Chapter XIV

Factors Affecting E-Business Adoption by SMEs in Sub-Saharan Africa: An Exploratory Study from Nigeria

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Abstract

The use of information communication technologies (ICT) especially the Internet by small- and medium-sized enterprises (SMEs) is on the increase in many regions of the world, including Africa. Nevertheless, empirical evidence from Sub-Saharan Africa (SSA) regarding the factors that affect the adoption of e-business is scarce. In that regard, the main objective of this chapter is to fill the research gap with an exploratory study that is aimed at eliciting views from SMEs in Nigeria. This article made use of a theoretical framework encompassing organizational, external and

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technological contexts to deliberate the issue. A survey is conducted in three Nigerian cities and the findings of the study are presented. The implication of the study is discussed and future research directions also given.

Introduction

The use of information communication technologies (ICT) by small- and medium-sized enterprises (SMEs) is already an established way of life in the developed countries (Beck, Koenig, & Wigand, 2003; Bunker & MacGregor, 2002; Lockett & Brown, 2003) and has been extensively studied in extant information systems (IS) literature (see, for example; Beck et al., 2003; DeLone, 1988; Kalakota & Robinson, 2001; Montazemi, 1988; Pigni, Faverio, Moro, & Buonanno, 2004; Poon, 2002; Scupola, 2003). In contrast, only a few research have surfaced wherein e-business in the developing countries including Sub-Saharan Africa (SSA) are discussed (Chifwepa, 1998; Heeks & Duncombe, 2001; Masten & Kandoole, 2000; Okoli, 2003; Okoli & Mbarika, 2003; Travica, 2002). We want to add to these few available studies by looking at the possibility of e-business adoption by SMEs in Nigeria. In this chapter, a business with up to 250 employees is categorized as an SME according to the European Parliament’s definition (OECD, 2002). On the whole, SMEs are characterized by informal and inadequate planning, strong owner’s influence, lack of specialists, small management team, heavy reliance on few customers, limited knowledge and so forth (Bunker & MacGregor, 2002, Reynolds et al., 1994; Yap, Soh, & Raman, 1992). Further, the term e-commerce is often used interchangeably with e-business by many, though some experts have pointed out a difference. For example, Turban, Lee, King, and Chung (2000) assert that the former refers to buying and selling electronically and it is a subset of the latter, which is broader and includes the servicing of customers, collaborating with entities both within an organization and outside it. Zwass (1996) defined e-business as “the sharing of business information, maintaining business relationships, and conducting business transactions by means of the telecommunication networks” (p. 3). Here, both concepts are referred to as e-business.

The adoption of ICT by SMEs reported widely is literature tend to focus attention on the developed West (see Beck et al., 2003; Bunker & MacGregor, 2002; Poon & Strom, 1997; Scupola, 2003). Examples of countries in the West include the US, Australia, and Italy. On the whole, these studies pertaining to ICT and SMEs or e-business in general have deliberated ICT deployment, organizational and environmental factors concerning ICT use in business, success issues and so on.