

Effect of Artificial Intelligence and Supply Chain Technology on Financial Performance of Listed Information and Communication Technology Firms in Nigeria

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ABSTRACT

Information and communication technology companies hugely invest in artificial intelligence and supply chain technologies and so the need arises to study the effect that these have on the financial performance of these companies, to find out whether these innovations have any significant synergistic benefits to the advancement or abatement of financial numbers. This study therefore, is an assessment of the effect of artificial intelligence and supply chain technology on the financial performance of listed information and communication technology firms in Nigeria. The study which covers a fifteen (15) year period (2009-2023), adopted secondary data sourced from published annual reports and accounts of the listed ICT firms according to the Nigerian Exchange Group, to ensure the validity and reliability of the data. The findings indicated that artificial intelligence and supply chain technology both had positive effect on financial performance, but artificial intelligence had a significant influence while supply chain technology is insignificant. The study concludes that increase in the use of artificial intelligence will improve financial performance and it is recommended that more artificial intelligence technologies should be adopted by Information and communication technology firms.

Keywords: Artificial intelligence, Supply chain technology, Return on Assets, Financial performance

INTRODUCTION

A firm's financial performance pertains to the various subjective ways of measurement of how a firm can use its given assets from primary mode of operation to generate earnings and this can be measured by analyzing and evaluating the company's financial statements. Profit is the ultimate goal of the firm and to measure profitability, there are a variety of ratios used which includes return on assets [1]. Return on assets (ROA) as a profitability measure is used as a tool to measure the rate of return on total assets after interest, expense and taxes. The primary objective of any business is to turn a profit, and ICT companies are no different. A high return on assets (ROA) for an ICT company indicates that the management has been able to administer the resource entrusted to them adequately and in turn makes the company more profitable. The rapid growth of the internet and its role in the transfer of data between telecommunication networks has blurred and blended the boundary between telecommunication equipment and information technology (IT) hardware. This

blending is now defined as information and communications technology (ICT), which emphasizes the integration of telecommunications (telephone lines and wireless signals), computers, enterprise software, middleware, storage, and audiovisual systems that allows users to access, store, transmit, and manipulate information [2]. Hence, this rapid advancement in technology has created disruption in the existing pattern and modes of service deliveries of several organisations. These disruptions can be seen in areas relating to the use of artificial intelligence and the involvement of supply chain technology. As these technologies continues to evolve and reshape business models, pushing companies to find an innovative way to deal with its unpredictable and fast changing environment, the negative impact of it is that these technologies, continue to pose some challenges for industries worldwide, and firms are constantly learning how to adapt in order to survive [2].

According to [3], in modern business operations, supply chain efficiency is a critical factor in meeting consumers' demands at the right time and the right place. Efficient supply chains are the lifeblood of businesses, encompassing the smooth flow of materials, information, and services from suppliers to end customers. Ensuring the efficiency of a company's activities in today's highly competitive global markets is characterized by the need to organize a marketing and logistics system amenably with the latest technology conditions and trends supporting strategic business goals and objectives [4]. The emerging technologies are said to have a great potential to transform the ways of living and the business operating models of companies all over the world. It becomes important to study both the capabilities and limitations of machine intelligence and its potential impact in human life, society and business. [5]. Some scholars including [6] and [7] have stated that artificial intelligence and supply chain technologies have a significant effect on financial performance, while some others have a contradicting opinion including [8], who stated that without implementing the key factors of supply chain there would not be a significant improvement in financial performance, and [9], who noted that there are instances where misalignment and rushed adoption of artificial intelligence led to financial strain.

This gap in knowledge poses a challenge for firms seeking to optimize operations and gain competitive advantages. Therefore, this study aims to examine the effect of artificial intelligence and supply chain technology on the financial performance of listed Nigerian Information and Communication Technology firms, providing insights to inform strategic decision-making and drive industry growth while also adding to the vast body of knowledge already in place as far as knowledge on the ICT industry is concerned using variables that are more specific to the ICT industry. The choice of industry used stems from the fact that the ICT sector is at the forefront of technological advancement in the country. The timeframe for this study will be 15 years, ranging from years 2009 to 2023 with a view to assessing the effect of artificial intelligence and supply chain technology on financial performance of Information and communication technology firms in Nigeria. The hypotheses of the study stated in their null form are;

H₀: Artificial intelligence does not have a significant effect on the return on assets of listed Information and Communication Technology firms in Nigeria.

H₀: Supply chain technology does not have a significant effect on the return on assets of listed Information and Communication Technology firms in Nigeria

LITERATURE REVIEW

Conceptual Framework

Artificial Intelligence

Artificial Intelligence (AI) is a technique for having a computer, a computer-controlled robot, or software think intelligently in a way that is comparable to the human mind [10]. There are several definitions available, but the majority of them can be stated as systems that think like humans, act like humans, think rationally, and act rationally [11]. Artificial intelligence is a catch-all term for all types of machine intelligence. However, there are multiple, different and distinct areas of AI study and application, even if they occasionally overlap. Types of AI technologies include speech recognition, computer vision, natural language processing, expert support systems, and machine learning. Speech recognition, also known as speech to text, is a type of AI that entails recording and digitising sound waves, changing basic linguistic units or phonemes, creating words from phonemes, and contextually analysing the words to guarantee that words that

sound the same are spelled correctly [12]. Natural language processing (NLP) is a branch of (AI) that aims to help computers comprehend how humans write and communicate. People utilise NLP on a daily basis in the following ways: search engine related keywords, spell check, autocomplete, voice text messaging, spam filters, Siri, Alexa, or Google Assistant. An expert system is a computer software that tries to imitate human experts by providing guidance, teaching, and executing intelligent tasks. In artificial intelligence, an expert system is a computer system that models the decision-making abilities of a human expert. [13]. Machine learning is a discipline of AI that focuses on using data to create computer systems that can learn and improve over time [14]. At its most basic, machine learning refers to any type of computer software that can "learn" without being expressly programmed by a human.

Supply Chain Technology

As billions of devices connect to the internet, ICT companies strive to meet the growing demand for faster and more reliable networks and technology [15]. The ICT supply chain encompasses the entire process of designing, manufacturing, distributing, and maintaining communication devices and

networks. It involves multiple stakeholders, including equipment manufacturers, software developers, service providers, and network operators. The information and communications technology (ICT) supply chain is a globally-interconnected ecosystem that involves CT software, hardware, and services

including suppliers, vendors, and contractors. The general definition of a supply chain is the acquisition of resources and materials, the combining of these raw resources and materials into a product, and the delivery of the product to the end consumer. In other words, it's how raw materials are transformed into a final product. The ICT supply chain specifically refers to the chain of actions that transforms raw resources into ICT products and services such as computer hardware and software, applications, and cloud subscriptions. In some cases, this supply chain relies on the physical movement and manufacturer of objects (such as microchips). In other cases, it relies on distribution and access to services via telecommunication infrastructure — cables, the internet, the cloud, etc. [2]. An ICT supplier is any business that offers ICT products or services to individuals or other organizations. It includes

Financial performance

In many business literatures, financial performance is defined as the process of quantifying a firm's activities and operations which contribute to the attainment of its goals and objectives through satisfaction of its stakeholders, especially the customers, [17]. [18], also described a company's performance as the measurement of how successfully its goals and objectives are met in comparison to its competitors; the accomplishments are the result of efficient, effective and productive business operations. A firm's financial performance is of importance to investors, stakeholders and the economy at large. The investors are interested in the returns for their investment as a business that is performing well can bring better reward to their investors. [19], opined that researches on the firm's financial performance emanates from organizations theory and strategic management where the notion of financial performance is used to describe performance of an entity with the legal status of a company. Financial performance presented in the financial statements

Return on Assets

Return on Assets (ROA) is a profitability ratio that provides how much profit a company can generate from its assets. ROA measures the return on all assets of the company and is often used as an overall index of profitability. In other words, return on assets (ROA) measures how efficient a company's management is in earning a profit from their economic resources or assets on their balance sheet [21]. The return on assets (ROA) is a profitability metric that measures the efficiency at which a company can utilize its assets to generate more net earnings. Return on assets (ROA) refers to a financial ratio that indicates how profitable a company is in

Firm Growth

Firm growth is a critical phenomenon that has garnered significant attention in academic and business circles due to its implications for

providers of electronic components or the raw materials used to produce those components. It also includes software and cloud providers as well as managed services. The telecommunications industry is known for its rapid evolution and constant innovation. As technology continues to advance, so does the need for efficiency in the supply chain that supports this industry. In order to keep up with the increasing demands of consumers, ICT companies are continuously exploring new ways to optimize their supply chain operations. According to [16], some of the technology being adopted to revolutionise the efficiency of the supply chain include; Internet of Things (IoT) and Connected Devices which refers to the interconnected network of devices that can communicate and exchange data with each other.

prepared periodically by companies is meant to provide users reliable information about the company's performance and financial position. Although measuring financial performance is considered a simple task, it also has its specific complications. According to [20], the performance of an entity can be broadly measured in two ways, financial and non-financial. The two measures which represent different perspectives of how to evaluate a firm's performance, have different theoretical implications and each are subject to particular biases. The financial indicators of financial performance of an organisation includes profitability, sales turnover, return on investment, shareholders fund/net asset, profit before tax, profit after tax and cash flow; while the non-financial ways are market share, number of employees, product quality and employee turnover. The use of different measures in measuring financial performance, needless to say, complicates the comparison of the results of different studies.

relation to its total assets [22]. Corporate management, analysts, and investors can use ROA to determine how efficiently a company uses its assets to generate a profit. A higher ROA means a company is more efficient and productive at managing its statement of financial position to generate profits while a lower ROA indicates there is room for improvement [23]. ROA can be increased by increasing profit margin or asset turnover. ROA is expressed in percentage, the result of dividing the net profit by the average total assets should be multiplied by 100 [24].

$$\text{ROA} = \text{Net Profit} / \text{Total Assets} \times 100$$

organizational strategy, market competition, and economic development. It encompasses various dimensions such as sales growth, employee growth,

market share expansion, and increases in assets, which together depict the scale and trajectory of a firm's expansion over time. In research, firm growth is often used as a control variable to account for its potentially confounding effects on the relationships between other variables of interest. Firm growth can be seen as the increase in a firm's scale of operations, which can be measured through multiple dimensions. The most common measures include: revenue growth which is the percentage increase in sales over a period, asset growth which is the increase in the firm's total

Empirical Review

[3], examines the impact of technological innovations on supply chain efficiency, the sample size was 30 carefully selected SMEs in the manufacturing sector, representing 10 SMEs each from the three senatorial zone in Lagos. Out of 150 questioners distributed, only one hundred and twenty-three (123) respondents duly completed their instruments, while PPMCC was used to analyse the hypotheses. The study revealed that technological innovations as measured by marketing innovations, transportation technology and information technology have a significant relationship with supply chain efficiency as measured with inventory turnover and transportation costs. The study recommended that SMEs should endeavor to adopt all necessary innovations that will further improve their supply chain and invest in robust technological innovation to enhance the supply chain capacity. This study, however, focuses exclusively on manufacturing companies in Lagos State, which may limit its representation of the broader manufacturing industry in Nigeria.

[6], examined artificial intelligence as a disruptive technology- a systematic literature review on how disruptive technologies have evolved over time and their current acceptance. Based on a sentiment analysis of the titles and abstracts, the results reveal that the majority of recent publications have a positive connotation with regard to the disruptive impact of edge technologies, and that the most prominent examples (the top five) are AI, the IoT, blockchain, 5G, and 3D printing. To conclude, the disruptive technologies definitely provide more advantages than disadvantages in healthcare (medicine), business, agriculture, education, and urban development, and only the future will demonstrate the correctness of such a statement. Businesses and individuals should therefore be aware that the disruptive effects of AI technology are still changing how people interact in the corporate, consumer, and professional sectors, while 5G and other mobile technologies will become highly disruptive and will genuinely revolutionize the landscape in all sectors in the upcoming years. However, the ethics concerning the use of AI and

assets, reflecting investments and acquisitions, employee growth, representing the rise in the number of employees, indicating expansion in workforce, and market Share Growth, the increase in a firm's proportion of total market sales, showcasing competitive gains. These measures capture different aspects of growth, providing a comprehensive view of a firm's expansion. For instance, revenue growth reflects market demand and sales performance, while employee growth indicates organizational scaling and capacity building [25].

other disruptive technologies in the selected sectors have also been neglected by the article

[26], explores the effect of supply chain management practices on manufacturing firms' performance in Delta state, Nigeria. This study considered supply chain management (SCM) practices and manufacturing firms' performance in Delta State, Nigeria. The descriptive survey research design was employed. Data were elicited from the employees of the thirty (30) manufacturing firms registered under the Manufacturing Association of Nigeria (M.A.N.), Delta State Chapter as at 30th June 2021 and are also registered with the Corporate Affairs Commission (CAC). The population of the study is 150 employees comprising only the managers, heads of: production department, logistics department, customer service department, and accounting department and the total enumeration sampling technique were used. The instrument for data collection is the questionnaire. The study concluded that a significant relationship exists between all the studied dimensions of SCM and the nonfinancial performance of manufacturing firms in Delta State, Nigeria, which implies that an increase in the practice of these SCM dimensions would lead to a corresponding increase in their non-financial performance. Based on the findings, the researcher recommended that manufacturing firms in Delta State no doubt, recognize the essence of valuable SCM practices in their operations. Based on this, the Manufacturing Association of Nigeria should continually encourage these firms to uphold these practices by using them as benchmark for raising the standard of manufacturing firms across Nigeria.

[27], studied the Impact of Artificial Intelligence Disclosure on Financial Performance. This study determines to what extent Jordanian banks refer to and use artificial intelligence (AI) technologies in their operation process and examines the impact of AI-related terms disclosure on financial performance. Content analysis is used to analyze the spread of AI and related information in the annual report textual data. Based on content analysis and regression analysis of data from 115 annual reports for 15 Jordanian banks listed in the Amman Stock Exchange for the period 2014 to 2021, the study reveals a

consistent increase in the mention of AI-related terms disclosure since 2014. However, the level of AI-related disclosure remains weak for some banks, suggesting that Jordanian banks are still in the early stages of adopting and implementing AI technologies. This therefore creates a gap in this literature as the low adoption indicates that the results from the study may not be a true representation of the industry at large. The results indicate that AI-related keywords disclosure has an influence on banks' financial performance. AI has a positive effect on accounting performance in terms of ROA and ROE and a negative impact on total expenses, which supports the dominant view that AI improves revenue and reduces cost and is also consistent with past literature findings. It is therefore recommended that AI related disclosures should be encouraged since it is only still the early stages.

[28], examined the effect of supply chain management on organizational performance of selected fast moving consumer goods in Karu local government area. The study employed a survey research design and data used was primary data. The questionnaire was the data collection instrument used in collecting primary data and it was worded in a positive tone. The population of the study was the employees in charge of supply chain management decisions which were 632. The sample size was gotten by way of Taro Yamane formula and was 245, the total number of questionnaires distributed was 319 with 300 returned. Data was presented via tables and analyzed by way descriptive statistics, correlation analysis and multiple regression analysis. The study found that strategic supplier partnership, customer relationship management and information sharing all have a statistically significant effect and relationship on organizational performance, with information sharing being the highest contributor. The study concluded that supply chain management had a positive and significant effect on organizational performance of selected fast moving consumer goods in Karu L.G.A . Although, the use of questionnaire to carry out data collection may give room for bias and subjective judgements, the study recommended that the organizations should emphasize and be consistent with these supply chain management practices as they are critical in increasing organizational performance in an effective and efficient manner.

[29], investigated the impact of artificial intelligence on financial performance in the German financial

service industry – a content analysis. Artificial Intelligence is one of the main drivers of Industry 4.0, thus, the study assesses the impact of mentioning AI-related terms in annual reports on financial performance. By focusing on domestic listed German companies in the financial service industry, this research contributes to understanding the AI-adoption stage. A quantitative research design is applied by reviewing a sample of 84 companies and 323 annual reports over four years. All in all, the findings show a linear increase in mentioning AI-related terms, and as the trend of AI adoption is still developing, and the financial benefit takes time to realise, it is recommended that plenty of research is carried out to contribute to a deeper understanding of business implications. However, AI-related terms do not provide sufficient explanatory power of financial performance, even though some evidence exists supporting a positive impact.

[30], analyzed the influence of Artificial Intelligence (AI) on firm performance, notably by building on the business value of AI-based transformation projects. The research process was based on a review of 500 case studies from IBM, AWS, Cloudera, Nvidia, Conversica, Universal Robots websites, etc. Specifically, this article, through these case studies, exposes the influence of AI at both the organizational and process performance levels, while considering it not as a single technology but as a set/combination of the several different configurations of IT in various industries. Studying the influence of AI on the performance of organizations, and more specifically of the business value of such, the results of our study have highlighted AI benefits in organizations, and more specifically its ability to improve on performance at both the organizational (financial, marketing and administrative) and process levels. Therefore, practitioners and researchers need to consider AI as a valuable support or even a pilot for a new business model. Case study research faces some limitations, as with any empirical research. The data collected within the framework of a case study are not spontaneous, but secondary. Also, case study data may have been inherited with missing data. Although the case studies provided a significant amount of information, there may have been an element of bias in the data contained in the cases, such as exaggerated claims or even restrictions on published data.

Theoretical Framework

Schumpeterian Theory of Creative Destruction

Schumpeter in 1939 propounded the theory of creative destruction. He considered innovation as both the creator and destroyer of corporations and entire industries and was among the earliest scholars to note the disruptive nature of technological change observing that it could lead to waves of "creative

destruction.". In his early works Schumpeter insisted on the role of entrepreneurs in seizing discontinuous opportunities to innovate. Innovations were taken in a broad sense of new 'combinations' of producers and means of production, which includes new products, new methods of production, opening up of new

markets, utilization of new raw materials, or even the reorganization of a sector of the economy. Schumpeter was among the first to notice that in the long run, competition for technology will define the survival of firms to a large extent. This competition will alter the foundations of their being and He called this phenomenon 'creative destruction', meaning that a successful radical technological innovation would create discontinuity as the purchasing behaviour of clients would change with new technology thus reducing the demand for established firms' products [32]. In later years, Schumpeter (1942) placed greater emphasis on the role of larger enterprises in innovation, seeming to believe that as scientific

Disruptive Innovation Theory

This theory was introduced by Clayton Christensen in 1997 in his book "The Innovators Dilemma: When New Technologies Cause Great Firms to Fail.". Disruptive innovation theory from Clayton Christensen is a theory best used to discuss the effect of new and ground breaking technologies on a firms' performance. The study is anchored on this theory. The theory outlines how an innovation transforms an existing sector or market by bringing innovations, convenience, affordability and accessibility to a market or sector where complexity and high costs are the norm. A disruptive innovation emerges in a niche market that appears unappealing or insignificant to industry incumbents at first, but the new product or idea eventually transforms the industry. The theory helps to develop the concept of how local products and services have evolved so much so that traditional institutions and industries have been displaced and replaced with high tech industries. There is no doubt that disruptive innovation has recorded high levels of successes in a variety of industries, with some of the world's highly established companies adopting it. [34]. Christensen describes disruptive innovation as a process through which a product or service flourishes at the bottom level of a relatively mature market and then relentlessly moves up the market levels displacing established competitors in the process [35]. This means that a whole new market and value network is created that ends up disrupting an existing market and value network along with established leading firms and alliances. The theory asserts that disruptive innovations are produced by

METHODOLOGY

This study adopts Ex post facto research design. Ex-post facto design is an 'after the fact' design which explained the event of the problem after it has occurred and seeks to investigate possible effect and relationship by identifying consequence and causal factors.. Therefore, in this study, the design is used to explain the effect of the effect of artificial intelligence and supply chain technology on financial performance of information and communication technology firms in Nigeria from 2009 to 2023. The population

knowledge accumulated there was a threshold investment in R & D below which a firm could not be an effective player. Schumpeter argued that entrepreneurs, who could be independent inventors or R&D engineers in large corporations, created the opportunity for new profits with their innovations. In turn, groups of imitators attracted by super-profits would start a wave of investment that would erode the profit margin for the innovation. However, before the economy could equilibrate a new innovation or set of innovations, conceptualized by Schumpeter as Kondratiev cycles, would emerge to begin the business cycle over again. [33].

entrepreneurs and outsiders who are not part of existing market-leading companies. This is because more often than not, the existing business environment does not allow these established markets to pursue these innovations as they first arrive more so because they are not highly profitable at their debut. Moreover, their development requires investment that may end up taking scarce resources away from sustaining innovations. Christensen also points out that the risk associated with investing in a disruptive innovation is higher than other evolutionary forms of innovation and that the whole process of developing it takes longer too. In his theory, Christensen distinguished between sustainable technologies and disruptive technologies in which sustainable technologies add value to existing and already established products whilst disruptive technologies disrupt or redefine performance. The underpinning theory of this study is the disruptive innovation theory. This theory posits that new technologies can disrupt existing market dynamics and create competitive advantages. By analyzing financial data and performance metrics from ICT firms implementing these technologies, the research aims to determine the extent to which they have influenced financial performance. Some findings indicate that some firms experienced significant improvements, while others faced challenges that hindered financial gains, thereby highlighting the complex interplay between technology adoption and financial outcomes in the context of Nigeria's evolving ICT landscape.

comprised of all the eight (8) listed Information and communication technology firms in Nigeria as at the time of writing this research. Due to the nature of the data and size of the population, analysis would be carried out with data gotten from the entire population that is eight (8) firms. This therefore means that the sample size is the same with the population of the study. This would ensure that a true representation of the population is obtained. The data for the study were collected from the individual firm

annual report for the period of the study while panel multiple regression model was used for the analysis [36].

The study carried out the test of Descriptive statistics, Correlation matrix, Variance inflation factor, Heteroskedasticity test, Hausman specification, LM test and Panel data regression, using the E-View (12) statistical package. With artificial intelligence Where:

ROA = Return on Assets

β = constant

AI = Artificial intelligence

SCT = Supply chain technology

FG = Firm Growth

ϵ = error term

For this study, the apriori expectation is that ICT firms adopting artificial intelligence and supply chain technology will exhibit superior financial perform.

and supply chain technology as the independent variables and financial performance as the dependent variable, the model to be considered for this study is based on the functional relationship between the variables of interest.

$$ROA = \beta_0 + \beta_1 AI + \beta_2 SCT + \beta_3 FG + \epsilon$$

Table 1: Summary of Variables Measurement

Variable	Type	Measurement	Sources
Return on Asset (ROA)	Dependent	Net Profit divided by Total Assets X 100%	[34]
Artificial intelligence (AI)	Independent	Dummy variables are used to represent whether or not they made such investment. 1 representing yes and 0 representing no.	[34]
Supply chain technology (SCT)	Independent	Inventory turnover ratio- Cost of sales / Average inventory X 100%	[37]
Firm Growth (FG)	Control variable	Natural logarithm of Revenue	[38]

Source: Researcher Compilation, (2024)

RESULTS AND DISCUSSION

Descriptive statistics

This section presents the descriptive statistics, summarizing the sample and variables related to the impact of supply chain technology and artificial intelligence on the financial performance of ICT

firms in Nigeria. By providing insights into distributions, means, and variabilities, these statistics establish a foundational understanding for subsequent analyses.

Table 2: Descriptive Statistics Results

Date: 08/24/24 Time: 11:35

Sample: 2009 2023

	ROA	AI	SCT	FG			
Mean	-0.358196	2.127436	0.533333	1.000000	2409.589	22.62263	
Median	173.0423		1.000000	0.000000	340.1709	22.60155	
Maximum	-52.55913	21.22945	0.500979		38565.44	28.53477	
Minimum	4.158949	38.79877	-0.133631	1.017857	0.000000	6640.479	13.19932
Std. Dev.					4.313553	22.23280	3.300465
Skewness	6753.696		20.00159	0.000045			0.281248
Kurtosis	0.000000		64.00000		2221.638		3.013492
Jarque-Bera	-42.98350		29.86667				1.582919
Probability	53632.06		120		289150.7		0.453183
	120				5.25E+09		
Sum					120		2714.715
Sum Sq. Dev.							1296.275
Observations							120

Source: E-views 12 output (2024)

The descriptive statistical result presented in table 2 above indicates that Return on Asset (ROA) during the period under study has minimum and maximum percentage values of -52% and 173 % respectively. The average amount of mean to ROA disbursed during the period is 0.358% with standard deviation of 21%, implying that, the data deviated from the both sides of the mean by 21%. This suggests that, the data on ROA is quite widely dispersed from the mean during the sample period, as the standard deviation was found to be high. The co-efficient of skewness of 0.877520 suggests that the ROA data is positively skewed and did not

comply with the symmetrical distribution assumption. Furthermore, AI and SCT have a mean of a 0.53 and 2728 respectively with standard deviations of 0.5 and 7398 respectively. This goes on to show that SCT has the highest deviation from the mean among all variables. In like manner, the study found that firm growth has a mean of 22.62 and a median of 22.60 while the maximum and minimum firm growth of ICT firms in Nigeria are 28.53 and 13.19. From the probability of the variables, it shows that AI and SCT are normally distributed because they have probability greater than 5%.

Correlation Analysis

The correlation analysis determines the degree of linear association between the dependent and independent variables. The sign of the correlation coefficient, either positive or negative indicates the

direction of the association, while the magnitude of the correlation coefficient indicates the strength of the association.

Table 3: Correlation Analysis Result

Covariance Analysis: Ordinary

Date: 08/24/24 Time: 11:54

Sample: 1 120

Included observations: 120

Correlation Probability	ROA	AI	SCT	FG
ROA	1.000000 -----			
AI	-0.109272 0.2348	1.000000 -----		
SCT	0.182497 0.0460	0.125046 0.1736	1.000000 -----	
FG	0.303584 0.0007	0.180692 0.0483	0.452215 0.0000	1.000000 -----

Source: E-views 12 output (2024)

The Correlation matrix measures of associations between the variables. Table 2 shows the correlation coefficient (r) and the respective probabilities of the relationship between Artificial intelligence (AI) and supply chain technology (SCT) and financial performance variables (Return on assets), while using Firm growth (FG) as a control variable. Generally, a high correlation is expected between the dependent and independent variable while a low correlation is expected among the independent variables. The table

revealed that there is a negative correlation and insignificant relationship between ROA and AI, but there is a positive correlation and significant relationship between ROA and the other variables (SCT and FG). It can also be seen that all the correlation coefficients of the independent variables are below 0.80, this points to the absence of the problem of multicollinearity among the independent variables.

Table 4: Variance Inflation Factor

Variance Inflation Factors

Date: 10/20/24 Time: 17:46

Sample: 2009 2023

Included observations: 120

	Coefficient	Uncentered	Centered
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Variable	Variance	VIF	VIF
AI	0.003606	3.895185	1.056518
SCT	0.008241	3.001273	1.145991
FG	0.000268	29.47184	1.091401
C	0.013133	30.20997	NA

Source; E-views 12 output (2024)

Decision rule: Centered VIF of less than 10 is an indication of absence of multicollinearity, while a centered VIF of more than 10 is an indication of presence of multicollinearity.

The multicollinearity result therefore indicates that the independent variables has no collinearity problem given that all the independent variables (AI, SCT and FG) have a centered VIF between 1 and 10.

Table 5: Heteroskedasticity Test

Panel Cross-section Heteroskedasticity LR Test

Equation: UNTITLED

Specification: ROA C AI SCT FG

Null hypothesis: Residuals are homoskedastic

	Value	df	Probability
Likelihood ratio	154.9137	8	0.0788

LR test summary:

	Value	df
Restricted LogL	-528.5087	116
Unrestricted LogL	-451.0518	116

Source; E-views 12 output (2024)

Table 5 above shows the results of the panel cross section heteroskedasticity regression test. The decision rule for the panel cross section heteroskedasticity test is stated thus:

H₀: No conditional Heteroskedasticity (residuals are homoscedastic)

H₁: There is conditional Heteroskedasticity

The null hypothesis is to be accepted if the P value is greater than 5% level of significance. From the results above, with a probability value of 0.0788, the

study therefore posits that there is no reason to reject the null hypothesis while the alternative hypothesis that states that there is conditional heteroskedasticity is rejected. Consequently, based on the diagnostic probability, the null hypothesis is accepted thus there is no conditional Heteroskedasticity indicating that the residuals are homoscedastic and as such the samples give a true reflection of the population.

Hausman Specification Test

The Hausman specification test is a test for model specification in panel data analysis and this test is employed to choose between fixed effects model and random effects model. Due to the 10 panel nature of the data set, both fixed and random regressions were run. The Hausman 11 specification test was then conducted to choose the preferred model. This basically checked if the error terms were correlated

with the regressors. The decision rule for the Hausman test is stated thus; at 5% level of significance,

H₀: Random effect is more appropriate for the panel regression analysis

H₁: Fixed effect is more appropriate for the panel regression analysis

Table 6: Hausman Specification Test Results

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.851779	3	0.6037

Source: E-views 12 output (2024)

The result of the Hausman test shows that the chi-square statistics value is 1.851779 while the probability value is 0.6037. This implies that there

is no reason to reject the null hypothesis which states that the random effect is most appropriate for the panel regression analysis. It thus stands that error

component model (random effect) estimators is the most appropriate because the random effects are well correlated with the regressors.

**Lagrange Multiplier Test (Test between Random and Pooled)
Hypothesis**

H₀: Pooled effect is most appropriate for the panel regression analysis
H₁: Random effect is most appropriate for the panel regression analysis
 As encapsulated above, if the p-value is less than 0.5, the decision rule is to reject the null hypothesis which states that pooled effect is most appropriate for the

panel regression analysis (meaning that the preferred model is the random effects). Similarly, if the p-value is greater than 0.05, the decision rule is to reject the alternative hypothesis which states that random effects is most appropriate for the panel regression analysis.

Table 7: Breusch-Pagan Lagrange Multiplier Test

Residual Cross-Section Dependence Test
 Null Hypothesis: No cross-section dependence (correlation) in Residuals
 Equation: Untitled
 Periods included: 15
 Cross-sections included: 8
 Total Panel (balanced) Observation: 120
 Note: non-zero cross-section means detected in data
 Cross-sections means were removed during computation of correlations.

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	65.91715	55	0.0148

Source: E-views 12 output (2024)

Based on the probability value of the Breusch-Pagan Lagrange Multiplier test at 0.0148, the null hypothesis, which states that pooled effect is most

appropriate is rejected, thus the random effect model is most appropriate for the regression analysis.

Table 8: Test of Research Hypothesis

Dependent Variable: ROA
 Method: Panel EGLS (Cross-section random effects)
 Date: 10/20/24 Time: 18:30
 Sample: 2009 2023
 Periods included: 15
 Cross-sections included: 8
 Total panel (balanced) observations: 120
 Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-45.03555	18.59703	-2.421653	0.0170
AI	7.992696	3.723314	2.146662	0.0339
SCT	0.000178	0.000345	0.514582	0.6078
FG	2.144401	0.824865	2.599699	0.0105
Effects Specification				
			S.D.	Rho
Cross-section random			5.775390	0.0795
Idiosyncratic random			19.65007	0.9205

Weighted Statistics

R-squared	0.794559	Mean dependent var	-0.236405
Adjusted R-squared	0.761660	S.D. dependent var	20.33655
S.E. of regression	19.54674	Sum squared resid	44320.71
F-statistic	4.270338	Durbin-Watson stat	1.941232
Prob(F-statistic)	0.006718		

Source: E-views 12 output (2024)

From the table above, the coefficient of multiple regression (R^2) is 0.794559 and in line with the panel data used in this study, the regression model shows that the range of values between adjusted R^2 and R^2 falls between 79% and 76% respectively. This indicates that 79% of the total variations in financial performance is explained by the variations in the independent variables (AI, SCT, FG) similarly, from the result above, the coefficient of the intercept (for the random effect result) is negative and this indicates that at any point in time when the explanatory variables are held constant, financial performance does not improve but rather decreases by -45. In

Discussion of Findings

This study seeks to investigate the effect of artificial intelligence and supply chain technology on the financial performance of listed ICT companies in Nigeria. Financial performance was measured using return on assets, and a control variable of firm growth was also included. It can be deduced from the results in Table 4.6 above that artificial intelligence has a positive and significant effect on financial performance of listed ICT firms in Nigeria. This means that with the involvement of AI in business processes, there will be a simultaneous increase in financial performance. This findings agrees with the findings of [27], where the study results, indicates that AI has a positive effect on accounting

terms of residual test, the model is free from serial correlation as revealed by the Durbin Watson statistic of 1.94 which is within the acceptable range of 1.7 to 2.7. The result therefore indicates that AI has a positive and significant effect on ROA as indicated by the p-value of 0.0339 which is less than the 5% significant level. Similarly, SCT shows a positive and insignificant effect on ROA as indicated by the p-value of 0.6078 which is greater than the 5% significant. The control variable of the study shows a positive and significant effect on return on assets, because it has a p-value of 0.0105 which is less than 5% level of confidence.

performance in terms of ROA and ROE. The study also depicts a positive and insignificant relationship between Supply chain technology and financial performance of listed ICT firms in Nigeria. This means that the effect of a change in SCT, does not cause a significant change to financial performance. This is in line with [9], which revealed without the implementing the key factors of supply chain there would not be a significant improvement in the performance of the organisation, but this is inconsistent with the findings of [37], that concludes that supply chain management practices play an important role in return on investment significantly.

CONCLUSION AND RECOMMENDATIONS

From the result of the study, it can be concluded that increase in artificial intelligence will improve financial performance based on the statistical evidence while changes in supply chain management will have no statistical influence on ICT firms. This means that supply chain technology is not strong enough to influence financial performance in listed ICT firms in Nigeria. The following recommendations are therefore made:

- i. The use of artificial intelligence in information and communication technology firms in Nigeria should be Encouraged because it has significant positive effect on financial performance of these firms.
- ii. Regarding supply chain technology, a one-size-fit-all approach may not yield significant benefits, therefore, customization and process optimization can make these technologies more impactful.

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CITE AS: Otsupius, Oshiorenya Constance and Mohammed Bala Inuwa (2024). Effect of Artificial Intelligence and Supply Chain Technology on Financial Performance of Listed Information and Communication Technology Firms in Nigeria. IDOSR JOURNAL OF ARTS AND HUMANITIES 10(2):33-45 <https://doi.org/10.59298/IDOSRJAH/2024/102.33450000>