

E-commerce adoption and internationalization of small and medium scale enterprises in south western Nigeria

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Abstract

Globalization has widened markets for businesses all over the world and effective adoption and utilization of e-commerce among other initiatives have been identified as panacea to the internationalization of Small and Medium-sized Enterprises (SMEs). However, a high percentage of SMEs in developing countries, particularly Nigeria, fail to enter foreign markets. While many studies have been conducted on the barriers to SMEs internationalization and also on the adoption of e-commerce in both developed and developing countries, empirical study on the link between e-commerce adoption among SMEs and the internationalization of SMEs in developing countries, Nigeria in particular, is scanty. This study examined the extent of e-commerce adoption and its effects on SMEs' internationalization in the south western part of Nigeria which is characterized by a huge number of SMEs. Data were obtained from the administration of questionnaires on 600 randomly selected owners of SMEs and analyzed using descriptive and inferential statistics. The results revealed that over 80 percent of SMEs in Nigeria are yet to adopt e-commerce and only a few of them are connected to the Internet and have a website. The study further showed that the few adopters are still at the early stage and exploration of international markets is limited. This paper concluded that there are no traces of a link between e-commerce adoption and internationalization of SMEs in Nigeria, and established that for SMEs in developing countries to optimally utilize the opportunities offered by international trade, e-commerce must be adopted.

Introduction

Globally, Small and Medium Enterprises (SMEs) occupy a place of pride because of their significant roles in the development and growth of various economies. SMEs have aptly been referred to as "the engine of growth" and "catalysts for socio-economic transformation of any country." In recognition of the enormous potential roles of SMEs, various measures and programmes have been designed and policies enunciated and executed by governments of both developed and developing countries. Like in other countries, the thrust of these measures in Nigeria is to encourage SMEs development and hence make them more vibrant (Aremu and Adeyemi, 2011; Akingunola, 2011)

Some of the measures put in place by the Nigerian government over the years to revamp the SMEs include the establishment of Industrial Development Centres (IDC) in the 1960s; the establishment of National Directorate of Employment (NDE) in 1989; the establishment of Bank of Industry (BOI) in 2001; the establishment of SMEDAN in 2003 and the launching of Micro Finance Policy, Regulatory and Supervisory Framework for Nigeria in 2005 which resulted in the establishment of microfinance banks; the ₦200 billion (\$1.25 billion) intervention fund for refinancing and restructuring of bank loans to the manufacturing sector; the establishment of the ₦200 billion (\$1.25 billion) Small and Medium Enterprise Credit Guarantee Scheme in 2010 by the Central Bank of Nigeria (CBN); Agricultural Credit Guarantee Scheme Fund, launched in 1977; Nigerian Incentive-Based Risk Sharing System for agriculture, launched in 2011 and; the establishment of ₦100 billion (\$0.625 billion) Bond-Funded Cotton, Textiles and Garment Industry Revival Scheme, and facilitating and guaranteeing external finance through the World Bank, African Development Bank, International Finance Corporation and other international institutions.

However, despite the incentives, policies, programmes and support aimed at boosting Nigerian SMEs' performance, statistics have shown that they have performed rather below expectation in Nigeria when compared with their counterparts in other emerging economies. For instance, SMEs represent about 90% of the manufacturing/industrial sector in terms of number of enterprises, yet they contribute approx. 1% of GDP compared to 40% in Asian countries, 50% in the US or Europe and an average of 60% in Ghana (Ugwushi, 2009; OECD, 2000). Besides, it contributes only an average of 7% to the Nigerian non-oil export. Scholars and policy makers have advanced various reasons as to why Nigerian SMEs have not been able to live up to their billing. While an average operator would always hinge his failure on lack of access to finance, some others think otherwise, arguing that inappropriate management skills, difficulty in accessing global market, lack of entrepreneurial skills and know how, poor infrastructure etc are largely responsible (Johnson, 2011; Kayanula & Quartey, 2000; Ariyo, 1999; Akingunola, 2011; Sanusi, 2011)

The ability of SMEs to survive or sustain their existence amid growing pressure from globalization and trade liberalization has been a subject of debates among policy makers and researchers in developing countries. Some contributors to the debate are skeptical, given the fact that most SMEs in developing countries lack the necessary resources, especially innovation, technological advances and skills, to remain competitive in the global market. In an effort to integrate into the global economy, most of the countries in Sub-Saharan Africa, particularly Nigeria, have substantially liberalized their trade and investment regimes, which have enabled them to witness trade expansion. The process has created a growing and dynamic private sector consisting mainly of SMEs. However, there is little doubt that, in this era of trade liberalization, SMEs in developing countries, including those in Sub-Saharan African (SSA) countries, can only survive if they possess the capacity for innovation and internationalization.

Kodicara (2009) opined that SMEs are of great importance to the expansion of export earnings in developing countries. However, as observed by APEC (2004), cited in Kodicara (2009), SMEs are under-represented in the international economy as a result of the impediments to market access. Recent studies have shown that lack of competitiveness in SMEs is one of the major challenges facing SMEs in both developed and developing countries (McAdam *et al.*, 2008; Nguyen *et al.*, 2008). Thus, it is not surprising that stakeholders in the SMEs sub sector around

the world are interested in finding ways to improve the competitiveness of SMEs among other initiatives, through the effective adoption and utilisation of Information and Communication Technologies (ICT), particularly electronic commerce (Farhoomand, and Huang, 2007; Noor, 2009; Iddris, 2012). This initiative is based on the assumption that e-Commerce has a positive impact on business operations. Policy makers and managers are of the view that it conveys a wide range of benefits, and companies that are left behind in adopting this new system cannot compete favourably in the global market (Noor, 2009). The extensive use of ICT and e-commerce increases the ability of SMEs to quickly build up their own networks, through which they are able to tap into international markets within a fairly short period, by eliminating or lessening the need for intermediaries (Bolongkikit *et al*, 2006; Quelch and Klein, 1996).

Today, the adoption of e-commerce has brought with it many benefits. For instance, with e-commerce, borders between countries are becoming less relevant, and more direct interaction between business entities is made possible. Also, e-commerce enables firms to obtain abundant and valuable information about markets, and also reduces the entry barrier to international markets, which in turn encourages the firm's international expansion and minimizes the importance of the local market (Evans and Wurster, 1999; Darch and Lucas, 2002; Chrysostome and Rosson, 2004). Thus, e-commerce has become increasingly important in increasing the exposure to the global market and influencing the success of SMEs in foreign markets as the twenty-first century unfolds (Cooper and Burgess, 1998; Maswera, Dawson and Edwards, 2008; Olatokun & Bankole, 2011). However, studies show that in Europe, the United States and, lately, Asia, e-commerce has received much publicity. The increase in the publicity is due to the potential benefits that e-commerce applications can impact on business operations. While e-commerce has been adopted by multinationals, large organizations and SMEs in developed economies (49% of SMEs in the UK and 60% in Australia by the year 2000 (Vrazalic *et al.*, 2003), SMEs developing economies have been slow to adopt e-commerce and embrace the advantages that it offers in foreign markets penetration (Iddris, 2012; Irefin *et. al.*, 2012).

A review of the literature found that most previous studies focused on a broad and generic view of either the adoption of e-commerce by SMEs, or the internationalization of SMEs, only. Research that focuses on both SMEs' e-commerce adoption and on SMEs' internationalization process in developing countries, particularly from a Nigerian perspective tends to be scanty. Hence, this study addresses this gap by empirically examining the extent of e-commerce adoption among SMEs and current trend of internationalization of Nigerian SMEs, in order to establish the relationship between the two phenomena in SMEs among the Nigerian context.

Conceptual Considerations and Relevant Literature Small and Medium Scale Enterprises

There is a bit of controversy as to what business units can rightly be referred to as a Small and Medium-scale Enterprise. According to Cohen *et al* (2004), definitions vary from country to country. The definitions in use depend on the purposes they are required to serve and the policies which govern the sector. According to Cohen *et al* (2004), some parameters are used either singly or in combinations which include capital investment on plant and machinery, number of workers employed, and volume of production or turnover of business. The UNIDO (1999) defined SME in terms of number of employees by giving different classifications for industrialized and developing countries. The definition for industrialized countries is given as

firms with 99 or less workers and firms with 100-499 workers for small scale and medium scale enterprises while SMEs in developing countries is defined as firms with 5-19 workers and firms with 20-99 workers as small scale and medium scale enterprises respectively.

The European Union Report (2005) adopted the concept of threshold in defining small, medium and micro enterprises. The report classified a medium scale industry as enterprises which employ 50-249 people with a turnover of £50m, and a balance sheet of £43m. A small scale industry, according to this report, comprises enterprises which employ 10-49 persons and whose turnover threshold and balance sheet is about £10m. In the United State of America, SME definition varies and is determined by Small Business Administration (SBA). This variation is intended to better reflect industry differences. The most common sized standards are 500 employees for most manufacturing and mining industries, or 100 employees for wholesale trade industries with \$6m annual receipts for most retail and service industries, \$28.5m annual receipts for most general and heavy construction industries, or \$12m receipts for most agricultural industries (Cohen *et al*, 2004)

The European Union definition of SMEs is based on the number of people employed in the enterprise. While small enterprise has a headcount of less than 50 and a turnover or balance sheet total of not more than €10m, the medium sized enterprise has a headcount of not more than €50m or a balance sheet total of not more than €43m. In the United Kingdom, an SME is defined as a small company that has a turnover of not more than £5.6m, a balance sheet total of not more than £2.8m and not more than 50 employees. A medium sized enterprise has a turnover of not more than £22.8m, a balance sheet total of not more than £11.4m and not more than 250 employees. (This definition is not universally applied within the U.K.) In Australia, those firms employing 5-19 personnel are small scale, and the medium scale enterprises are those that employ 20-200 employees (Scupola, 2006).

Within the African context, the Ghana Statistical Service (GSS) in its Industrial Statistics considers firms with fewer than 10 employees as small-scale enterprises. In Sierra Leone, Liedholm and Chutta (1986) defined small scale industries as those employing not less than 50 persons. However, in Nigeria there seems to be no clear cut definition. SMEs are defined in terms of annual turnover and loans. For instance, the Centre for Industrial Research and Development (CIRD) at the Obafemi Awolowo University, Nigeria (1979) has defined a small scale industry as an enterprise having a capital base, excluding land, of 1 to 20 million Naira (\$6250 to \$125,000) and employing no fewer than 50 full time workers.

The Central Bank of Nigeria (CBN) defines Small Scale Enterprises as those with fixed assets above ₦1m but not more than ₦10m, excluding land but including working capital, while Medium Scale Enterprises are those with fixed assets, excluding land but including working capital, of over ₦10m but not exceeding ₦40m. The definitions were changed in 1996 with Small Scale Industry defined as those with total cost, including working capital but excluding cost of land above ₦1m and not more than ₦40m with a labor size of between 11 and 35 workers; while Medium Scale Industry was defined as those with total cost, including working capital but excluding cost of land, above ₦40m, but not exceeding ₦150m with a labor size of between 36 and 100 workers (CBN 2003). Ajibefun & Daramola (2003) defined small scale enterprises as commercial enterprises that have 10 or fewer employees. For the purpose of this study, small scale enterprises comprise of firms that employ 5-29 employees and medium scale enterprises

are enterprises that engage 30-99 employees. This definition is adopted because it is more detailed and comprehensive within the Nigerian context.

Adoption of E-Commerce and Internationalisation in SMEs

E-Commerce is the application of current and emerging information and communication technologies (ICTs) to conduct business. That is, the use of the Internet and the web to transact business. More formally, e-commerce is referred to as digitally-enabled commercial transactions between and among organizations and individuals. These include existing technologies like telephone and fax, but the ICTs offering the widest scope for small businesses are mobile phones, electronic mails and other Internet-based services. E-Commerce builds on traditional commerce by adding the flexibility and speed offered by electronic communication. This can facilitate improvement in operations leading to substantial cost savings as well as increased competitiveness and efficiency through the redesigning of traditional business methods. E-Commerce may involve selling directly from businesses-to-consumers (B2C e-Commerce). Also, e-commerce can be conducted directly between businesses (B2B e-Commerce). This is by far the most common type of e-commerce at the moment. E-Commerce can also be business-to-government activity (B2G e-Commerce) that refers to the growth in supply of goods and services for online government procurement (Ghobakhloo *et al*, 2011; Duncombe *et al*, 2006; Nummela, Loane and Bell, 2006; Bada *et al*, 2006; Laudon and Traver, 2004).

According to Welch and Luostarinen (1988), internationalization is a process of increasing involvement in international markets. Internationalization is not only the trend or the outcome of globalization, but also provides significant benefits. It is strategically crucial for a firm to enhance its performance to stay competitive in the market over its rivals (Jia, 2008). The emergence and wide use of e-commerce over the last decade have already invoked researchers' interest in the relationship between SMEs internationalization and e-commerce. Some researchers even suggest that e-commerce is the only cost effective way in which many such firms can engage in trade across borders (Jia, 2008; Ernst & Young, 2006).

The effects of e-commerce on SMEs' internationalization have been a subject of discussion among scholars for decades. For instance, Bennett (1997) pointed out that e-commerce enables SMEs to overcome the barriers to internationalization. According to him, e-commerce is particularly valuable for international marketing, access to a global audience, cultivating and growing target markets, avoiding unfamiliar culture and business practices, obtaining international representation and creating international awareness. Also, the use of modern ICT, especially the Internet and e-commerce, can significantly change the traditional term of 'physical distance'. Comparing to only about two decades ago, businesses today can access the unified international markets, which could only be accessed and dominated by those multinationals with substantive resources, at a significantly low cost by the aid of e-commerce. The disadvantages caused by physical distance can be lessened largely due to the fact that there is actually no traditional 'physical distance' on the web. Literally, any company can launch a worldwide commercial activity directly (Kobrin, 2001; Johanson and Vahlne, 1977). E-commerce also provides SMEs with a cost-effective and seamless solution for customer service, which is especially persuasive for SMEs (Chattell, 1998; Quelch and Klein, 1996).

Research Hypotheses

Based on the intensive review of existing literature, the following hypotheses were formulated and tested:

- H₀:** that there is no significant relationship between e-commerce adoption and internationalization of SMEs in Nigeria.
- H₁:** that there is significant relationship between e-commerce adoption and internationalization of SMEs in Nigeria.

Study areas and Methodology

This study was conducted in the capital cities of the six states that make up the south western part of Nigeria. The study location was selected because it is estimated that over 45% of Small and Medium-sized Enterprises (SMEs) in Nigeria are located in this region. Besides, the region has good internet access with various telecommunication companies providing internet services on their networks. The study used primary data and employed descriptive survey design. Data were obtained using questionnaires and interviews respectively. The questions were structured in such manner to elicit the desired information. A mixture of 'Yes' or 'No' responses and 5 Likert scales ranging from 'Strongly Disagree' to 'Strongly Agree' were adopted in measuring the research variables. It was difficult to capture the study population because the majority of the SMEs in the study area were not registered officially with the appropriate authorities and some are no longer in operation. However, six hundred questionnaires (600) were administered on owners/representatives of purposively and randomly selected SMEs. 516 questionnaires were complete and returned representing 86% response rate. Data collected were analyzed using both descriptive and inferential statistics.

Discussion of Findings

The SMEs operating in south western Nigeria was dominated by owner-managers whose age ranges between 20 and 40 years represented by 68.6%. This is followed by those between the age group of 40 and 60 years which is 19.8%. The result also shows that only 3.5% fall within age

Table 1

	Frequency	Percentage (%)
Sex of Respondents		
Male	309	59.9
Female	207	40.1
Total	516	100.0
Age of Respondent		
less than 20 years	42	8.1
Between 20 and 40 years	354	68.6
Between 40 and 60 years	102	19.8
Over 60 years	18	3.5
Total	516	100.0
Qualification		
Did not complete secondary school	27	5.2
Secondary School Certification	93	18.0
National Diploma	123	23.8
B.Sc/HND	159	30.8
Postgraduate Degree	51	9.9
Professional Certification	63	12.2
Total	516	100.0
Capital Invested		
Less than 5,000	87	16.9
Between 5,001 and 20,000	51	9.9
20,001 and 50,000	15	2.9
50,001 and 1,000,000	180	34.9
1,000,001 and above	183	35.5
Total	516	100.0
Turnover per year		
Less than #100,000	129	25.0
#100,000- #500,000	153	29.7
#501,000-#1m	111	21.5
Over #1m	123	23.8
Total	516	100.0
Number of Employees		
Less than 5 people	273	52.9
6-10 people	126	24.4
11-20 people	72	14.0
21-29 people	45	8.7
Total	516	100.0

Source: Data survey, 2013; Characteristics of SMEs in South Western Nigeria

bracket 60 years and above. 59.9% of the SMEs owners-managers are male while 30.8% of them claimed to have university education or higher degrees. Only 5.2% claimed not to have completed secondary school. In total, 40.7% of respondents are engaged in retailing, 33.5% in services and 25.8% are operating in manufacturing related activities. Above one-half of SMEs in the sample exhibited turnover levels below #500,000 and employed less than 5 people.

TABLE 2:

Responses	Frequency	Percentage (%)
No	119	23.06
Yes	397	76.94
Total	516	100.0

Source: Data survey, 2013: Access to the Internet for Business Operations

Having a personal computer (PC) is a pre-requisite to e-commerce adoption. The result revealed that a large percentage of SMEs in South Western Nigeria claimed to have PCs and use them for business operations but were not connected to the Internet. However, the majority of the SMEs owners, mostly the small businesses, made use of their mobile telephones to connect to the Internet and communicate with their customers and suppliers. Out of the 516 SMEs researched, 397 (53.4% of medium businesses; 23.54% of small businesses) were connected to the Internet either through their PC or mobile phones. While 119 (23.06%) SMEs do not have access to the Internet; the result shows that a large percentage of the SMEs were connected to the Internet either via personal computer or mobile phone for their business operations.

TABLE 3:

Response	Frequency	Percentage (%)
Dial up internet service/Modem	73	14.15
Broad band (Internet Service Provider)	24	4.65
Local internet café	11	2.13
Mobile phone (GSM)	289	56.00
Not connected to the Internet	119	23.06
Total	516	100.0

Source: Data survey, 2013: Mode of Connection to the Internet

Table 3 shows the mode of connection to the Internet by the SMEs. Out of 516 SMEs, 289 (56.00%) have access to the Internet through mobile phones. 73 (14.15%) SMEs use Dial up/modem Internet connection, 24 (4.65%) SMEs use Internet Service Provider (ISP). Also, 11 (2.13%) SMEs use local internet cafés. 119 (23.06%) were not connected.

TABLE 4:

Response	Frequency	Percentage (%)
Yes	103	19.96
No	413	80.04
Total	516	100.0

Source: Data survey, 2013: Access to functioning Website

The above table shows that only 103 (2.33% of small scale businesses and 17.64% of medium scale businesses) of the SMEs own a functioning website and this represents 25.94% of

the sample. Only 12 out of 103 SMEs that claimed to have a website were small scale businesses. Out of the 103 SMEs that owned a website only 13 (12.62%) sell goods and services directly over the website, others only showcase varieties of their products and their prices on the website.

TABLE 5:

Response	Frequency	Percentage (%)
SME/e-mail/web	74	14.34
SMS only	301	58.33
Website/e-mail	29	5.62
SMS and e-mail	96	18.60
None	16	3.10
Total	516	100.0

Source: Data survey, 2013: E-Commerce Technologies used by the surveyed SMEs and their frequencies

The most frequently used e-commerce technologies by the SMEs in South Western Nigeria are Short Messaging Services (SMS) via mobile phones. Results in Table 5 reveal that a large percentage (58.33%) of sampled SMEs were using only SMS to reach out to their suppliers and customers. 96 (18.6%) reported using SMS and e-mail. This is followed by those that were using SMS, e-mail and website which accounted for 14.34%. Only 29 (5.62%) adopted e-mail and wireless web. Lastly, only 16 (3.10%) SMEs reported using none of the e-commerce technologies in interacting with their suppliers and customers. However, most of these websites only provided lists of products and services and their prices. Only few of these websites could take orders, and online payment. This finding is in line with previous findings; Olatokun and Bankole (2011) and Oborah (2011) which posit that SMEs were still in the early or what is commonly described as the first stage of e-commerce adoption ladder in the country.

Table 6 shows various business activities that e-commerce technologies are used for

TABLE 6:

	Frequency	Percentage (%)
Sourcing for information	142	35.77
Interaction with domestic customers and suppliers	121	30.48
Point of Service (POS)	24	6.05
Advertisement of firm's products	34	8.56
Attracting new customers within local market	48	12.09
Online sales transaction	05	1.26
Expanding Exports	23	5.79
Total	397	100.0

Source: Data survey, 2013: Usage of E-Commerce Applications among selected SMEs

among the sampled SMEs in the selected region. Sourcing for information is the highest usage of e-commerce among the researched SMEs that were connected to Internet and this accounts for 35.77% of the sampled SMEs. Apart from using e-commerce for information, another major service provided is interaction with customers and suppliers and it represents 30.48% of e-commerce usage. Attracting new customers within local market accounts for 12.09%, 34 firms (8.56%) use e-commerce applications for advertising their products online and 6.05% use Point

of Service (POS) for business transactions (online payment). However, the majority of the SMEs that use POS are in either retailing or services. Only 5.79% of the sampled SMEs employ e-commerce to expand exports. Online sales account for only 1.26%. This is in support of the previous study of Olutokun & Bankole (2011) that found traces of online sales among SMEs in the country. However, none of the sampled small businesses (SSEs) recorded online sales. This shows that while few medium scale enterprises use e-commerce application for online sales, it is virtually zero among small scale enterprises in the South Western Nigeria. These findings confirm Oborah (2011) position that the status of the utilisation of e-commerce among small and medium scale enterprises in Nigeria is low as the utilisation of e-commerce by SMEs in the Lagos metropolis is at the basic level for the rudiments of e-commerce resources (e-mail and website) and are only utilized in marketing industrial products.

The domestic market accounts for most of the SMEs' sales that is, 93.2% of businesses, mostly the small businesses, indicated that none of their sales are made to customers outside

TABLE 7:

Responses	Frequency	Percentage (%)
Yes	35	6.8s
No	481	93.2
Total	516	100.0

Source: Data survey, 2013: SMEs that Export their Products outside Nigeria

Nigeria. A mere 6.8% of which the majority was medium scale businesses indicated that some of their sales were exports. Besides, a large number of SMEs that engaged in exporting were in the food and wood processing manufacturing sub-sector. Poor information about foreign market, low quantity of output, large local market, and inadequate fund representing 19.76%, 23.06%, 21.71% and 20.35%, respectively, were indicated by the SMEs as the major causes of low export

Out of the 397 SMEs that indicated that they have access to the Internet, only 29 (7.3%) claimed to export their product(s). While the majority of them (92.7%) sell only to customers within Nigeria. Only 6 (5%) of the sampled SMEs that sell to foreign markets claimed not to have access to the Internet. 119 (23.5%) of the examined SMEs neither sell abroad nor have access to the Internet for their business transactions. This shows that the bulk of the Nigerian SMEs sales are for domestic markets.

Table 9 below shows that the value of Pearson's Chi-Square is 0.741. Although, the test shows that there is a positive relationship between e-commerce adoption and internationalization of SMEs in the selected region but the relationship is not statistically significant at the 0.01 level. Since the two-sided asymptotic significance of Chi-Square statistic (ρ -value) is 0.389 and greater than 0.01 ($\rho > 0.01$), thus the relationship is not statistically significant. It can be concluded that there is no significant relationship between e-commerce adoption and internationalization of SMEs in Nigeria. Hence, the Alternative hypothesis is rejected while the Null hypothesis is accepted.

Table 8:

		Exportation of firm's product(s) outside Nigeria		Total
		Yes	No	
Connected to the Internet or adopted any of the e-commerce technologies	Count	29	368	397
	% within Connected to the Internet or adopted any of the e-commerce technologies	7.3%	92.7%	100.0%
	% Exportation of firm's product(s) outside Nigeria	82.9%	76.5%	76.9%
	% of Total	5.6%	71.3%	76.9%
	Count	6	113	119
	% within Connected to the Internet or adopted any of the e-commerce technologies	5.0%	95.0%	100.0%
Total	% Exportation of firm's product(s) outside Nigeria	17.1%	23.5%	23.1%
	% of Total	1.2%	21.9%	23.1%
	Count	35	481	516
	% within Connected to the Internet or adopted any of the e-commerce technologies	6.8%	93.2%	100.0%
	% Exportation of firm's product(s) outside Nigeria	100.0%	100.0%	100.0%
	% of Total	6.8%	93.2%	100.0%

Source: Data survey, 2013: Adoption of E-Commerce versus Exportation of SMEs

TABLE 9: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.741 ^a	1	.389		
Continuity Correction	.427	1	.514		
Likelihood Ratio	.790	1	.374		
Fisher's Exact Test				.533	.263
Linear-by-Linear Association	.740	1	.390		
N of Valid Cases	516				

a. 0 cells (0.0%) have an expected count less than 5. The minimum expected count is 8.07 Source: Data survey, 2013

Conclusion

The extent of e-commerce adoption in Nigerian SMEs is very low; less than 20% of the SMEs operate a functioning website. Besides, e-commerce among Nigerian SMEs, especially SSEs, is at the rudimentary level because findings reveal that the most common e-Commerce applications are e-mail and SMS via mobile phones for communicating with customers and suppliers. Thus, online sales among Nigerian SMEs are scanty. Moreover, the explorations of international markets by Nigerian SMEs, mostly those that use the Internet in their business

transactions, are limited. Thus, this paper concludes that there are no traces of a link between e-commerce adoption and internationalization of SMEs in Nigeria.

This paper recommends that for SMEs in developing countries, specifically Nigeria, to optimally utilize the opportunities offered by international trade, e-commerce must be adopted at either web interacting or web transacting stage. These stages can be termed as having a full e-Commerce capability that covers the whole transaction process from the placing of an order to online payment for goods and services via secure networks (B2C e-Commerce and B2B e-Commerce). More so, there must be a provision of regular supply of electricity, and efficient mechanism that offers protection to both the buyers and the sellers over the Internet. Furthermore, the Federal, State, and Local governments through their agencies on SMEs development need to integrate a special credit facility for ICT acquisition into its existing microcredit scheme.

Lastly, awareness exercises (seminars, conferences, and workshops) about the importance of e-commerce to the internationalization of domestic SMEs must be organized for SMEs owners and managers by the Nigeria government and other stakeholders in the sector.

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