Chapter 4.21

E-Business and Nigerian Financial Firms Development: A Review of Key Determinants

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ABSTRACT

This research discusses Nigerian financial firms’ perspectives on key determinants of e-business deployment. It explores possible differences that exist among financial firms using in-house e-business capabilities and those that outsource their e-business capabilities. This chapter contributes to the few pieces of literature on e-business experiences among firms operating in Africa, particularly Nigeria. The Technology-Organization-Environment (TOE) model underpins the conceptual framework for this chapter. The independent variables are the firm, technological and environmental factors while e-business use constitutes the dependent variable. The findings reveal that all the factors were significant, but that environmental factors were key determinants of e-business use among the firms. In addition, this study reveals practitioners’ interests in Nigerian government agencies to maintain and enhance the existing e-business legal, regulatory and security frameworks in the country. By extension, this could enable greater e-business use in firms, which could improve the overall economy.

DOI: 10.4018/978-1-60960-587-2.ch421
INTRODUCTION

The increasing globalization, enhanced by advances in information system (IS), has spurred national and regional markets integration, international production, distribution, marketing, and consumption. eGlobal report reveals that as the world Internet access grows, the number of active (those who spend at least one hour per week online) users rose to about 640.2 million in 2004 (eGlobal Report, 2005). Similarly, the eGlobal report reveals various forecasts of total world e-commerce revenues by year 2004 ranging from a conservative value of $963 billion to $4 trillion. International Data Corporation (IDC) projects e-commerce revenue by 2004 at $2.8 trillion while Goldman Sachs & Co. estimates $3.48 trillion (IDC, 2002). The report also indicates that 2003-2005 growth of e-commerce will be driven by the B2B segment not business-to-consumer (B2C) transactions. According to United State Census Bureau 2009, total e-commerce sales for United States for 2008 were estimated at $133.6 billion, an increase of 4.6 percent from 2007. Total retail sales in 2008 decreased 0.6 percent from 2007. E-commerce sales in 2007 and 2008 accounted for 3.2% and 3.3% of total sales, respectively. Based on the foregoing, this paper examines electronic business use in Nigerian financial firms using the technology-organizational-environment framework (TOE).

Electronic business (e-business) is often regarded as generally focused on e-commerce, however, the true definition is much broader. The Aberdeen Consulting Group defines e-business as the automation of the entire spectrum of interactions between enterprises and their distributed employees, trading partners, suppliers and customers (Intel, 2003). E-business encompasses the application of electronic systems to transform functional processes (Xu, Rohatgi, & Yangxing, 2007). Both definitions include a broad range of business processes such as multi-entity product design collaboration, electronic product market-
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