

## **INFORMATION USE BY SMALL AND MEDIUM ENTREPRISES (SMEs) IN THE FEDERAL CAPITAL TERRITORY (FCT), ABUJA NIGERIA**

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### **Abstract**

This study investigated the Information Use by Small and Medium Enterprises (SMEs) in the Federal Capital Territory (FCT), Abuja Nigeria. It identified the types of information use; purposes of using the information, problems encountered and proffered strategies that will most effectively improve information use by entrepreneurs in the territory. A survey method was adopted for the study using a multistate sampling technique to draw thirty (30) entrepreneurs identified at the time of the study. A total of 30 questionnaires were distributed to the entrepreneurs in the area councils: Abuja municipal area council (AMAC), Abuja, Abaji, Bwari, Gwagwalada, Kuje and Kwali. The 30 questionnaires were completed and returned; giving a response rate of 100%. The findings revealed that the entrepreneurs use information about a product on goods and services as 12 (40%), information about financial services 10(33%), information about marketing of goods and services 3(10%), information about raw materials 2(7%). The study also revealed that the major problems encountered by the entrepreneur in using information included lack of infrastructural facilities, high cost of procuring information language barrier, etc. Based on the findings, recommendations were made to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), Abuja enterprise agency (AEA), and Bank of Industry(BoI) to fund the entrepreneurs by making the loan available to them. Also, SMEDAN and AEA should open more information centres in the six Area Councils rather than concentrating their activities in Abuja city as well as train the entrepreneurs in the use of Information and Communication Technologies (ICTs) to access and use business and information and translate some of the business information leaflets generated for the entrepreneurs in the territory in languages they will understand.

**Keywords:** Information, use, FCT, Small and Medium Enterprises

### **Introduction**

Information is universally accepted as an important resource in any organization. A well-organized system of information is a prerequisite for effective decision-making; consequently, the possession or awareness and use of appropriate information ensures organization effectiveness.

Information is an indispensable basis for decision-making in every facet of entrepreneurship. It is a vital ingredient for the social development of nations,

especially in developing countries (Thanuskodi and Kalyani, 2010 cited in Egwuonwu and Osuchukwu, 2019). The management of information includes the organization of widespread facts, policy planning, development, maintenance and use of integrated systems and services. It involves the optimization of information flow and harnesses the technological requirements of its end-users, in diverse organizational statuses. However, information management aims to promote organizational effectiveness by enhancing

the capabilities of the organizations to cope with the demands of their internal and external environments in both dynamic and stable conditions. It also includes the use, maintenance and protection of such records. Leigh (2020) posits that every business needs information to help it succeed. A combination of internal and external business information resources and their use can provide the background necessary to evaluate current performance and plan the future progress of businesses.

Uhegbu (2001) saw information as power by which an individual or group can get its way in a social relationship. Haralambos (1980) in support of Uhegbu's view above describe information as the power that confers unequal opportunities on people, those who have it get things done easier and faster while those who do not have it are left out right in the scheme of opportunistic advantage. Also on the importance of information, the government of Singapore has this to say; "Information is the currency of the new age. Just as gold and silver and other precious metals are regarded as valuable commodities so now is information" (O' Connor, 1998). Information, therefore, is a necessary instrument for decision-making that aids in the growth and development of society or an organization.

Reliable and valid information is essential to all businesses and organisations. Without reliable information and its effective and efficient use, a business will have no idea of where it stands in its market, its financial and sales figures or how to proceed in the future. Information is required so that businesses will know: - how their markets are developing, how labour markets are changing, what the economy is doing and what new laws are being passed that might affect the way of its operation. All of this

information helps businesses especially small-scale businesses to make accurate decisions based on full knowledge. Incorrect decisions are likely to be the result of inadequate information use (Weebly, 2020).

### **Statement of the Problem**

Kolawole (1992) reported that above 50% of small business in Nigeria folds up before the end of one financial year and that 20% of survivor fold up to fold at the end of the fifth year of operation. Lead Capital (2010), also in a Nigeria survey on small and medium enterprises reported that two principal obstacles were preventing them from becoming small business owners. The first was lack of funds, the second was the lack of information and expertise concerning the business owners. Also in the courses of my literature search on information used in the federal capital territory (FCT) Abuja, it was obvious that no study was carried out on the subject. Information usage in small and medium enterprises in Nigeria has drawn attention from the Field of Library and Information Science which cannot be overemphasis. Hence, this paper would be focused on Information Use by Small and Medium enterprises in the Federal Capital Territory (FCT), Abuja.

### **Objectives of the Study**

The specific objectives of the study are to:

1. Identify the information use by Small and Medium Enterprises in the FCT, Abuja.
2. Find out the reasons information is put to use by Small and Medium Enterprises in the FCT, Abuja.
3. Identify the relevance of the information use by Small and Medium Enterprises in the FCT, Abuja.

4. Identify the information problem Small and Medium Enterprises encountered in the information use.
5. Proffer strategies to improve information use by Small and Medium Enterprises in the FCT, Abuja.

### **Research Questions**

The following research questions were therefore generated to guide the study.

1. What is the information use by Small and Medium Enterprises in the FCT, Abuja?
2. What are the reasons information is put to use by Small and Medium Enterprises in the FCT, Abuja?
3. What is the relevance of information use by Small and Medium Enterprises in FCT, Abuja?
4. What problems do Small and Medium Enterprises encounter in the use of information in FCT, Abuja?
5. What are the strategies proffer to improve information use by Small and Medium Enterprises in the FCT, Abuja?

### **Information Use**

Uhegbu (2001) defines the information to use or utilization as the actual putting into the appropriate use of acquired information.

Utilization of information differs from person to person and from corporate organization to the other according to their information needs and other socioeconomic imperatives. It can be viewed within the context of need, accessibility and function performed.

### **Small and Medium Enterprises (SMEs)**

Rahman (2001) in Ede (2021) ascertained that SMEs are defined by several factors and criteria, such as location, size, age, structure, organisation, number of employees, sales volume, worth

of assets, ownership, and innovation and technology.

Small and medium-scale businesses are non-subsidary, independent businesses which employ fewer numbers of employees. This number varies across countries. Small and Medium Scale Enterprises (SMEs) form the bulk of the businesses in Nigeria. The attractions to the owners include being less capital intensive and flexible in filling the need in niche markets. Their contribution to the growth of the Nigerian economy cannot be underestimated as they drive the economic and industrial transformation of the country. (Mekwunye, 2018).

### **Information Use by Small and Medium Enterprises (SMEs)**

In examining the Influence of Business Information Use on the Sales Performance of SMEs in the Information Sector in Lagos State, Ojo and Adebawale (2015) undertook this study. Employing a survey research design, the study population comprised 575 Computer and Allied Product Dealers Association of Nigeria (CAPDAN) registered SMEs in Computer Village in Lagos. The findings revealed that SMEs obtained most of the information they used from newspapers and informal sources. Also revealed was that business information utilization influence sales performance of SMEs ( $R=0.36$ ,  $R\text{ Square}=0.212$ ,  $F_{1, 161}=94.18$ ,  $p<0.05$ ). The study concludes that business information use for SMEs' sales performance is inevitable. However, use is predicated on availability. It is recommended that agencies in charge of SMEs in Nigeria should put more effort into ensuring formal information sources are made available to SME owners. Similarly, Maseko, Nelson and Manyani Onias (2011) investigated Accounting Record Keeping Practices for Performance Measurement Employed by SMEs in

Zimbabwe, using Bindura as a case. The survey research design was used. The target population is comprised of 100 SMEs operating retail shops, manufacturing firms and suppliers of various services in Bindura. A structured questionnaire was used to collect primary data from respondents which were analysed to generate frequencies and percentages. The study revealed that the majority of SMEs do not keep complete accounting records because of a lack of accounting knowledge and as a result, there is an inefficient use of accounting information in financial performance measurement. The study also recommended mandatory record keeping, to improve accounting practices of SMEs in Zimbabwe.

Nguyen, et.al. (2007) investigated the Effects of Entrepreneurial Orientation of Marketing Information on the Performance of Small and Medium Enterprises. They build and test a causal model using data obtained from Singaporean entrepreneurs and find support for most of their hypotheses. The results indicate that entrepreneurial orientation plays an influential role in the acquisition and utilization of marketing information, and also has a direct effect on firm performance. The utilization of information regarding marketing mix decisions (particularly the Promotion and Place elements) positively affects firm performance, and it partially mediates the relationship between entrepreneurial orientation and firm performance. Okello-Obura and Matovu's (2011) paper provides an analysis of the literature on SMEs' characteristics, business information provision and the dynamics of business development services. The main aim is to provide a better understanding of some of the principles and practices that can help in shaping the design of strategic measures to

promote information access by SMEs. The paper concluded that managers of business enterprises use information as an integral part of their work and, hence, it is important to be clear about what information is at the level of the individual user of information that the issue of information provision to SMEs should be taken seriously and given utmost importance in National planning of every government.

Moorthy (2012) revealed that there is a significant positive relationship between the use of business information and the performance of SMEs in Malaysia. Fearne and McNeil (2011) in their study indicated that SMEs that make good use of business information present a higher probability of growth. According to Hatega (2007) Jeremiah, Haliso, and Chima (2019) asserted that insufficient access to business information makes SMEs less aware of business opportunities. Ojo, Akinsumi and Olayonu (2015) information work collectively to give an organization a 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, et.al (2007) Information determines the direction which a decision will take knowing that a decision is a choice leading to a certain desired objective.

### Research Method Adopted

A survey research method was adopted. The survey research method was relevant for the study in the sense that the population of the study is spread across the six (6) Area councils that make up the Federal Capital Territory (FCT) Abuja. The four-point Likert scale questionnaire was used to obtain the required data for the study and the instrument used to collect information from the respondents was self-structured questionnaires. To ensure a high percentage of return, the questionnaire was personally distributed to the respondents by the researchers and collected immediately. This is to have a quick return and also minimize the loss of the questionnaires.

Based on the wide geographical spread, the researcher used the multistage sampling technique, which is a modified

form of sampling used in education surveys. The sample of the study was made up of thirty (30) out of the one hundred and twenty-eight (128) entrepreneurs identified at the time of the study that spread across the six (6) Area Councils of the Federal Capital Territory (FCT), Abuja namely Abuja Municipal Area Council, Bwari, Kuje, Gwagwalada, Kwali and Abaji.

### Data analysis and interpretation

Data collected from the respondents were analyzed using frequency distribution and percentages. A total of 30 questionnaires were distributed to entrepreneurs in the six (6) Area Councils of the Federal Capital Territory. The 30 copies of the questionnaires were completed and returned; giving a response rate of 100% was used.

**Table 1: Responding Entrepreneur according to Information Use.**

S/N	Information sources used	Abuja	Bwari	Kuje	Gwagwalada	Kwali	Abaji	Freq.	Perc.
1,	Financial services	4	3	3	2	-	-	12	40%
2.	Information about your product	-	2	2	3	2	3	12	40%
3.	Information about policy	-	-	-	-	-	1	1	3%
4.	Information about raw materials	1	-	-	-	-	1	2	7%
5.	Information about marketing	-		-	-	-	1	1	3%
6.	Information about standard	-	-	-	-	3	-	3	7%
7	Others	-	-	-	-	-	-	0	0%
	<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>30</b>	<b>100%</b>

Table 1 shows the type of information used by Small and Medium Enterprise agreed that they sourced information about financial services and information about

products (12(40%) each respectively, followed by information about raw materials and information about standards had 2 (7%) each respectively. The responding entrepreneurs under study also stated that 1(3%) each respectively used information about policy and marketing while other information had no response.

The findings revealed that information about financial services and information about the product are the major sources of information use by the

respondents. This aligns with Ojo, Akinsumi and Olayonu (2015), that information works collectively to give an organization a 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.

**Table 2: Responding reasons information is put to use by Small and Medium Enterprises**

How information is used	Abuja	Bwari	Kuje	Gwagwalada	Kwali	Abaji	Freq.	Perc.
Survival	5	3	3	2	2	-	15	51%
To improve sales /marketing	-	-	-	-	-	1	1	3%
To improve product quality	-	1	-	1	2	-	4	13%
Enhance competitiveness	-	-	2	2	-	-	4	13%
To improve the living condition	-	1	-	-	1	4	6	20%
Total	5	5	5	5	5	5	30	100%

Table 2 shades more light on how the responding on reasons entrepreneurs put the information to use. 15 (51%0 of the respondents stated that they use the information for the survival of their businesses and 6(20%) use the information to improve their living standards. Other respondents confirmed they use the information to improve the quality of products 4(13%) and enhance competitiveness 4(13%) respectively while

1(3%) believe that the information was used to improve sales/marketing of products.

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.

**Table 3: Response as to the relevance of the information to SMEs in FCT**

<b>Response</b>	<b>Abuja</b>	<b>Bwari</b>	<b>Kuje</b>	<b>Gwagwalada</b>	<b>Kwali</b>	<b>Abaji</b>	<b>Freq.</b>	<b>Perc.</b>
Very relevant	5	4	5	4	5	4	27	90%
Relevant	-	1	-	-	-	1	2	7%
Fairly relevant	-	-	-	-	-	-	0	0%
Not relevant	-	-	-	1	-	-	1	3%
Total	5	5	5	5	5	5	30	100%

As shown in table 2 (90%) of the respondents confirmed that the information use was very relevant and 2 (7%) stated the information was relevant. Other entrepreneurs responded that 1(3%) was not relevant while an entrepreneur did not no respond to the question. This finding corroborates the statement of Kutty et.al (2007). Information determines the direction which a decision will take knowing that a decision is a choice leading to a certain desired objective.

**Table 4: Problems encountered by small and medium enterprises in information use**

S/N	Factors	Major difficulty	Occasional difficulty	No difficulty	Do not face this difficulty	Abuja	Bwari	Kuje	Gwagwalada	Kwali	Abaji	Freq.	Perc.
1.	Illiteracy	2	-	-	-	-	1	1	-	-	-	2	7%
2.	Unaware set	3	-	-	-	1	-	-	-	2	-	3	10%
3.	Language barrier	-	-	2	-	-	-	-	-	-	2	2	7%
4.	High cost	4	-	-	-	-	2	1	1	-	-	4	13%
5.	Lack of infrastructural facilities	16	-	-	-	4	2	4	4	2	3	16	53%
6.	Others	-	3	-	-	-	-	-	-	-	3	3	10%
	Total	25	3	2	-	5	5	6	5	4	8	30	100%

Table 4 highlights the major problems encountered by small and medium enterprises in information use. The respondents identified lack of infrastructural facilities 16 (53%), high cost, unawareness set 3 (10%) and illiteracy 2 (7%) as the major problems. While other responding entrepreneurs stated that language barriers were a problem for them. These findings collaborated with the findings of the research studies of Chiware and Dick (2008), and Ikoja-Odongo, et.al (2012). As summarized in their work, all the researchers stated that lack of funds, language barrier, illiteracy lack of infrastructure facilities, geographical location, facilities, etc are difficulties faced by entrepreneurs in information use.

### **Conclusion**

It is becoming increasingly obvious that information used by SMEs is the key to the development of the Federal Capital Territory (FCT), Abuja-Nigeria economy and prosperity. Therefore, the information used by Small and Medium Enterprises cannot be overemphasized. But in spite, the relevance of information use by the entrepreneurs helps to improve sales and their marketing skills, improve the quality of their products, enhance competitiveness, and improve their living conditions. However, the entrepreneurs' use of information was inhibited by a lack of infrastructural facilities, high cost, illiteracy, language barrier, etc. Entrepreneurs will achieve more in the promotion of information use on SMEs when efforts are intensified to address these challenges.

### **Recommendations**

Based on the above conclusion, the following recommendations are therefore made:

- i. Business owners of Small and Medium Enterprises should maintain their utilization 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 customers and suppliers only. This is to foster authenticity in business decisions.
- ii. Collaborative efforts are encouraged between Librarians especially those in Public Libraries, Industrial Development Centres (IDC) and other conventional and contemporary Information Centres to adequately educated the entrepreneurs on how to make efficient and effective use of the information they generate.
- iii. Schools and Departments of Librarianship and Information Studies should offer practical and goal-oriented courses on business information and management in various fields and levels of entrepreneurship. This will cause graduates to cope with the challenge of information needs in their various careers after school.
- iv. The relevant Government Institutions SMEDAN, Bank of Industry (BoI) Central Bank of Nigeria (CBN), Abuja enterprises agency (AEA) etc should provide financial assistance to entrepreneurs in Federal Capital Territory in particular and the country in general to boost their businesses.
- v. SMEDAN should extend its business information services to the six (6) Area Councils by creating more Information Centres in the Federal Capital Territory.
- vi. The Abuja Enterprises Agency (AEA) should help in translating some of the

business information leaflets generated for the entrepreneurs in the Federal Capital Territory into languages that they would understand.

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