

Information Utilization and Organizational Effectiveness of Small and Medium enterprises (SMES) in Lagos State: A Study of SME Managers

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Abstract

Purpose: This study investigated the influence of information utilization on organizational effectiveness of small and medium-scale enterprises (SMEs) in Lagos State, Nigeria.

Design/Methodology/Approach: Survey research design was adopted for the study. The population of the study consisted of 349 managers of registered SMEs in the three senatorial districts in Lagos State. Stratified random sampling technique was used to select 186 SMEs managers. Questionnaire was used for data gathering and analyses done using descriptive and inferential regression statistics.

Findings: Findings revealed that SMEs managers in Lagos State utilise information for several variables that facilitates the development and growth of their businesses. The regression also revealed that information utilization significantly influenced organizational effectiveness of SMEs in Lagos State.

Implication: The implication of this study is that amongst other things, managers' information utilization contributes significantly to organizational effectiveness of SMEs in Lagos State.

Originality/Value: So far, most studies on information utilization and organizational effectiveness of small and medium-scale enterprises (SMES) have not taken SMEs managers into consideration, but in this study, there was a shift to focus on managers' information utilization and its influence on organizational effectiveness thereby making it a first of its kind.

Keywords: Information utilization, Organizational effectiveness, Small and Medium Enterprises, Managers.

Introduction

The performance of Small and Medium Enterprises (SMEs) in Nigeria has called for concerns. This means that Small and Medium Enterprises have not played the anticipated important function in stimulating economic output and growth in Nigeria (Onugu, 2005). This situation is disheartening to all stakeholders in the SME industry vis-a-vis the operators, practitioners, government, citizenry, concerned individuals, and the organized private sector groups. The condition is more worrisome when contrasted with what other emergent and developed economies have been able to achieve with their SMEs as revealed in literature. For instance, ADB (2002) emphasize that the role of Small and Medium Enterprises (SMEs) to the growth and development of a nation cannot be overstated. In Organization for Economic Co-operation and Development (OECD) countries, small and medium scale businesses contribute 55% of Gross Domestic Product (GDP) and generate 60-70% of employment (Etuk, Etuk, & Baghebo, 2014). For developing countries, the situation is the same. For example, SMEs

account for 93% of firms, 33% investment, 38% of production and 46% employment. Also, small and medium scale businesses determine 99% of all private companies and accounts for 55% of employment generation in Ecuador (Etuk et al., 2014).

Specifically in Nigeria, SMEs constitute a major source of wealth generation and employment creation. While the citizens benefit in terms of employment and income expansion, it helps to generate revenue for the government in form of taxes. It is noteworthy that not all small and medium scale businesses enterprises reside in the formal sector; some of them are not registered and these vary in size from an estimated 4-6% in developed countries to over 50% in developing nations (Etuk, et al, 2014).

Studies have also revealed the relationship between country's overall level of income and the SMEs growth per 1,000 people in that country (International Finance Corporation [IFC], 2006). Small and Medium Scale businesses may be handled by their owners who are often supported by family members and friends (Okello-Obura, Minishi-Majanja, Cloete & Ikoja-

Odongo, 2008). For the most part, an SME is mostly private and is one of the key aspects of monetary activities in any country. Adaramola (2012) approximates 22 per cent of employment of adult population in the developing countries to small and medium scale businesses.

Some of the key Millennium Development Goals like halving the proportion of people living in extreme poverty and hunger, providing access to safe water, plummeting maternal and infant mortality by three-quarts and two thirds respectively and enrolling all children in primary school by 2015 would have been an uphill task if not for the improvement of its SMEs' growth. More so now, that Nigeria's low-level per capita income, reduced agricultural output, lack of industrial and infrastructural developments are contributing factors to the poor performance of SMEs in the country (Onugu, 2005). The role of information utilization cannot be overemphasised. Information is a critical ingredient of a business and has been with us for decades. Information is regarded as a major component for knowledge sharing and for sustainable development of SMEs.

Despite the emerging complexity and dynamism of the SME environment, information is highly regarded as an important tool used by managers to reach organizational goals (Hitt, Ireland & Hoskisson, 2003; Song, Calantone & Benedetto, 2002).

Five major uses of information have been identified and these include decision-making, signalling, control, education, learning as well as external communication. Business information may encompass financial or nonfinancial measures (Andersen & Fagerhaug, 2007). Through the use of information, top, middle and low level managers of SMEs are able to adapt their organisations to environmental changes in order to survive and prosper. Over the years, sources of information have increased and improved so that everyone can access it without age, affiliation, or status barriers. This was not so in the past where source of information to SMEs owners includes face to face interaction and written correspondence. Information sources have been extended to speeches, handsets, websites, e-mail, documents, and video conferencing (Chiwere & Dick, 2008).

SME managers can basically source for information through internal and external routes. Internal source of information flows from production and sales figures, stock of raw materials, work in progress and finished goods, financial indicators and development reports (Kaye, 1991). External sources of information are gotten outside the workplace and include information

on competitive companies and potential for market growth. Gathering these two sources of information is usually done by the application of various communication devices namely written communication, telephone communication and virtual communication. Studies have shown that even with the advent of e-mail, the written letter is often used in business (Glenco Professional Communication Series, 2003).

Considering the importance of information utilization to business especially in a place like Lagos, Nigeria which is considered the financial nerve centre of the nation, exploring the effect of information utilization on organizational effectiveness of SME industries at a time like this is highly needed and that is exactly what this study intends to achieve.

Statement of the Problem

Global information has doubled roughly every century. Currently, the world is experiencing information explosion and to thrive in this era, a business person needs to utilize varieties of information, regardless of how versed one is in a field or profession. However, in spite of the avalanche of information, there is a mismatch between information availability and information utilization among business persons. Specifically in Nigeria, many businesses suffer severe setbacks not as a result of lack of information but due to lack of use of information. Study has established that the concept of information utilization and seeking behaviour has been of great concern to stakeholders especially in developing countries where access to information is seen as a mirage (Abdullahi, Igbinoia & Solanke, 2015). Though many Nigerian scholars have written on information utilization, most of them have failed to link information utilization to organizational effectiveness in Nigeria. This is the gap that this paper tries to fill by examining the perception of SME managers about information utilization and also investigate the influence of information utilization on organizational effectiveness of SMEs.

Objectives of the Study

The main objective of this paper is to examine the influence of information utilization on organizational effectiveness of Small and Medium Enterprises (SMEs) in Lagos state. The study is guided by the following specific objectives:

1. To examine information utilization perception of SMEs managers in Lagos State.
2. To investigate how SMEs managers in Lagos State perceive organizational effectiveness.

3. To ascertain the impact of information utilization by SMEs managers on organizational effectiveness.

Research Questions

The following research questions and hypothesis were derived from the study objectives:

1. What is the perception of Lagos State SMEs managers about information utilization?
2. How do SMEs managers in Lagos State perceive organizational effectiveness?

Research Hypothesis

H₀₂: There is no significant impact of Managers' information utilization on organizational effectiveness of SMEs in Lagos State.

Literature Review

Organizational Effectiveness of Small and Medium Enterprises (SMEs)

The term effectiveness can be described as the organization's capacity to search its surroundings to acquire scarce resources in order to achieve the set organizational objectives. Method of measuring effectiveness varies according to organization. Measuring effectiveness can help SMEs modify their approach in order to avoid failure. According to Pedraza (2017), Organizational Effectiveness (OE) is the capacity of an organization to produce desired results with the smallest amount of money, time, human and material resources. Pedraza (2017) and Anderson and Adams (2015) highlighted that organizational effectiveness is usually measured by comparing the net profitability of an organization with its targeted profitability. They further noted that added measures are results of customer satisfaction surveys and growth variables of companies. Major dimensions of an effective organization are accountability, decision-making and structure, leadership, communication, people, culture, delivery, performance, work processes and systems.

Although, 'organizational effectiveness' and 'organizational efficiency' look similar, there is a vast difference in their definition and application. Gish (2017) explained that organizational efficiency denotes how well a company uses money. In publicly traded corporations, organizational efficiency is measured by a company's capacity to make the most of profits based on capital acquired through debt and equity. The fundamental dissimilarity between organizational efficiency and organizational effectiveness is in the fact that an organization can essentially use the latter to measure anything, whereas the former pertains mainly to monetary efficiency.

The idea of organizational effectiveness is important for SMEs as shareholders are interested in knowing whether the organization is effective in accomplishing its goals. However, scholars have acknowledged that the concept of organizational effectiveness has multiple dimensions and multiple definitions (Herman & Renz, 2008). For example, while most SMEs leaders define organizational effectiveness as 'outcome accountability,' or the extent to which an organization achieves specified levels of progress toward its own goals, a minority of SMEs leaders define effectiveness as 'overhead minimization,' or the minimization of fundraising and administrative costs.

According to Richard (2009), organizational effectiveness takes into consideration organizational performance and the numerous internal performance result usually linked with more efficient operations and other external measures linked to broader considerations like those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility. The effectiveness of an organization also depends on its communicative ethics and competence. Demonstrating integrity, honesty respect and equity will allow communicative competence with employees. Down with ethics and communicative competence, organizations can easily achieve their proposed goals. Nevertheless, some scholars have claimed that organizational effectiveness is an abstract conception that is often difficult for many organizations to directly capture. This is why organization selects proxy measures to measure effectiveness and these may include number of employees and types of population segments served. For instance, a charity organization collect data on variables like number of volunteers delivering meals, the number of meals cooked and served, the turnover and retention rates of volunteers, the demographics of the people served, the turnover and retention of consumers, the number of requests for meals turned down.

In SMEs settings, organizational effectiveness is usually assessed using logic models. Logic models represent a management tool widely used in the SMEs industry to evaluate programs. McLaughlin and Jordan (2012) noted that logic models are produced to connect particular, measurable inputs to a particular, measurable impact. In addition, the duo proposed that actions like fundraising, administration and volunteer trainings are vital inputs into organizational effectiveness. Even though they do not directly lead to programmatic results, they offer necessary support

functions for a business to successfully monetize its programs.

Henry (n.d.) aimed to bridge the gap between the organizational effectiveness (OE) models developed in the field of organizational theory and the performance measurement models presented within the management accounting literature. The author attempted to merge the two corresponding streams of research coming from two different fields by analyzing their convergences and divergences. As an answer to pragmatic and theoretical pressures, while organizational effectiveness measurement reflects a construct view, performance model mirrors a process view.

The Importance of Information Utilization among SME Managers

The importance of information utilization among SMEs managers cannot be overemphasised. A lot of studies have been conducted on the concept of information need and utilization. For instance, information has been described as a major constituent for knowledge sharing and for sustainable development of SMEs. Despite the emerging complexity and dynamism of the SME environment, information is highly regarded as an important tool used by SME managers to reach organizational goals (Hitt, Ireland & Hoskisson, 2003). Through the use of information, top, middle and low level managers of SMEs are able to adapt their organisations to environmental changes in order to survive and prosper. An organization can have many different managers, across many different titles, authority levels, and levels of the management hierarchy but in all, information is key to their operations regardless of their position on the job.

Rayport and Jaworski (2001) in their study attempted to examine the significance of information among SMEs. They reported that information utilization enhances efficient production, helps SMEs operators gain insight into happenings in the international scenes, and aid the marketing and distribution of products and services (Hooper, Kew, & Herrington, 2010). Similarly, Ojukwu (2006) in his study stated that every organization that commits itself to invest in information has the advantages of new ways of management, improved business output, higher competitive edge, and possible development of new businesses. This was buttressed by Roldan and Wong (2008) who suggested that the importance of information to SMEs lies in the fact that information serves as a productive tool. While these authors further explained that information provides help for SMEs owners when they use it in business transaction

in the areas of bidding for a stock or completing an order, Jensen (2007) concluded that information can help achieve better prices for services and decrease price dispersion. All of these could only point to the fact that information utilisation is germane to productive and successful business for SMEs.

As documented in literature, several factors determine the use of information among SMEs owners. These include the zeal for experience, desire for growth, decision making and strategic awareness (Lybaert, 1998); sales performance (Ojo, Akinsunmi & Olayonu, 2015) amongst others. In addition, Donner, (2006) found that in every ten SMEs operators in places like Tanzania, South Africa and Egypt, records keeping have tremendously improved their profits as a result of information use. This implies that for SMEs to thrive in any economy, the importance of information utilization cannot be overemphasised.

Concept of Organizational Effectiveness

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The idea of organizational effectiveness is important for SMEs as shareholders are interested in knowing whether the organization is effective in accomplishing its goals. However, scholars have acknowledged that the concept of organizational effectiveness has multiple dimensions (Herman et al, 2008) and multiple definitions (Anderson and Adams 2012)). For example, while most SMEs leaders define organizational effectiveness as 'outcome accountability,' or the extent to which an organization achieves specified levels of progress toward its own goals, a minority of SMEs leaders define effectiveness as 'overhead minimization,' or the minimization of fundraising and administrative costs.

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However, some SME supervisory agencies consider overhead spending as an indication of organizational incompetence given that money are not being spent frankly on programs. Several SME overseers make available ratings of SME organizations using these data, but this practice has been broadly condemned by certain schools of thoughts and SME practitioners (Hager, 2004; Ogden et al, 2009). Mitchell (2012) reported that SMEs with higher overhead may be considerably more effective in achieving significant results than those with low overhead. Other report like Wing and Hagar (2004) confirmed that organizations with low overhead may actually reduce organizational effectiveness.

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organizational theory and the performance measurement models presented within the management accounting literature. The author attempted to merge the two corresponding streams of research coming from two different fields by analyzing their convergences and divergences. As an answer to pragmatic and theoretical pressures, while OE measurement reflects a construct view, performance model mirrors a process view.

Methodology

The study used the survey research design because it allowed the researcher seek the views of SME managers on information utilization and organizational effectiveness, which provided generalized opinions from the number of participants. The target population for this study are registered SMEs managers in the three Senatorial Districts in Lagos State: Lagos West, Lagos East, and Lagos Central. The sample size consisted of 186 registered SMEs managers selected through the proportional stratified sampling method. Structured questionnaire was used to measure information utilization and organizational effectiveness of Lagos State SMEs managers on a Likert scale. The internal consistency of the instrument calculated through the use of Cronbach's alpha (α) reliability coefficient indicates the following: Organizational Effectiveness of SMES ($\alpha = 0.952$) and Information Utilization ($\alpha = 0.894$). The statistical methods used in this research consisted of descriptive and inferential tools of frequency count, percentage, mean, standard

deviation as well as full and reduced ordinary least square regression models.

Data Analysis and Discussion

The result of the analysis that guided this paper is presented under this sub-section.

The analyses revealed that a larger number of the respondents were selected from Lagos central senatorial district (40.4%), young in age (30-39 years:

45.0%) had few years of work experience (1-5 years: 47.7%) but possessed high level of education (Graduates: 75.6%) contrary to the wide spread belief by some that most people in business are not education inclined. To address the objectives, each of the table represented the outcome of the study in line with the formulated research questions.

Research Question 1:

What is the perception of Lagos State SME managers about information utilization?

Table1 provides answer to research question 1

Table 1: Perception of Lagos State SME Managers about information utilization (N = 186)

| S/N | Information utilization for | Not at all % | Rarely % | Often % | Very often % | Sum of often and very often % |
|-----|-----------------------------------------------------------------------------|--------------|----------|---------|--------------|-------------------------------|
| 19 | Sales improvement | 14 | 20.7 | 39.3 | 26 | 65.3 |
| 20 | Monitoring of business trends | 19.7 | 20.4 | 40.2 | 19.7 | 59.9 |
| 21 | Understand the desires of consumers | 24.8 | 18.4 | 27 | 29.8 | 56.8 |
| 22 | Organizational planning | 21.2 | 22.1 | 33.1 | 23.6 | 56.7 |
| 23 | Gaining commercial advantage over competitors | 21.6 | 21.9 | 27.9 | 28.6 | 56.5 |
| 24 | Profit maximization | 23.6 | 20 | 33.6 | 22.8 | 56.4 |
| 25 | To modify products/services | 26.4 | 18.6 | 32.9 | 22.1 | 55 |
| 26 | Activity controlling and monitoring | 23.7 | 21.6 | 31.7 | 23 | 54.7 |
| 27 | Decision making | 26.7 | 20 | 33.3 | 20 | 53.3 |
| 28 | Performance monitoring and predictions | 26.8 | 20.4 | 33.8 | 19 | 52.8 |
| 29 | To drive advertisement | 22.9 | 25 | 24.2 | 27.9 | 52.1 |
| 30 | Marketing | 26.8 | 21.8 | 29.6 | 21.8 | 51.4 |
| 31 | Operational support | 27.5 | 24.6 | 33.8 | 14.1 | 47.9 |
| 32 | Preparing daily, weekly, monthly and annual reports | 28.4 | 24.1 | 31.2 | 16.3 | 47.5 |
| 33 | Coordinate activities of employees and different organizational departments | 30.9 | 22.4 | 33.8 | 12.9 | 46.7 |
| 34 | Ad-hoc problem solving | 33.9 | 27.3 | 26.4 | 12.4 | 38.8 |
| 35 | Recruitment and selection | 31.3 | 31.3 | 28.4 | 9 | 37.4 |

Perception of Lagos State SME managers about information utilization as displayed in Table 1 revealed that SME managers in Lagos State utilize information for various purposes in the course of carrying out their business. The highest rate of the use (65.3%) having to do with improvement of sales while the lowest use of information (37.4%) has to do with recruitment and selection of employees. The implication of this result is that a greater percentage of SME managers utilize

information for different purposes and to a certain degree in carrying out their business, therefore it is expected that organizational effectiveness should be positively affected. This finding has given credence to previous studies that affirmed the significance of information utilization (Khalil, 2003; Ojukwu, 2006; Rayport & Jaworski, 2004). In the words Ojukwu (2006), every organization that commits itself to invest in information has the advantages of new ways of

management, improved business output, gaining competitive edge, and making possible the development of new businesses. Besides, Roldan and Wong (2008) suggested that the importance of information to SMEs lies in the fact that information serves as a productive tool. They believe that information provides help for SME in the areas of bidding for a stock or completing an order. Furtherance to these assertions, Jensen (2007) concurs that information can help achieve better prices for

services and decrease price dispersion. All these could only point to the fact that information utilization is important to the success of SMEs.

Research question 2: How do SMEs managers in Lagos State perceive organizational effectiveness?

To answer this question, 10 constructs of organizational effectiveness were measured. The result is presented in table 2.1 to 2.10.

Table 2.1: Leadership construct of organizational effectiveness (N = 186)

| S/N | Survey Items | Strongly agree | Agree | sum of agree | Disagree | Strongly Disagree | sum of disagree | Undecided |
|-----|-------------------------------------------------------------------|----------------|-------|--------------|----------|-------------------|-----------------|-----------|
| | Leadership | % | % | % | % | % | % | % |
| 36 | The leadership team have a clear vision. | 31.6 | 25.1 | 56.7 | 11.1 | 26.3 | 37.4 | 5.8 |
| 37 | The organization has a mission statement. | 28.6 | 27.4 | 56.0 | 8.6 | 28.0 | 36.6 | 7.4 |
| 38 | Staff are involved in achieving the vision and mission. | 29.1 | 26.4 | 55.5 | 6.0 | 33.0 | 39.0 | 5.5 |
| 39 | The vision is known to all. | 31.4 | 23.4 | 54.8 | 15.4 | 22.9 | 38.3 | 6.9 |
| 40 | New leaders are being identified and groomed by existing leaders. | 25.0 | 28.5 | 53.5 | 12.2 | 26.7 | 38.9 | 7.6 |

Regarding leadership construct of organizational effectiveness as presented in table 2.1, it is obvious from the sum of agreement that across all the variables, more than 50% of the managers responded in the affirmative. This implies that most of

the SMEs businesses surveyed in Lagos State operate, participating style of business management and leadership. As a result, the level of leadership involvement in the SMEs in Lagos State is capable of improving organizational goals and effectiveness

Table 2.2: Staff development construct of organizational effectiveness (N = 186)

| S/N | Survey Items | Strongly agree | Agree | sum of agree | Disagree | Strongly Disagree | sum of disagree | Undecided |
|-----|------------------------------------------------|----------------|-------|--------------|----------|-------------------|-----------------|-----------|
| | Staff Development | % | % | % | % | % | % | % |
| 41 | We use competencies when recruiting new staff. | 21.9 | 26.0 | 47.9 | 19.5 | 23.1 | 42.6 | 9.5 |
| 42 | Competencies are an integral | 19.6 | 28.0 | 47.6 | 18.5 | 24.4 | 42.9 | 9.5 |

| | | | | | | | | |
|----|---------------------------------------------------------------------------------------------------|------|------|------|------|------|------|-----|
| 43 | part of the performance review process. The competencies of effective performance are well known. | 19.5 | 25.4 | 44.9 | 16.0 | 30.8 | 46.8 | 8.3 |
| 44 | The competencies are modified for different levels of the organization. | 21.8 | 22.9 | 44.7 | 19.4 | 26.5 | 45.9 | 9.4 |
| 45 | We have a talent management plan. | 20.6 | 20.0 | 40.6 | 9.7 | 40.0 | 49.7 | 9.7 |

In the area of staff development, while less people agreed that: they have a talent management plan (40.6%), the competencies of effective performance are not well known (44.9%), and the competencies are not modified for different levels of the organization(44.7%), more people indicated that their competencies are used when recruiting new staff (47.9%) and those competencies are an integral part of the performance review process (47.6%). This finding

shows that most of the SMEs businesses under study somehow invest in their staff. One can conclude that there exists some level of staff development among SMEs in Lagos State, though this may be low. The implication of this is that most of the SMEs managers in Lagos State somehow give some credence to staff development.

Table 2.3: Customer/client service construct of organizational effectiveness (N = 186)

| S/N | Survey Items | Strongly agree | Agree | sum of agree | Disagree | Strongly Disagree | sum of disagree | Undecided |
|-----|-------------------------------------------------------------------------------|----------------|-------|--------------|----------|-------------------|-----------------|-----------|
| | Customer / Client Service | % | % | % | % | % | % | % |
| 46 | We have established service standards. | 28.7 | 46.0 | 74.7 | 8.6 | 8.6 | 17.2 | 8.0 |
| 47 | Our members of staff are rewarded for exceeding service standards. | 30.2 | 44.4 | 74.6 | 8.9 | 8.3 | 17.2 | 8.3 |
| 48 | Our members of staff are engaged in problem solving customer/client problems. | 31.4 | 41.3 | 72.7 | 8.7 | 12.2 | 20.9 | 6.4 |
| 49 | We have well established processes for dealing with customers/clients. | 24.1 | 48.3 | 72.4 | 9.2 | 10.3 | 19.5 | 8.0 |
| 50 | The clients/customers needs are known and defined | 26.0 | 39.1 | 65.1 | 10.7 | 17.8 | 28.5 | 6.5 |

As indicated in Table 2.3, all the variables measured under the client/customers dimension of organizational effectiveness have more than 65% sum

agreement in the affirmative. This finding implies that SMEs businesses in Lagos State have strong customers/client support system in place to manage

customers/clients' needs. Consequently, State has the potential to drive organizational goals and effectiveness.

Table 2.4: Performance improvement construct of organizational effectiveness (N = 186)

| Survey Items | Strongly agree | Agree | sum of agree | Disagree | Strongly Disagree | sum of disagree | Undecided |
|----------------------------------------------------------------------------------------------------------|----------------|-------|--------------|----------|-------------------|-----------------|-----------|
| | % | % | % | % | % | % | % |
| 51 Our managers set personal and business objectives. | 25.6 | 25.6 | 51.2 | 16.9 | 23.3 | 40.2 | 8.7 |
| 52 Each team/department has measures of their quality of service. | 21.8 | 28.7 | 50.5 | 13.8 | 26.4 | 40.2 | 9.2 |
| 53 We regularly measure organizational performance. | 19.2 | 29.1 | 48.3 | 18.6 | 19.8 | 38.4 | 13.4 |
| 54 Our measures reflect the interest of all stakeholders (employees, clients, management, shareholders). | 24.3 | 23.7 | 48.0 | 18.9 | 21.3 | 40.2 | 11.8 |
| 55 Our performance measures are shared regularly with staff. | 22.9 | 24.7 | 47.6 | 20.6 | 17.6 | 38.2 | 14.1 |

In the aspect of performance improvement, finding as presented in table 2.4 reveals the sum agreement total range of 47.6 – 51.2%. This is on the average and as a result one can conclude that SMEs

businesses in Lagos State have robust performance measurements in place to track and improve their performance.

Table 2.5: Training construct of organizational effectiveness (N = 186)

| Survey Items | Strongly agree | Agree | sum of agree | Disagree | Strongly Disagree | sum of disagree | Undecided |
|-------------------------------------------------------------|----------------|-------|--------------|----------|-------------------|-----------------|-----------|
| S/N | % | % | % | % | % | % | % |
| 56 We utilize a variety of strategies to develop staff | 20.8 | 26.6 | 47.4 | 15.0 | 25.4 | 40.4 | 12.1 |
| 57 We place a high value on staff training and development. | 17.2 | 26.4 | 43.6 | 13.8 | 29.3 | 43.1 | 13.2 |
| 58 Our training is related to core competencies. | 17.3 | 26.0 | 43.3 | 17.9 | 22.5 | 40.4 | 16.2 |
| 59 We track and/or measure | 17.6 | 25.0 | 42.6 | 15.9 | 27.3 | 43.2 | 14.2 |

outcomes of training/development interventions.

Table 2.5 presents the results of training construct of organizational effectiveness. Again, in all the variables, the sum agreement ranges between 42 – 47.4% which is a little below half of the total sum. This

finding shows that SMEs in Lagos State invest in staff training to a certain degree. As a result, staff training is expected to improve organizational effectiveness.

Table 2.6: Change management construct of organizational effectiveness (N = 186)

| S/N | Survey Items | Strongly agree | Agree | sum of agree | Disagree | Strongly Disagree | sum of disagree | Undecided |
|-----|---------------------------------------------------------------------------------------|----------------|-------|--------------|----------|-------------------|-----------------|-----------|
| | | % | % | % | % | % | % | % |
| 60 | There are market pressures that require us to do better. | 15.9 | 24.7 | 40.6 | 27.6 | 20.6 | 48.2 | 11.2 |
| 61 | Morale is positive | 14.1 | 25.9 | 40.0 | 27.1 | 20.0 | 47.1 | 12.9 |
| 62 | We have a budget for consulting if needed. | 17.0 | 20.5 | 37.5 | 14.8 | 32.4 | 47.2 | 15.3 |
| 63 | We set up interdisciplinary task forces to deal with major problems or opportunities. | 10.8 | 22.9 | 33.7 | 13.3 | 32.5 | 45.8 | 20.5 |
| 64 | We have a positive relationship with our union. | 8.1 | 26.7 | 34.8 | 20.9 | 26.2 | 47.1 | 18.0 |

Table 2.6 showed that the perception of change management of SMEs in Lagos State is not encouraging. This is because across all the variable of change management, less than 45% responded in the affirmative. This finding implies that SME businesses in

Lagos State have weak change management. Subsequently, poor change system in the SMEs in Lagos State can weaken organizational goals and effectiveness.

Table 2.7: Communication construct of organizational effectiveness (N = 186)

| | Survey Items | Strongly agree | Agree | sum of agree | Disagree | Strongly Disagree | sum of disagree | Undecided |
|----|-----------------------------------------------------------------|----------------|-------|--------------|----------|-------------------|-----------------|-----------|
| | | % | % | % | % | % | % | % |
| 65 | We communicate regularly and in a timely manner with employees. | 18.8 | 27.6 | 46.4 | 20.6 | 14.7 | 35.3 | 18.2 |
| 66 | Our organization | 17.5 | 26.9 | 44.4 | 14.6 | 22.8 | 37.4 | 18.1 |

| | | | | | | | | |
|----|--------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|------|
| 67 | has a formal system of communicating with employees Our managers hold regular information meetings. | 22.8 | 21.6 | 44.4 | 20.5 | 15.8 | 36.3 | 19.3 |
| 68 | Management welcomes input/ideas from employees | 19.4 | 24.1 | 43.5 | 19.4 | 17.1 | 36.5 | 20.0 |

Also in the area of communication, table 2.7 revealed that on the average respondents sum agreement to all the variables ranges from 43 – 46.4%. This implies that some of the SME businesses in Lagos

State have strong communication system at their workplace. As a result, the level of communication in the SMEs in Lagos State is expected to improve organizational goals and effectiveness to an extent.

Table 2.8: Employee engagement construct of organizational effectiveness (N = 186)

| | Survey Items | Strongly agree | Agree | sum of agree | Disagree | Strongly Disagree | sum of disagree | Undecided |
|----|-------------------------------------------------------------------|----------------|-------|--------------|----------|-------------------|-----------------|-----------|
| | Employee engagement | % | % | % | % | % | % | % |
| 69 | Employees are encouraged to develop their knowledge and skills. | 20.4 | 34.1 | 54.5 | 19.8 | 10.8 | 30.6 | 15.0 |
| 70 | Employees feel that their job/contribution is important | 22.2 | 30.5 | 52.7 | 18.0 | 12.6 | 30.6 | 16.8 |
| 71 | Employees have the materials and equipment needed to do their job | 19.8 | 32.3 | 52.1 | 15.6 | 14.4 | 30.0 | 18.0 |
| 72 | Employees receive recognition for doing a good job. | 20.1 | 30.8 | 50.9 | 18.3 | 12.4 | 30.7 | 18.3 |
| 73 | Employees know what is expected of them. | 18.2 | 31.2 | 49.4 | 13.5 | 17.6 | 31.1 | 19.4 |

Table 2.8 presents the aspect of employee engagement and findings reveal that about half of the managers responded in the affirmative to all the variables of employee engagement (49.4 – 54.5%). This

shows that many of SME businesses under study have strong employee engagement at the workplace. Consequently, employee engagement is expected to drive organizational goals and effectiveness.

Table 2.9: Planning construct of organizational effectiveness (N = 186)

| | Survey Items | Strongly agree | Agree | sum of agree | Disagree | Strongly Disagree | sum of disagree | Undecided |
|----|-------------------------------------------------------------------------------|----------------|-------|--------------|----------|-------------------|-----------------|-----------|
| | Planning | % | % | % | % | % | % | % |
| 74 | Our long-term plan is updated each year. | 22.0 | 20.8 | 42.8 | 10.4 | 31.8 | 42.2 | 15.0 |
| 75 | Our organization has a strategic plan | 19.9 | 22.8 | 42.7 | 17.0 | 25.7 | 42.7 | 14.6 |
| 76 | We follow up on plans. | 18.0 | 24.4 | 42.4 | 19.2 | 23.8 | 43.0 | 14.5 |
| 77 | We have matrices that track whether plans are being implemented successfully. | 19.6 | 20.8 | 40.4 | 16.1 | 24.4 | 40.5 | 19.0 |

The aspect of planning dimension of organizational effectiveness as shown in table 2.9 indicated sum of agreement that ranges between 40-42.8%. This is just a little above one third. This is not

that impressive. Hence, there is need for Lagos State SME managers to improve on planning in order to sustain and improve their businesses.

Table 2.10: Employee relation construct of organizational effectiveness (N = 186)

| | Survey Items | Strongly agree | Agree | sum of agree | Disagree | Strongly Disagree | sum of disagree | Undecided |
|----|-------------------------------------------------------------------------|----------------|-------|--------------|----------|-------------------|-----------------|-----------|
| | Employee relation | % | % | % | % | % | % | % |
| 78 | We have an Employee Assistance Program | 17.9 | 26.2 | 44.1 | 19.0 | 20.2 | 39.2 | 16.7 |
| 79 | We have a formal recognition program | 16.6 | 27.2 | 43.8 | 17.8 | 20.1 | 37.9 | 18.3 |
| 80 | We regularly survey our employees' morale. | 17.8 | 26.0 | 43.8 | 12.4 | 23.7 | 36.1 | 20.1 |
| 81 | After surveys, we identify, prioritize and deal with issues that arose. | 14.7 | 27.6 | 42.3 | 17.9 | 21.2 | 39.1 | 19.4 |
| 82 | We periodically conduct wage and salary | 16.7 | 25.0 | 41.7 | 17.9 | 21.4 | 39.3 | 19.0 |

surveys.

Lastly, table 2.10 presents the employee relation construct. Again, responses across all the variables are a little above one third (41 – 44.1%) which is an indication that the SME businesses in Lagos State attach some level of importance to employee relation

by putting in place a system for its improvement. As a result, employee relation is assumed to improve
Hypothesis: Managers’ information utilization has no significant influence on organizational effectiveness of SMEs in Lagos State

Table 3: Influence of managers’ information utilization on organizational effectiveness of SMEs

| Variables | Full-model | | | Reduced-model | | |
|-----------------------------------------------------------------------------|------------|---------|---------------------------|---------------|---------|---------------------------|
| | T | p-value | Goodness of Fit (p-value) | T | p-value | Goodness of Fit (p-value) |
| (Constant) | 7.117 | .000 | | | | |
| Decision making | .305 | .761 | | 3.722 | 0.000 | 13.850 (0.000) |
| Sales improvement | -.939 | .351 | | 0.875 | 0.383 | 0.765 (0.383) |
| Monitoring of business trends | -.519 | .605 | | 2.169 | 0.032 | 4.706 (0.032) |
| Performance monitoring and predictions | .464 | .644 | | 4.350 | 0.000 | 18.927 (0.000) |
| Preparing daily, weekly, monthly and annual reports | -.125 | .901 | | 4.845 | 0.000 | 23.472 (0.000) |
| Ad-hoc problem solving | .363 | .718 | 2.340 (0.012) | 3.948 | 0.000 | 15.587 (0.000) |
| Recruitment and selection | 2.624 | .010 | | 5.097 | 0.000 | 25.980 (0.000) |
| Coordinate activities of employees and different organizational departments | -.085 | .932 | | 5.483 | 0.000 | 30.066 (0.000) |
| Operational support | -1.065 | .290 | | 3.665 | 0.000 | 13.435 (0.000) |
| Gaining commercial advantage over competitors | -.804 | .424 | | 2.993 | 0.000 | 8.959 (0.000) |
| Marketing | .927 | .356 | | 3.675 | 0.000 | 13.504 (0.000) |
| To modify products/services | .949 | .345 | | 4.437 | 0.000 | 19.689 (0.000) |

Sig. at p < 0.05

A full and reduced regression model at 0.05 level of significance was done to explore deeply into the influence of utilizing information on organizational effectiveness. Table 3 presents the full and reduced models on the influence of managers’ information utilization on organizational effectiveness of SMEs. It is obvious from the full model estimations that it is only the use of information for recruitment and selection (T=2.624, p=0.010) that contributes significantly to organizational effectiveness of SMEs in Lagos State. The goodness of fit value (F=2.340, p=0.012) also supports the full model obtained as being useful and

reliable. However, the reverse is the case when observed from the reduced model estimations. In that case, all other variables contribute significantly to organizational effectiveness except use of information for sales improvement (T=0.875, p=0.383) that does not contribute significantly to organizational effectiveness of SMEs in Lagos State. The goodness of fit values also showed that the reduced model exhibited better fit and reliability than the full model. By implication, managers’ information utilization has significant influence on organizational effectiveness of SMEs in Lagos State. These results are in agreement

with Gish, (2017) which confirms the benefits associated with information use as a dominant determinant of information utilization among SME owners and managers.

Conclusion

The objective of this study is to examine the influence of information utilization and organizational effectiveness of Small and Medium Enterprises (SMES) in Lagos state. Results of the descriptive statistics show that SMEs managers were enthusiastic about using information to improve their business performance since SME managers perceived that they utilize information for different purposes in carrying out their business. The study attempted to relate the dimensions of information utilization to organizational effectiveness of SMEs through a full and reduced ordinary least square regression model. The result indicated that use of information for several variables such as decision making, monitoring of business trends, performance monitoring and predictions, preparing daily, weekly, monthly and annual reports, ad-hoc problem solving, recruitment and selection, coordinate activities of employees and different organizational departments, operational support, gaining commercial advantage over competitors, marketing, to modify products/services and modify products/services contribute significantly to organizational effectiveness of SMEs in Lagos State amongst others. It is therefore concluded, that information utilization impacts significantly on the organizational effectiveness of SMEs in the Lagos state.

Recommendations

Based on the findings of the study, the following recommendations are made:

- Since study reveals a high level of information utilization among SMEs managers in Lagos State, it is therefore suggested that SMEs managers in Lagos State should not rest on their oars, but rather optimize the utilization of information in promoting their businesses.
- Also, since there was a significant influence of information utilization on organizational effectiveness of SMEs, deliberate and conscious efforts should be made by SMEs managers to use information for critical activities of the organization namely, decision making, sales improvement, monitoring of business trends, among others as these areas are potential sources of business drivers.
- The study revealed that SMEs managers exhibited a high level in almost all the ten manifest constructs of organizational effectiveness namely

leadership, staff development, client/customer service, performance improvement, training, change management, communications, planning and employee relation. This is good and SMEs managers are advised to keep up the good works by continually investing in these critical areas of organizational effectiveness.

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