

The Impact of E-commerce, Accounting Information Technology and Globalization on Selected Firms in Nigeria

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ABSTRACT

The aim of the study was to evaluate the impact of E-commerce, Accounting Information Technology and Globalization on selected firms in Nigeria. The study's design was survey. Data were generated through structured questionnaire to top management, staff and customers of private and public quoted firm in Ibadan, Lagos, Abuja, Enugu and Kaduna. Stratified random sampling technique was used to draw the respondents for the study. The data were analyzed using simple percentage and chi-square. Findings revealed among others that e-commerce does not have a significant impact on the selected business organizations in Nigeria. Hence, it was recommended that firms should be encouraged to offer internet services to their existing and potential customers.

Keywords: *Accounting Information Technology, Firms, Business activities, E-Commerce*

INTRODUCTION

One of the major reasons why business enterprises take advantage of accounting information technology is to receive support for their business decisions. This reason had made more formidable ware with the emergence of e-commerce revolution enhanced by the internet and the worldwide web. These days business managers now operate in a highly competitive and changing global business environment and therefore require information systems that provide speedy responses to complex business enquires. All stakeholders in e-commerce (the organizations, managers and employees, suppliers, customers) require on-line timely information to enable them make fast decisions. They should be able to get more customized and pro - active web-based decision support.

Electronic commerce (e-commerce) can be described as the process of doing business electronically. It involves the automation of a variety of business to business and business to consumer transaction through reliable and secure connections, especially the internet. Electronic commerce is the application of various communication technologies to provide the automated exchange of business information with internal and external customers, suppliers and financial institutions. Examples of these technologies include Electronic Date Interchange (EDI), bar coding, scanning, E-mail and fax. Electronic commerce, simply put, is the automation of the business process between buyers and sellers. One of the greatest current advances made in information technology (IT) for

making information and or data available to users is the internet. Many years ago, there has been a progressive tilt towards the use of improved electronic technologies to support the movement of data in various formats. According to Igwe (2002), the internet in its ever involving state is becoming a serious method of business communication and data transfer worldwide. As a result of this development, Onerhime (2011) submits that commercial banks and other commercial institutions are beginning to use the internet as a new vehicle for doing business. Olowoake (2011) explains globalization as the extension and expansion of world market with the objective of increasing trade liberalization across the world, the breaking down of trade barriers through a general global reduction in tariffs which has been actively promoted. According to Ohakwe (2008), globalization will increase the share of developing countries on global market both on manufacturing output and world trade. According to Ehiteley (2000), e-commerce models include the following:

Business-to-Customer Relationship (B2C): The greatest potential power of e-commerce, come from its ability to reduce the relationship with customers, creating a new convenient, low cost channel to transact business. Companies can tailor their marketing strategies to an individual customer needs and wants.

Business-to-Business Relationship (B2B): The relationship between two or more business selling services opens up the possibility of re-engineering business process across the boundaries that have traditionally separated external entities from each other.

Business-to-Employee Relationship (B2E): Web technologies also assist the dissemination of information to and between organisation's employees.

Business-to-Government Relationship (B2G): This covers all transactions between government organizations and companies. Currently, this category is its infancy but could expand quite rapidly considering the Central Bank of Nigeria's on-line remittance of report required of financial institutions.

Commerce-to-Government Relationship (B2G): This has not emerged. However, in this wake of growth of both business-to-customer and business-to-government categories, government may extend electronic interaction to such areas as welfare payment and self assessed tax returns.

Exchange-to-Exchange Relationship (X2X): This is the linkage of multiple B2B market places X2X is the next logical step beyond B2B. Organizations are able to purchase supplier's products at competitive price. The statement of the problem is that business activities in Nigeria are yet to be brought to their highest ebb due to limited application of Information Technology (IT) or technological factors that do engender full participation in the globalization of world trade and commerce among nations in this 21st century.

According to Adedoyin (2008), the "e" is "electronic" in e-commerce. It refers to the technology systems, the 'commerce' refers to the traditional business models. E-commerce is a complete set of processes that support commercial/business activities on a network. Adebayo (2008) defines technology as the whole knowledge that relates directly to the production or improvement of goods and service and can be defined as the human mastery of the force of nature in the practical application of natural law through the use of scientific knowledge. Ovia (2007) posits that in Nigeria the acceptance of e-commerce by

banks has been a welcome development, banks now provide Internet banking services which allow customers to conduct banking transaction on-line. The growth and acceptance of credit/debit card and Automated Teller Machines (ATMs) is also a testimonial to the emergence of e-commerce in Nigeria. Today with the use of e-payment companies like master card inters witch with visa card and e-transact. Nigeria can also make purchase with their e-cards. Ojo (2001) opines that e-commerce has an enormous impact on the economy of the rest of the world, not just Nigeria. Some of the benefits seen or found in other parts of the world are the same and divers, increased productivity rates, leading to lower inflation and higher rate of economic growth. Uremadu (2002) stresses that typically, a leading bank attracts deposits from fund-surplus units to fund-deficit units of the economy. Whitely (2000) itemizes the following requirements of e-commerce:

- Build a business case (IT as an enabler)
- Development a clear business purpose.
- Build business case around the four C's: customer, cost, competitors and capabilities.
- Top level commitment - Because of change required (i.e. business process, company culture, technology and customer boundaries), e-commerce cannot succeed without a clear vision and strong commitment from the top of the organization.
- Business process reconfiguration: Technology is not the sky innovation needed to make e-commerce work, but it is the ingenuity needed to envision how that technology can enable the company to fundamentally reconfigure some of its basic business processes.

This requires thinking that is outside - the box and outside - the wells i.e. looking at the organization and understanding what customers are doing and how changes in the overall process can create a new value for them. Adedoyin and Adelabu (2008) write on the effect of computerization on the Audit approach, through the use of computer by a client, which will affect the conduct of audit work.

According to Uremadu (2003), the internet is the most promising technology and cultural development the world has ever witnessed a long time after the industrial revolution. It is indeed, the most significant development in Information Technology (IT) since the invention of the personal computer. The internet, which is often called the "NET" the Information Superhighway or Cyberspace, is the largest computer network in the world. Nevertheless, according to Ovia (2007), e-commerce has some inherent problems, which market players have continued to be contented. E-commerce eliminates middlemen and organizations and workers have to keep with technological advances. There is a need to confirm the integrity and authenticity of electronic data which will require the workers of revenue office to acquire and then to develop the skills to audit and test e-commerce system. Adewale and Falaki (2001) have observed that there are apparent benefits of E-commerce to many sectors of the Nigeria economy. E-commerce is touching the life-style of people, and it is already having, positive impact on the buyers and sellers who transact business. The quality and readiness of information available to buyers and sellers is enhanced.

The broad objective of this study therefore is to evaluate the impact of E-Commerce, Accounting Information Technology and Globalization on selected firms in Nigeria. Specifically, the study will assess the impact of E-commerce on selected business organization in Nigeria. It will also examine the current techniques and operation of e-commerce in Nigeria and also analyze the impact of E-commerce on selected firms in Nigeria. It will also appraise the impact of Accounting Information System utilization on banking sector performance. To guide the study, the hypothesis below was formulated and tested at 0.05 level of significance.

H_0 : E-commerce does not have any significant impact on selected business organizations in Nigeria.

METHODOLOGY

This study adopted the survey research design. Data for this study were gathered through the primary and secondary sources. Available data were generated through the use of structured questionnaire and were administered on top management, staff and customers of private and public quoted firms in five Nigerian cities: Ibadan, Lagos, Abuja, Enugu and Kaduna. Stratified random sampling technique was used to select 14 respondents from each of the cities chosen purposively for the study. A total of seventy copies of the structured questionnaire were administered. Out of these, 65 copies were completely filled and returned. The remaining few copies were not recovered. In analyzing the data collected, simple percentage was employed. While chi-square statistics was used in testing the hypothesis formulated for this study.

RESULTS AND DISCUSSION

On table 1, out of the 65 copies of questionnaire returned, 30 or 46.2% responses came from private firms while 35 or 53.8% responses were from public quoted firms. The second part of the questionnaire which is on demographic characteristics of the respondents revealed that male workers were more than female workers. The male workers constituted 40 representing 61.5% of the sample frame while female workers are 25, that is, 38.5% of the sample frame (table 2). Further analysis on table 3 shows that 64.5% represents those with Higher National Diploma, Nigeria Certificate in Education and National Diploma, while 21.5% have Bachelor of Science Degree and Postgraduate Certificates. The remaining 13.8% of the total respondents possess Master of Science Degrees and above. This is an indication that the respondents are educated.

Table 5 shows that 35 respondents, made up of 6 top management, 22 members of staff and 7 customers are expected to support alternative hypothesis. Table 6 is captioned hypothesis testing for χ^2 . The analysis of data on table 6 shows that tabulated is 5.991 and calculated is 3.546. Since cal. < tab., hence, there is no significant impact of e-commerce on the selected business firms.

Table 7 is an appraisal of the Bank's performance indicator (Net Profit Margin) as a result of Accounting Information Technology Utilization. To appraise the impact of Accounting Information Technology on banking sector performance, the secondary data have been made available on table 7. Net Profit Margin (NPM) is the net surplus on the operations of a bank, a good indicator of the operational efficiency, which takes cognizance of all running and incidental expenses. The Net Profit Margin rose slightly in the post Accounting Information Technology deployment era. The result of First Bank PLC suddenly jumped up in 2009 while there was consistency within the two periods for Union, UBA, Skye, Wema and Intercontinental Banks. But for Zenith Bank, the Net Profit Margin in the post Accounting Information Technology era has been falling, as indicated in fig.1.

Table 1: Personal Data of Respondents

Type of Business	Frequency	Percentage
Private Firms	30	46.2
Public Quote Firms	35	53.8
Total	65	100

Source: Survey, 2012

Table 2: Sex of Respondents

Gender	Frequency	Percentage
Male	40	61.5
Female	25	38.5
Total	65	100

Source: Survey, 2012

Table 3: Educational Qualifications

Qualifications	Frequency	Percentage
HND/NCE/ND	42	64.5
B.Sc/PGD	14	21.6
M.Sc and above	9	13.8
Total	65	100

Source: Survey, 2012

Table 4: Impact of E-commerce on selected organization in Nigeria (observed values)

Opinion	Top Management	Staff	Customer	Total
Ho	6	22	7	35
Ha	5	19	6	30
Total	11	41	13	65

Source: Survey, 2012

Table 5: Expected frequencies (ei) on the Impact of E - Commerce on selected organization in Nigeria.

Opinion	Top Management	Staff	Customer	Total
Ho	6	22	7	35
Ha	5	19	6	30
Total	11	41	13	65

Source: Survey, 2012

Table 6: Bank's Performance Indicator (Net Profit Margin) as a result of Accounting Information Technology Utilization

Bank/Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
First Bank Plc	25	16	16	10	23	25	25	26	23	23	68
Union Bank Plc	17	-	14	15	17	20	10	20	17	27	NA
UBA Plc	10	16	6	6	13	17	18	13	40	26	75
GT Bank Plc	70	19	22	28	20	22	22	17	28	24	12
Zenith Bank Plc	NA	NA	NA	54	46	42	31	31	28	24	12
WEMA Bank Plc	14	6	13	19	15	8	6	NA	10	20	NA
Intercontinental Bank	NA	35	23	27	15	NA	36	34	29	31	NA
Skye Bank Plc	11	7	17	17	18	17	8	9	14	20	2
Total	147	99	111	176	167	151	156	150	192	200	175

Source: Idowu (2011). M. Phil. Business Administration Thesis, Obafemi Awolowo University, Ile - Ife, Nigeria.

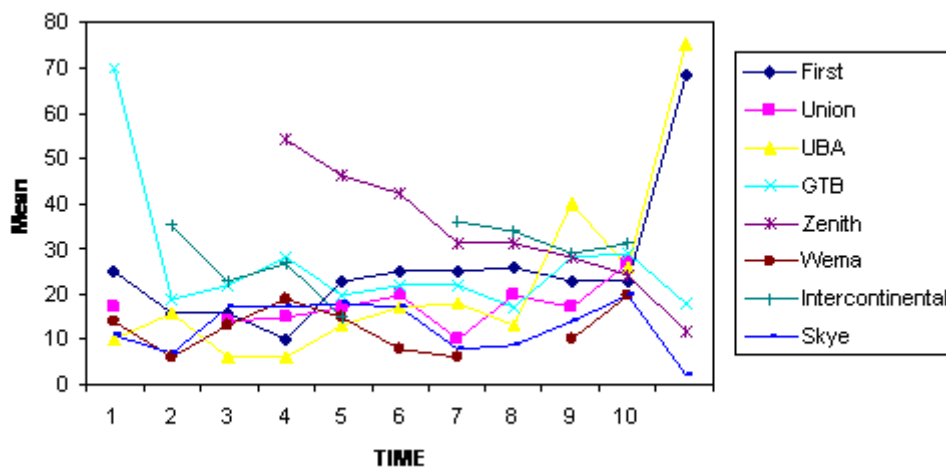


Fig. 1: Time Series graph (Net Profit Margin Curve)

CONCLUSION AND RECOMMENDATIONS

In line with the hypothesis formulated for this investigation, the null hypothesis has been accepted because some businesses in Nigeria are yet to be connected to the global grid; the Internet. In order to ensure growth of e-commerce, the following recommendations based on the findings of this study are put forward.

- i. Business organizations should be encouraged to offer internet services to their existing and potential clients.
- ii. The federal government of Nigeria should implement its E-commerce policy with a view to enhancing productivity.
- iii. Custom duties on web technology and other relevant equipment should be reviewed downwards so that it will become affordable to all.
- iv. Training for members of staff in all establishments should be organized for the purpose of exposing them to electronic commercial activities.

- v. Business or commercial laws of Nigeria should be revised to make them E-commerce friendly. This will stimulate the foreign investors to come into the country for investment purposes.
- vi. The legislative arm of the government system in Nigeria should expedite action on the enactment of Electronic Transaction Bill, cyber crime act and other legislations that will facilitate the growth of E-commerce transactions.

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