

# Chapter 19

## Digital Transformation in the Nigerian Small Business Sector

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### ABSTRACT

*Digital transformation is now impacting businesses in both the developed and developing worlds, and this chapter examines this phenomenon in the small business sector in Nigeria. Adopting an interpretivist philosophy, the methodology combines a survey of small business enterprises (SBEs) with in-depth case studies of three Nigerian companies. Ten critical influencing factors are identified, and a model (Engage-Deploy-Exploit-Transform – EDET) is developed and applied to the case studies to assess the status of digital transformation. The influencing factors provide a checklist for SBEs embarking on digital transformation projects, and the model can be used to assess progress and identify new opportunities for digital transformation at the business process level. The authors believe this to be a useful contribution to the growing literature in this field that can be used by both researchers and practitioners in similar developing-world contexts.*

### INTRODUCTION

The potential of digital transformation to drive trade and economic growth, and bridge inequalities between African nations and the rest of the world, is widely recognised (Department of International Relations and Cooperation, 2019). Digital transformation entails the deployment of new technologies to change an organisation's processes, products, services and even their underpinning business model. Simply put, digital transformation is “the use of technology to radically improve performance or reach of enterprises” (Westerman et al., 2014a, para.1). However, the United Nations General Secretary, Antonio Guterres, recently concluded that although “digital advances have created enormous wealth in record

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time”, it was “concentrated around a small number of individuals, companies and countries”, and that “we must work to close the digital divide, where more than half the world has limited or no access to the Internet” (United Nations, 2019, p. iv).

In this context, this chapter explores the impact of digital technologies on small businesses in Nigeria, Africa’s biggest economy, and puts forward a framework for assessing the status of digital transformation in these businesses. This is in line with the work of other academics working in the field. Sein and Harindranath (2014), for example, suggest that to better understand the role information and communications technology (ICT) can play in developing world economies, it “needs to be conceptualized in its many facets, perceptions, and in its manifold impact in societies”, and they propose an integrative framework which “policymakers and donor agencies may find useful in evaluating the potential impact of development interventions using ICT” (p.15). In similar vein, Walsham (2017), referring to ICT research in developing world countries, has stressed the importance of creating “a cumulative research tradition” through “the development and application of theory” which enables “moving from a particular setting or application to more general statements or conceptual frameworks” (p.29).

In Nigeria, the adoption of mobile phones, social media and internet technologies has reached new levels in recent years, with internet penetration increasing at about 10% every year, and active GSM subscriber lines growing from 145 million in 2017 to 184 million at the end of 2019 (Nigerian Communications Commission, 2020). This increased adoption of digital technologies for personal use has engendered a growing demand for digital services and products in the commercial arena. The adoption of digital transformation initiatives by Nigerian businesses, however, is generally still in the early stages, with financial institutions, start-ups and small businesses leading the search for creative and innovative approaches to deliver digital products and services to customers.

In the Nigerian public sector, digital transformation is also considered an essential component of government strategy, aimed at providing more efficient and effective services to its citizens (Oyemade, 2019). Federal and state government digital initiatives have facilitated easier business registration and more efficient tax collection, thereby increasing internally generated tax and duty revenues. Nevertheless, there is only limited research on digital transformation in Nigeria, particularly within the context of small businesses. This article examines this phenomenon in Nigeria in the context of small business enterprises (SBEs), which can be defined as enterprises that employ fewer than 50 persons (European Commission, 2006). Following this introduction, relevant literature, definitions and models are reviewed, and an outline conceptual framework and research questions are set out. The research methodology and design is then explained, and the main findings from a survey and three detailed case studies are discussed. The following analysis section draws on these findings to address the three research questions, and puts forward and applies the Engage-Deploy-Exploit-Transform (EDET) model for assessing digital technology deployment in SBEs. The final section makes some conclusions regarding the contribution of the research project and future work.

## **LITERATURE REVIEW**

### **Digital Transformation**

There is no uniform definition of the term “digital transformation” to date. Vial (2019) reviewed 282 digital transformation related academic publications and found 23 different definitions. Based on the

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