK and China place emphasis on the study of SMEs in realization that the SME sector is the engine behind the rapid development witnessed in these economies. In other words, SMEs contribute significantly to the gross domestic product (GDP), employs greater percentage of the population and strengthens the economy. Abu (2012) reported that in developed economies such as Netherlands, SMEs contribute 38.6% to GDP and employs 55% of the workforce. In Italy, SMEs contribute \$35million in export, and adds 2.2million people to the national labor force. Amah (2017) also reported that SMEs contribute 40 percent to GDP in India, Thailand and Indonesia.

In Nigeria, the contributions of the SME sector to the development of the country is understood as crucial but past studies have shown that contributions of the SMEs seem to be low. According to Ayyagari, Beck and Demircic (2003), SMES in Nigeria contribute about 1 percent to GDP despite the fact that majority of the businesses in Nigeria are in the SME sector. According to the report of the Nigeria Bureau of Statistics (2013), besides the poor performance of the SMES, they are increasingly experiencing a high mortality within 1 to 5 years of establishment while only about 5-10 percent experience success. Oyebamiji, Kareem and Ayeni (2013) reported that SMEs in Nigeria seem not to be performing well in the sense that they seem not to be consistently playing their expected role in the economic development of Nigeria. Despite the recommendations on the possible remedy to these challenges by the above scholars, there seems to be less attention given to business information use by the SMEs in their business operational activities especially in the study area. These gap however prompts the investigation to determine if business information have an influence on the performance of SMEs. In this study the researchers sought to investigate if Business information use will influence the performance of SMEs in Port-Harcourt. They also wanted to specifically, identify the sources of business information used by SMEs in Port-Harcourt, Nigeria and determine the frequency of business information use by SMEs in Port-Harcourt Nigeria.

2. Research Questions

The research questions formulated below guided the direction of this study:

1. What are the sources of business information used by SMEs in Port-Harcourt, Nigeria?
2. What is the frequency of using business information by SMEs in Port-Harcourt Nigeria?

2.1 Research hypotheses

The following null research hypotheses were formulated to guide the conduct of this study and was tested at 0.05 level of significance.

Ho1: Business Information use will not significantly influence the performance of SMEs in Port-Harcourt

Literature Review

2.3 Concept of Business Information use

Information is a critical resource in any given economy or organization. It is currently regarded as an essential factor of production, this is due to the value placed on it. The value of information is mostly seen and appreciated in the developed world in which there is a great deal of investment in the acquisition and management of information. According to Ojo, Akinsunmi and Olayonu (2015) this is because the acquisition of the appropriate information will lead to making quality decisions that will consequently affect sales and the overall business performance. The role of information in the development of SMEs cannot be over emphasized in that it contribute to overall business performance. Haliso and Okunfulure (2010) referencing Law (n,d) clearly states that the utilization of information by organizations gives them the competitive advantage necessary to sustain their business. This assertion gives credence to the power of business information in any organization. Poor information quality can create chaos (Lee and Wang, 1997) unless its root cause is diagnosed, according to Ladzani (2001). SME development is hindered by an information poor environment and in most developing countries, market signals on business opportunities, customer trends, methods of organisation, are not communicated effectively to the SMEs.

2.4 Business Information use and performance of SMEs

Moorthy (2012) revealed that there is a significant positive relationship between the use of business information and the performance of SMEs in Malaysia. In the same note, Cacciolatti, Fearne, and McNeil (2011) in their study indicated that SMEs that make good use of business information presents higher probability of growth. According to Hatega (2007) Insufficient access to business information makes SMEs less aware of business opportunities. Jorosi (2006) argues that the main sources of business information for SMEs include competitors, customers, business associates, broadcast media, libraries, periodicals, government, and trade associations. If business organizations such as the Small and Medium Enterprises will use this information sources it may greatly enhance their business performance in that decision making will be based on quality, relevant and complete information.

Schleberger (1998) recommended that the scope of business information services should include information on business trends and markets, information on business organization, advisory services on legal and regulatory aspects, business management, customer service, business

expansion and diversification, new technology, identification and communication of business opportunities, providing access to linkages, finance, markets, and facilitation of business partnerships. The assumption is that the provision of information that covers these services will greatly enhance the growth of SMEs. It is seen that SMEs suffers from inadequacies in the provision of business information especially in developing economies. Thus, business information is only available from government institutions and it is slow and cumbersome to access, mostly limited in scope and is not provided in an integrated manner (UNIDO 2005). A study conducted in northern Uganda by Okello-Obura et al (2008) shows that the SMEs depend, mostly, on informal institutions as they lack an awareness of important business information provision agencies or institutions. This makes access to information insufficient and inconsistent with the requirement for effective competition in global market. This assertion can be generalized as a challenge even by SMEs in Nigeria. Therefore the Small and Medium Enterprises need a tailor made information to assess, verify and apply to a specific business problem.

3. Design

The study made use of survey research design. A total enumeration technique was used to cover a four hundred and forty eight (448) proprietors of Small and Medium Enterprises in the formal sector of the SME sector in Port-Harcourt registered under the National Association of Small Scale Industrialist. Three hundred and ten copies were properly filled, returned and used for analysis.

3.1 Results and Discussion of Findings

Table 1 Information sources used

Information sources	Strongly Agree	Agree	Disagree	Strongly Disagree	Undecided	Mean	Std. Dev
	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)		
Business reports	21 (6.8)	128 (41.3)	105 (33.9)	52 (16.8)	-	3.39	.846
Central Bank of Nigeria	5 (1.6)	19 (6.1)	182 (58.7)	49 (15.8)	54 (17.4)	2.59	.903
Trade journals	11 (3.5)	10 (3.2)	136 (43.9)	51 (16.5)	100 (32.3)	2.29	1.067
Supplies	181 (58.4)	120 (38.7)	5 (1.6)	1 (0.3)	1 (0.3)	4.56	.582
Customers	112 (36.1)	118 (38.1)	78 (25.2)	1 (0.3)	-	4.10	.787

Internet	61 (19.7)	234 (75.5)	11 (3.5)	2 (0.6)	-	4.15	.488
Business websites	230 (74.2)	68 (21.9)	2 (0.6)	4 (1.3)	2 (0.6)	4.70	.618
Professional bodies	122 (39.4)	111 (35.8)	54 (17.4)	13 (4.2)	8 (2.6)	4.06	.987
Chambers of Commerce	7 (2.3)	16 (5.2)	7 (2.3)	130 (41.9)	149 (48.1)	1.71	.914
Average Mean Score						3.50	0.799

Table 1 shows that on the average (Mean = 3.50, Std. Dev = 0.799), most of the respondents make use of information source such as outlined above to avail themselves of current information in their area of businesses. However, mostly used information sources by respondents include sources on business websites X=4.70. This is followed by supplies X=4.59. Internet X = 4.15, Customers X=4.10 and professional bodies X=4.10. It is also obvious from the result that the rate at which the respondents accessed other information sources such as sources from central bank of Nigeria, trade journals, and the chambers of commerce were low, as indicated by less than 10% of the respondents.

Question 2: What is the frequency of using business information by SMEs in Port-Harcourt Nigeria?

Table 2 Frequency of information use

	Often	Sometimes	Rarely	Never	Mean	Std. Dev
Frequency of information use	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)		
Customers	211 (68.1)	89 (28.7)	6 (1.9)	1 (0.3)	3.67	.537
Supplies	185 (59.7)	114 (36.8)	5 (1.6)	2 (0.6)	3.58	.563
Internet	107 (34.5)	190 (61.3)	10 (3.2)	1 (0.3)	3.31	.547
Business websites	157 (50.6)	68 (21.9)	81 (26.1)	1 (0.3)	3.24	.856
Business reports	103 (33.2)	49 (15.8)	104 (33.5)	52 (16.8)	2.66	1.111
Professional bodies	56 (18.1)	109 (35.2)	60 (19.4)	82 (26.5)	2.45	1.073
Chambers of Commerce	6 (1.9)	8 (2.6)	209 (67.4)	83 (26.8)	1.79	.578
Trade journals	4 (1.3)	9 (2.9)	206 (66.5)	88 (28.4)	1.77	.562
Central Bank of Nigeria	1 (0.3)	10 (3.2)	57 (18.4)	237 (76.5)	1.27	.570

Table 3.2 reveals that the most frequently used business information sources by the respondents are those from sources such as customers and suppliers

H01 information use will not significantly influence the performance of SMEs in Port-Harcourt

Table 3. Regression results on the influence of business information use on the performance of SMEs in Port-Harcourt Nigeria

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	-2.692	.313		-8.611	.000
	Information Use	1.752	.089	.748	19.673	.000

a. Dependent Variable: Performance of SMEs
R = 0.748 R² = 0.560 F = 387.021 Sig. = 0.000

Source: Field survey 2018

Table 3: shows an R value of 0.748 which indicates that there is 74.8% strong positive correlation between business information use of SMEs and their performance. The R² of 0.560 reveals that the independent variable (business information use) accounts for 56% of the variations in the SME’s business performance. The result further reveals that the independent variable has a positive coefficient of interaction, which indicates that the business information use of SMEs in Port-Harcourt has a positive influence on their performance.

Furthermore, the results also reveals that holding the influence of business information use of SMEs constant, the performance of SMEs will be running on negative returns ($\beta < 0$). However, the coefficient of business information use of SMEs ($\beta = 1.752$), indicates that one unit increase or improvement in the business information use of SMEs, will result in 1.752 unit increase or boost on their performance. Also, with an F statistics of 387.021 which is significant at $p < 0.05$, we will reject the null hypothesis which states that Information use will not significantly influence the performance of SMEs in Port-Harcourt Nigeria, and rather imply that business information has significant influence on performance amongst SMEs.

This findings affirm the assertion by Haliso and Okunfulure (2010) referencing Law (n,d) who clearly stated that utilization of information by organizations gives them the competitive advantage necessary to sustain their business. This empirical assertion gives credence to the power of

business information in any organization. Also, Moorthy (2012) revealed that there is a significant positive relationship between the use of business information and the performance of SMEs in Malaysia. In the same note, Cacciolatti, Fearne, and McNeil (2011) in their study indicated that SMEs that make good use of business information presents higher probability of growth. Therefore, the power of information in an organization cannot be underestimated

According to Ojo, Akinsumi and Olayonu (2015) information works to collectively to give an organization competitive edge in the process of supporting such activities as forecasting, planning, control, coordination, decision making and operational activities. The acquisition of the appropriate information will lead to making quality decisions that will consequently affect sales and the overall business performance. This finding supports the postulation of Mutula and Van (2006) that access to information is crucial. In order words, the ability of SMEs to survive in an increasingly competitive global environment is largely predicated upon their capacity to leverage information as a resource. Also, this finding corroborates the statement of kutty, kummar, himanshu and Pathak (2007) Information determines the direction which a decision will take knowing that a decision is a choice leading to a certain desired objective

Conclusion and recommendation

The purpose for this study was to find out if Business information and use will influence the performance of small and medium enterprises in Port-Harcourt Nigeria. This study has provided an empirical evidence based on the findings of this research on how business information and use influence the performance of Small and Medium Enterprises in Port-Harcourt Nigeria. It was revealed that business information as an independent predictor has a strong significant influence on the performance of SMEs in Port-Harcourt. With the findings of this study the researchers can assert that the performance of SMEs in Port-Harcourt is predicated on information use of the proprietors of the SMEs. Therefore, with regard to the findings of this study, the following recommendations are made.

Proprietors of Small and Medium Enterprises should maintain their use of business information. Also, they should intensify their use of information from other sources such as government agencies mandated to support the SMEs in Nigeria rather than relying on information from customer and suppliers only. This is to foster authenticity in business decisions.

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