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*ROLE OF INFORMATION AND COMMUNICATION TECHNOLOGY IN  
PROMOTING SMALL AND MEDIUM ENTERPRISES (SMES) IN  
CONTEMPORARY NIGERIA*

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**BY**

**CHIAMAKA BROOKE ENEASATOR  
COMPUTER SCIENCE DEPARTMENT, FEDERAL POLYTECHNIC, OKO  
E-mail: chisombrooke@gmail.com  
PHONE NUMBER: 08132271683**

**CHINELO JUDITH OHAGWU  
COMPUTER SCIENCE DEPARTMENT, FEDERAL POLYTECHNIC, OKO  
E-mail: chinelojudith34@gmail.com  
PHONE NUMBER: 08160330931**

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**Abstract**

The significance of Small and Medium Enterprises (SMEs) in a nation's economic growth cannot be overstated, as they significantly contribute to national output, often reflected in Gross Domestic Product (GDP). However, the rise of ICT, particularly through social media, has transformed the way SMEs operate globally. Nigeria, like many other countries, has benefited from the shift towards social media marketing. This study aims to explore the crucial role of social media marketing in the growth and development of SMEs in Nigeria. Using the Innovation Decision Process theory, the study relies on secondary data from sources such as textbooks, journals, and online materials. It contends that social media marketing has enhanced connectivity, knowledge acquisition, and customer engagement for SMEs in Nigeria. The study also highlights that the benefits SMEs gain from social media depend largely on how effectively and efficiently they utilize these platforms. As a result, the study recommends that SME owners fully capitalize on the opportunities social media provides for their growth and development.

**Keywords:** Development Gross Domestic Product, ICT, Social media, Internet, SME

## INTRODUCTION

Since the 1990s, Nigeria's industrial policy has emphasized the importance of Small and Medium Enterprises (SMEs), as highlighted by the Central Bank of Nigeria cited in (Ugwu et al., 2023). SMEs are regarded as crucial drivers of economic growth and development worldwide because they help foster indigenous entrepreneurship and contribute to local industrial production (Otaru, 2018). In developed countries like the United States, SMEs played a significant role in transitioning from the industrial to the post-industrial information technology era. Similarly, in Asian nations such as Japan, South Korea, Indonesia, and Singapore, SMEs have significantly contributed to GDP and established vital links between the industrial sector and other sectors by supplying raw materials, spare parts, and machinery. Notably, about 70% of the export value from large Japanese enterprises can be traced back to SMEs (Otaru, 2018). In Nigeria, the SME sector has seen considerable growth since the mid-1980s, largely driven by the Structural Adjustment Programme (SAP), which led to the deindustrialization of the economy and forced many large enterprises to downsize their workforce (Otaru, 2018).

The rise of Information and Communication Technology (ICT) has transformed how businesses operate today, with social media becoming a fast-evolving marketing tool. More businesses are now incorporating social media and other digital platforms into their marketing strategies, offering new opportunities for research in electronic marketing (Chaffey & Ellis-Chadwick, 2019). While SMEs face certain barriers to adopting social media marketing, its potential to create opportunities and reshape business practices globally cannot be overlooked (Woldu et al., 2024). Although social media platforms like Facebook, YouTube, Instagram, LinkedIn, and Twitter are relatively new to many businesses, both physical and online, their impact on marketing cannot be generalized (Nadka, 2023). This study aims to explore how social media marketing has influenced the growth of SMEs in Nigeria, particularly as traditional marketing channels such as television, radio, newspapers, and magazines no longer suffice on their own (Oyekan, 2022). With the limitations in feedback mechanisms in traditional advertising, online and social media marketing have become

increasingly dominant. Therefore, this research will assess the extent to which social media marketing has contributed to the growth of SMEs in Nigeria.

### **Concept of ICT and Social Media**

Information and Communication Technology (ICT) is a globally recognized term encompassing a wide range of technologies, including computer hardware and software, communication devices such as mobile phones, SMS applications, e-voting systems, internet-connected devices, and sensors used for biometric data collection (UNDP, 2021). ICT includes platforms like Facebook, Instagram, Twitter, WhatsApp, Zoom, YouTube, and the internet, all of which facilitate efficient and effective global interactions. Recent reports indicate that ICT has significantly increased productivity in key sectors of the global economy and positively impacted the lives of those who rely on it. ICT has also contributed to strengthening democracy in various countries and has had a major influence on business security and education (UNDP, 2021). This paper critically examines the role of ICT in the development of these sectors in Nigeria, contributing to national growth. The terms "social media marketing" and "internet marketing" are often used interchangeably and cover a range of e-marketing activities. Social media marketing is defined as the use of social media platforms and related technologies to achieve marketing objectives, working alongside other communication tools. It is a relatively new field that involves the marketing of goods, services, information, and ideas through social media platforms. However, confusion often arises between the terms "social marketing" and "social media marketing," with many sources on the internet mislabeling the latter as the former. Social media provides a unique communication method for marketing according to Dahnil cited in (Raharjo, 2020).

### **Concept of Small and Medium Enterprises (SMEs)**

The definition of Small and Medium Enterprises (SMEs) is both relative and dynamic, with no universally accepted standard. According to Baumbach cited in (Omoniyi, 2022), attempts to define small businesses based on employment, asset value, or sales volume have been unsatisfactory. A company in one industry may be considered large compared to its competitors but small in terms of employment, assets, or sales relative to firms in other industries, and vice

versa. The National Economic Reconstruction Fund (NERFUND) defines SMEs as enterprises with assets, excluding land, and project costs not exceeding N40 million (CBN, 2001).

### **ICT Marketing and the growth and development of Small and Medium Scale Enterprises in Nigeria**

ICT marketing leverages social media applications as an extension of traditional marketing, allowing businesses to engage in activities via online platforms that foster information creation and collaboration among users. This enables the use of mobile and web technologies to create an interactive environment where users generate content, co-create, discuss, and modify information (Evans et al., 2021). Over time, traditional marketing, which has relied on channels like television, radio, newspapers, and magazines, has failed to deliver significant returns on investment. One major reason for this is the lack of interactive engagement between customers and brands. Social media has emerged as a solution to the shortcomings of traditional marketing. This shift has not only transformed the marketing landscape for large corporations but also for SMEs.

The adoption and strategic use of social media marketing has become a key factor for market success and future business survival. Social media marketing, unbound by geographical limitations, provides SMEs with the opportunity for growth and expansion. Enabled by the internet, social media creates a dynamic environment for expression, information sharing, communication, and relationship building. Bond et al. (2010) and Kareem et al. (2017) assert that ICT, particularly through social media platforms, has significantly transformed the business operations and strategies of SMEs. Social media enables businesses to connect with and engage customers creatively, allowing them to build strong relationships with their audience without requiring large financial investments. This enhances brand visibility, which is crucial for SME growth. Ajiboye (2021) similarly emphasizes that social media offers SMEs new opportunities to penetrate markets, engage customers, and develop personal and direct relationships, which can elevate brand awareness as effectively as larger corporations.

Additionally, Guha et al. (2018) highlights that social media improves customer service and feedback mechanisms, enabling potential customers to discover SMEs on social networks, inquire about products or services, and make purchases. This increased interaction fosters customer loyalty

and advocacy. Smith (2021), reinforces the idea that social media allows businesses to engage with customers in unprecedented ways, facilitating deeper conversations and connections that help build long-term relationships.

The extent to which Nigerian SMEs benefit from social media depends significantly on how effectively they use these platforms. When properly utilized, social media can offer numerous advantages; however, ineffective use may result in lost opportunities (Johnson & Smith, 2020). These benefits can be categorized into three main areas: increased connectivity, knowledge sourcing, and customer engagement (James & Thompson, 2019). Social media fosters enhanced connectivity by enabling Nigerian SMEs to establish stronger relationships with both existing and potential customers, which can lead to better marketing, improved customer service, and increased sales (Baker & Martin, 2020). Additionally, through knowledge sourcing, SMEs can gain valuable insights into their target markets, allowing them to adjust their marketing strategies and engage in direct targeting (Tuten & Solomon, 2018). Moreover, social media serves as a platform for generating new ideas and information that SMEs can incorporate into their business models (Mason & Smith., 2019). Lastly, customer engagement is significantly improved by social media, facilitating better information sharing and enabling SMEs to involve customers in product development, new projects, and creating geographically dispersed support teams (Li et al., 2020).

In conclusion, the use of user-generated content on social media in Nigeria has enabled businesses to better forecast customer behavior, enhance brand visibility, attract new customers, increase sales, and foster loyalty. The widespread use of social media and the abundance of user-generated content create numerous opportunities for SMEs in Nigeria while also helping to mitigate potential threats. As noted by Greenwood et al. (2019), social media offers these benefits without requiring a significant financial investment, making it a cost-effective tool for SMEs.

### **Role of ICT in Promoting Brand Development in Small and Medium Enterprises (SMEs) in Nigeria.**

According to Kang (2019), brand awareness refers to a consumer's ability to recall and recognize a specific brand, demonstrated by their capacity to associate a brand's name, logo, symbol, or other identifiers with certain attributes or experiences in memory. Similarly, Shariq (2018) defines a brand as the strength or position it holds in the minds of its target customers. In the context of ICT,

businesses gain increased visibility for their brand as customers engage with their products and services through digital platforms. Unlike traditional marketing, where brand awareness was typically measured using tracking studies and surveys, ICT has introduced new metrics that allow marketers to better gauge brand awareness.

Shariq (2018) compares traditional methods of building brand equity with modern ICT strategies, such as social media, and finds that social media is significantly more effective at reaching a larger portion of the target audience. Weber's research highlights that social media is a crucial channel for introducing a product or service to the public. Brand equity is no longer defined solely by the brand itself, but also by dynamic factors such as customer word-of-mouth and user-generated testimonials. Social media, with its fast-paced, interactive nature, creates brand awareness at an unprecedented rate, marking a breakthrough in brand promotion.

The dialogue between customers and marketers plays a crucial role in shaping the strength of a brand. The more meaningful and engaging these interactions are, the stronger the brand becomes. Social media platforms provide an efficient, cost-effective way for marketers to engage in dialogue with customers, far surpassing the traditional methods of brand awareness creation (Shariq, 2018). However, Tuten, (2023) argue that the growing number of social media platforms has made it increasingly challenging for businesses to determine which platforms are the most effective for building brand awareness. Aaker notes that choosing the right social media platform is key, though the introduction of any platform can still be an invaluable tool for brand promotion. A particularly important benefit of social media is its ability to encourage customers to recommend brands to others, significantly enhancing brand visibility and reputation.

Otugo, Uzuegbunam, and Obikeze (2015) explored the growing popularity of social media and the impact of Facebook advertising on Nigerian youths, who are seen as active users of social media. Their study, which surveyed 400 students from universities in Southeast Nigeria, revealed that while there is high awareness of Facebook advertising, many young users face "attention challenges" that prevent them from fully engaging with or noticing ads. Even though these youths found Facebook ads useful, a significant number were unlikely to purchase products, visit websites, or "like" content promoted by friends. The study aligns with the social cognitive theory

of communication and recommends that social media advertisers make their ads more assertive, eye-catching, concise, and strategically positioned to capture users' attention.

### **Theoretical Framework**

The technological determinism theory, developed by Thorstein Veblen, suggests that media technologies influence how individuals think, act, and interact within society. It posits that technological advancements drive societal changes, as people adapt to new tools, leading to shifts in behavior and social structures (Finley, 2022). This theory underpins the study, explaining that the adoption of ICT and social media by SMEs is a natural response to societal changes, allowing businesses to stay relevant and effectively reach customers.

### **Methodology**

This study employed a library research approach, utilizing secondary data from journals, textbooks, and online resources. The data were supplemented by critical observations to analyze the impact of ICT and social media on SMEs.

### **Conclusion**

The study found that social media marketing has significantly contributed to the growth and development of SMEs in Nigeria by improving connectivity, knowledge sourcing, and customer engagement. However, the effectiveness of social media for SMEs depends on how efficiently it is utilized.

### **Recommendations**

1. SME owners should effectively leverage social media platforms to maximize their benefits.
2. Regular training and workshops on ICT and social media should be organized by SMEDAN to enhance SMEs' preparedness.
3. SMEs should invest in ICT, focusing on social media platforms that improve business operations.
4. The government should provide adequate infrastructure to support ICT growth in Nigeria.



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