

THE IMPACT OF ELECTRONIC COMMERCE ON SMALL SCALE BUSINESSES (LAGOS STATE NIGERIA)

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ABSTRACT : This paper examine the impact of electronic commerce on small scale business in Lagos Nigeria, and believes that electronic means of communication has been very useful in both micro and macro enterprises and has resulted to steady increase of productivity in their dealings from various organization. Lately, there has been a change from the level of patronage of electronic use when compare to now, buyers and sellers now understood the importance role of electronic commerce as it relate to trade. Furthermore, the positive impact of electronic marketing cannot be overemphasized in that through the relevant channels and medium of exchange products and commodity are reached within the stipulated time. These services has become reliable, affordable, and accessible within the reach of customers and retailers. The increasing numbers of people using electronic commerce are enormous and various techniques are put in place to ensure that needs of the people are attain. The data was presented in tables and analyzed through descriptive statistics such as mean measure, one sample statistics. The finding of this study reveals the role business structure played in e-commerce and also how small scale businesses use this structure in their perspective trade; it is helpful to customers and the sellers, in that it enable them build a cordial relationship as it relate to business. In addition electronic commerce has offer profitable services to small scale business holder, it has reduced transaction delay usually encounter by customers, business men and women, it has also enhance communication skills with partners

KEYWORDS: *Business, commerce, customer, electronic, retailers, small scale and technology.*

I. INTRODUCTION

Today we live in a global world, where the advancement of Information and Communication technology has brought diverse changes in all spheres of daily life of human being. Technology has resulted to the expansion of businesses beyond territory boundaries through the rising advancement of the application of smart mobile services and internet as new distribution channels for business transactions and international trading. This has encouraged small scale business in the industrialized and emerging countries to reflect their existence in the world economy by competing not only market with domestic rivals, and including also foreign markets with superior beneficial competitive in the market around the globe. Electronic commerce revolves around communications technology especially online purchasing, selling, ordering, and delivering. The Internet offered a paradigm shift in national economics, according to Mohammed (2004), isolated from each other by barriers to cross-border trade and investment, isolated by space, time zones and language; and isolated by regional difference in government regulations, culture and business systems.

Small Scale Business adoption of e-commerce is seen as a recent outgrowth in our contemporary societies. Towards the end of 1990s some organizations have begun to take up the practice of e-commerce such as the use of e-mail and e-payment (Ibene and Obi 2001). E-commerce provides various resources, which can have significant impact on small scale businesses. According to Chan and Swatman (2001) opined that e-commerce capacity usually comes from the facilities and operation accessible on the internet; such as the e-mail, web and Electronic Data Interface Internet solutions. Others include, web, internet, commuting and communication technologies used for carrying out business transactions. The quest to explore the benefits of E-commerce has become strong drive for the utilization of e-commerce by small scale businesses.

II. STATEMENT OF THE PROBLEM

Small scale businesses are currently on the increase as a result of the growing population and the problem of unemployment plaguing Nigeria economy. The request of goods and services has led to a highly competitive business environment for both small and large business enterprises; coupled with advent of information communication technology the implementation of carrying out business activities with the application of electronic tools to gain competitive advantage has become a necessity.

E-commerce has fundamentally changed the way businesses are run in the contemporary dispensation, as it provides tremendous advantages compared to traditional business methods. Although the edge of using electronic commerce in a business are plenteous, several challenges are faced by businesses using electronic commerce. This occur in respect of the hindrance witnessed by small scale business implementing electronic commerce such as limited awareness about the innovation and the financial implication, less knowledge on the relevance of electronic commerce, inexperienced support staff, abstract nature, discomfort felt by user, rigidity of the process and network complication.

In addition, Oyelaran-Oyeyinka and Adeya (2003) Identified some problems that involves finance, learning process and understanding of technology, limited access to internet and issue of network. Beck and Weitzel (2005) emphasized that the readiness challenge of implementing new technology, and ability to improve the low capacity of production are issues faced by small scale business. Large percentage of micro businesses do not possess the funds and support mechanism to implement electronic commerce at over level of operation (Ojukwu 2006).

The effect of high utility bills, mobile communication tools, high price of infrastructure and security challenge are factors that electronic commerce use by small scale business. Altogether, (Stockdale and Standing 2004) allege that owners have to surpass the issues associated with electronic commerce in other to resist limitation in their organization. There is need to find out if electronic commerce will have any effect on the small scale business in Lagos State Nigeria.

It is against this backdrop that this paper research sought to find out the effect of electronic commerce on the small scale businesses in Lagos State Nigeria.

Purpose of the Study

- To determine the relevance of e-commerce on small scale businesses in Lagos Nigeria.
- To ascertain the business structures of e-commerce used by small scale businesses in Lagos Nigeria

Relevance of E-commerce on Small Scale Businesses in Nigeria

The mandate for the advancement of electronic commerce has increase especially among several developing countries (Eze, 2013).The increase in the outcome of internet market, with a record of approximately 56 million users in 2012, using the online services as a medium for purchasing and marketing goods and services is gradually experiencing advancement. Business receive excellent services from the internet through utilization of knowledge technology and service outcome. The internet assist in strengthening market processes, work team accessibility and creating advantages in the radical business zones (O'Brien, 2003).

According to Thurban, Lee, Warkentin and Chung (2002) emphasizes that electronic commerce was develop by global expert as a marketing design that is practical and innovative which provide individual with the opportunity of advertising businesses. There are several profit of e-commerce to organizations and they are as follows: creation of a conducive market for local and foreign investors at an affordable market cost, reduction in the amount producing, processing, distributing, storing and recovering paper based information, reasonable sales of products and services, more so, there is an healthy rivalry that has evolve as a result of electronic market, promote creativity and allows to strive for business purposes through various methods as it increase productivity and also serve as a means of specialty in various field in human existence that permit flexibility. Lowery (2006) opined that the simplicity and accessibility of internet server builds and advertise commodities and businesses. Purao and Campbell in Afzal (2007) asserted that the invention of electronic commerce resist distance and territory hindrance in marketing organization products. This explains that electronic commence enables distances and territory gains to micro markets.

Whitelay in Travica (2002) opined that micro businesses can accomplish economic targets from electronic commerce. This portray that micro businesses have advantages over the classical marketing methods. Furthermore, Mohammed, Fisher, Jaworkin, Gahill (2002) infers that organization can actualize competitive edge through improved skills, higher outcome and increase market capital. The incorporation of resource that electronic commence provide can stimulate opportunities for micro businesses and electronic market can attain rivalry equality. Burgess (2002) indicated that electronic commerce enables business to meet global standard that align with industrial practice. Subsequently, electronic commerce compatibility with micro enterprises creates innovative facilities for interaction, publicity and marketing methods. (Lacovou, Banbasat and Dexter, in Musawa and Wahab (2012). Lee (2003) describe also that marketing variation is effective in electronic market. Archer, Yuan and Basset (2006) pointed that the utilization of electronic commerce generate branding advantages. The interactive and psychological impression of the business portal is a creative aspect of user

experience that can interest and withhold online purchasers. Lee (2003) assert that electronic market increase variation in a sector and enlarge segments with greater publicizing and applies other devices.

Scopula (2001) explained the advantages of electronic business influence on micro business admitting enhance customer's interaction, penetrating markets, maximizing market methods, creating market share, establishing new brands, update market trends and also mitigating the conventional disadvantage of micro business. Despite that small scale business derive advantages from electronic commerce, findings of industrial marketing of particular advantages are analyzed in the literature. The application of electronic commerce mechanism in presentation can reduce transfer price, decrease worker number, enhance accountability, reduce schedule process, enable dispatch tracking and accelerate decision making (Carter, Carter, Monczka, Slight and Swan (2000). Gallagher in Afshar, Zhang, and Brem (2013) note that electronic commerce improves the chance of trading internationally with decrease financial price and capital. Burgess (2002) assert that electronic commerce enables quick delivery of shipment and simple distribution of production commodities to customers. This is functional with improved facility allocation. Moreover, the nonphysical presence of transacting business online comes as a hindrance (Lee, 2003), this has no impact on the success of electronic commerce for industrial business. Lee (2003) pointed that business portals provide accurate image and description of commodities that gives customer comprehensive explanation of the commodities without any close contact. Archer, Yuan and Bassett (2006) explained that electronic commerce present personalization as necessary content about products are place on the portal. Equally, customers are opportune to place and order their exact description online, (Arabe, 2001).

In addition, Archer, Yuan and Basselt (2006) allege that customer panic with shipment when ordering commodities online. They emphasized that micro businesses currently deploy capable companies for shipment of commodities to consumers. This has improve commodity delivery and price decline in shipment. The electronic commerce advantages of micro business is conceded that marketers are aware of the important aspect electronic commerce plays in communication. Producers of various commodities can show case their commodities to the global communities. Alese and Owoyemi (2004) asserted that customers recognize the advantages of electronic commerce, online ordering and verifying knowledge on commodities is ranked higher to customers. Lam (2006) admit the advantages of electronic commerce can effectively promote and purchase commodities of any type irrespective of the form of the commodity. This explanation shows electronic commerce manufacturing goods of all types has been promoted too.

III. Structures of E-commerce in Business in Nigeria

Business structures are set of planned activities (sometimes referred to as business processes) the market structure is output inclined. However, a market structure can be classify to as a statement, a logical instrument or model, a structural layout, a strategy, or a pattern. A market models delineate the worth an organization intends to renders to one or various consumer sections and the company's architecture and its partner network to create market, and builds the organization worth and networking capacity, in order to accomplish optimum and generate profitable and continual resources outflows. A market model, according to Amit and Zott (2001), is the act of exploring market potentials by creating value through harnessing the administration of negotiation, distribution and the surrounding. Moreover, business models comprises of four interweaving dimensions that are combined to formulate and produce value. Moreover, the structure of commerce is such that joined key rudiments to bring about advancement in trade and transactions returns. They are the worth of and the enhancement of commercialization.

Timmers cited in Guo (2016) opined that market models are usually at the center of most strategic design in a business. Thus, a business plan is a document that portrays an organization market model. There are models that have been formulated with regard to E-commerce. E-commerce has brought transformation to the marketplace resulting to changes in firms' business models by shaping relations among market actors, and by contributing to changes in business structures. Thus, Amit and Zott (2000) assert that electronic market structures are mandatory for sustainability of businesses in the international market. There are a lot of business models for electronic market and some are being referenced by other researcher and absolutely premier the potential models, however, the main generic types can be identified and subtle variation of business models that have been technologically advanced for electronic trade and formulated their major structures. However, the study segmentalization of company's models is grounded on the various electronic market sectors in which the structures are functional.

According to Shahjee (2016) electronic market enterprises structure are characterized as follows:

1. Business to Business Structure: This sector has shown progressive advancement in electronic commerce. The business to business structure is estimated as one of the largest valued enterprise within a targeted duration of time. It involves the close link between electronics for gathering, selling and buying and other task between various houses. The business to business has set apace for commercial activities for example business transaction manufacturing, specialized dealings, factory made, and bulk supplies. Occasionally the Business to

business model occur between virtual organizations, neither of which may have any physical presence to this end, through business to business transaction is obtainable through online routine. The two main useful reasons for the Business to Business structure aimed at preserving the flow of supply adequately, manufacturing and procuring processes. Its delivery of services is sequentially processed in order to quickly dispatch the correct commodities and price efficiency.

2. Business to Consumer Structure: The business to consumer structure entails exchange between organizations and purchasers. It covers wide range of business, any business that can be able to harness the online to sell their products and services. Information about their commodities online is display on the register and stored in cloud. The business to consumer structure offers services through online application, abroad functions, and medical care updates. The business to consumer structure of electronic market receive all forms of security threat because vital information regarding their personal life is being release through the site of the organization. Furthermore, if organization do not ensure the safety of customer data and used diligently, they may contradict the mind. This concern formulates the main purpose why business to consumer structure in not adequately accepted. However, this is clear indication that business organization should provide better means of securing customer information.

3. Consumer to Consumer Structure: The consumer to consumer structure is a horizontal exchange between purchasers. The purchasers sells to each other purchasers horizontally. Individuals can then publicize and trade their commodities online through online auction websites. In addition, it is crucial for seller and buyer to register with the auction site, the price are usually fixed and it is required of the seller to pay the charges at the online auction house for certain fee for the service before commodity will be sold. The buyer can bid without paying any fee. The auction site creates an enabling environment to promote peaceful coexistence and pleasant collaboration between all parties involved. Buyer that can surf the internet for the required product needed, if need be, they place order on the interested goods becomes necessary, through the website. The EBay normally buy the commodities from the producer and sell it to buyer. The consumer to consumer function like an intermediary between both associations.

4. Consumer to Business Structure: The consumer to business model is a form of business between consumer and market enterprise. This can be matched to business to consumer model, however, the business enterprise buys while the purchaser sells. The cost of commodities is being influence by the purchaser rather than the producer. In this category individuals can sell goods and services to organizations. In general, among the structure being looked out for, the aim is to promote the value of every product are strictly adhere to through government regulations and through electronic marketing for unity among government officials.

IV. Justification of the Research Method

The survey research method was chosen for this study. Survey research provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population. It involves gathering data from questionnaires or structured interviews using transverse and longitudinal studies with the objective of hypothesizing from a representation to a population (Fowler, 2008). The population of the study consist of 11,663 small scale businesses according to Nigerian Bureau Statistics (2013) in Lagos State Nigeria. The sample group will consist of small scale business operators, with a sample size of 400 small scale businesses determine using the Taro Yamane's sample determination method. Quantitative data was be used for this research. The questionnaire in surveys is also a major source of collecting numeric data in the context of this research,

Discussion of Findings

Table 1- Business structures in e-commerce used by small scale businesses in Lagos Nigeria (in percent)

Ratings					
Statements	Strongly agree(SA)	Agree(A) Strongly	disagree (SD)	Disagree(D)	Don't know (DK)
The utilization of business to business e-commerce structure facilitates transactions between two or more businesses.	62.3%	23.8%	8.8%	5.1%	0%

The use of business to customer e-commerce structure creates easy accessibility for the selling of products or services to end-users (i.e. consumers).	65.1%	22.4%	6.5%	6.0%	0%
The use of customer to customer e-commerce structure offers buyers and sellers direct interaction with each other.	4.0%	21.5%	14.8%	25.5%	34.2%
The use of customer to business e-commerce structure enables consumers to sell or contributes monetary value to a business.	51.0%	20.2%	17.1%	10.9%	0.8%

Source: Field work, 2019.

The result in table 1 shows the various business structures imbedded in electronic commerce by small scale business. The result revealed that a great proportion of the interviewees 62.3% strongly agreed towards the business to business structure facilitated transactions between several businesses while 8.8% of which strongly disagreed to this account. This implies that the business to business structure has improved their rate of transactions with other business partners. The study also reveals that 65.1% of the interviewees strongly affirmed that the business to customer e-commerce structure enhance the selling of products from the seller to the consumers, on the contrary, 6.5% of the interviewees did not support the statement. Also, the result showed that 34.2% of them responded that they were not aware whether the adoption of customer to customer e-commerce structure offers buyers and sellers direct interaction with one another. 21.5% agreed while 25.5% disagreed. This implies that a few of the small scale business operators are not conversant with this structure. The result in table 1 further revealed that the greater number of the interviewees 50.1% strongly agreed that the application of customer to business e-commerce structure enables consumers to sell or contributes monetary value to their businesses while 10.9% disagree to the assertion. This indicates that the consumers decide the price of a particular product rather than the supplier. This category includes individuals who sell products and services to organizations. From the foregoing, it can be deduced that the various business structures have contributed to the advancement of electronic commerce which has also impacted positively on the business of small scale operators.

Table 2- Mean responses on the relevance of electronic commerce and the impact of ecommerce on small scale businesses in Lagos Nigeria

	N	Mean Std.	Deviation Std	. Error Mean
The level of e-commerce Benefit of small scale business is affected by data privacy and security	365	3.01	1.050	.055
The cost of internet facilities affects the level of ecommerce in the small scale business	365	3.46	1.483	.078
E-commerce helps to improve effectively the performance of small scale businesses	365	3.28	1.228	.064

Source: Field work, 2019.

The mean responses of the statistical test from table 2 above revealed that the mean range of 2.50 was exceeded which shows a significant acceptance level of development of electronic market in small scale companies in Lagos State. It, therefore, implies that small scale industries have benefitted immensely with the advent of electronic commerce which has improved their level of efficiency.

V. Conclusions

The findings of this research is in correlation with the main objective of the study. Electronic commercialization offers essentials services to retailers, marketers and traders; this services include service delivering, branding, packaging and commercialization of product for the purpose of making profit. This shows that a significant proportion of small scale business owners have access to electronic commerce, and this medium has offered wide varieties of assistance to micro trade. Electronic commerce continue to offer profitable services to small scale business holder, it has reduced transaction delay usually encounter by customers, business men and women, it has also enhance communication skills with partners.

Recommendations

This study therefore put the following recommendations:

- Adequate fund should be provided to SMEs through the right channels to avoid financial losses.
- Government should encourage the growth of SMEs to enable them actualize their full potentials for the benefit of the nation.
- Soft loans should be made available to SMEs with subsidized interest rate.

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