THE EFFECT OF E-COMMERCE ON THE PERFORMANCE OF SMES

CASE STUDY OF ACACIA MALL

KAMPALA

BY

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DEDICATION

This piece of work is dedicated to my son Suubi John Trevor and all my friends especially Vicky Auma, Joseph Mbine, Kavuma Robert and others whose love. Patience, support and contributions inspired me to attain this.

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Abbreviations

BDS	Business Development Services
CVI	Content Validity Index
DSO	Day Sales Outstanding
E-Commerce	Electronic Commerce
EDI	Electronic Data Interchange
GFC	Global Financial Crisis
SMEs	Small and Medium Enterprises
US	United States

Abstract

The study examined the effect of electronic commerce on the performance of Small and medium enterprises with specific reference to Acacia Mall. It was guided by three research objectives which were; the effect of electronic data interchange, electronic marketing electronic payment on performance of Small and Medium Enterprises The study used a case study design with both qualitative and quantitative results. Data was collected using questionnaires and interviews. The target population comprised of 100 Small and medium enterprises at Acacia Mall dealing in trading and service.

Purposive was used to SMEs dealing in trading and service because it focuses on particular characteristics of a population that are of interest, consumes less time. The most knowledgeable and appropriate participants for the study are selected and give accurate responses. Simple random sampling technique was used to select study participants because there is an equal chance (probability) of selecting each staff from the population being studied. The researcher used structured questionnaires, data was analyzed using SPSS Version 20, frequency tables, descriptive tables showing the means, and graphs were used to present data from SPSS

In data analysis frequencies, percentages and mean, correlations and regressions to show the magnitude of effect the independent variables have on the dependent variable. Study findings revealed that there is a significant statistical strong positive relationship between electronic data interchange and performance of small and medium enterprises ($r=.643^{**}$; $p<0.01$). Findings also revealed that there is a significant moderate weak positive relationship between electronic marketing and performance of small and medium enterprises ($r=.471^{**}$; $p<0.01$). It was found out that there is a significant moderate statistical positive relationship between electronic payment and performance of small and medium enterprises ($r=.617^{**}$; $p<0.01$).

It can therefore be concluded that there is a positive significant relationship between electronic data interchange and performance of small and medium enterprises based on the findings of the study is presented according to the objectives of the study with back up of reviewed literature to

make the discussion more authentic. It was therefore recommended that Acacia Mall in line with the electronic data interchange should improve electronic data interchange so as to reduce the lead-time from placing the order to receiving the goods for service provision and reduce errors associated with manual documents and data entry this will increase the performance of Small and medium enterprises.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

The Internet is creating a shared, real time commercial space and the degree to which corporations are leveraging the unique internet market space is an interesting research issue (Barnes & Hunt, 2014). In business terms, one of the most important developments to arise from the current swathe of technological advances is electronic commerce. E-commerce is simply trading electronically: transactions involved with buying and selling products, services and information over a network (Turban et al., 2010). The number of Internet users around the world has been steadily growing and this growth has provided the impetus and the opportunities for global and regional e-commerce. However with Internet, different characteristics of the local environment, both infrastructural and socioeconomic, have created a significant level of variation in the acceptance and growth of ecommerce in different regions of the world (Travica, 2012)

The study focused on the relationship between electronic commerce and performance of small and medium enterprises. The purpose of this research was to study the components affecting electronic commerce considering variables like; Electronic data interchange, Electronic marketing and Electronic payment and performance of SMEs from the perspective of profitability and market share. This chapter contains the background to the study, the problem statement, objectives of the study (specific objectives), and research questions, scope of the study, significance of the study, justification of the study and conceptual framework and operational definitions.

1.1 Background of the study

Globally, E-commerce is changing business process in many US and European countries and, is set to have significant social technical implications (Currie, 2010). All companies today whether in the UK, China and US use information systems and have invested significantly in information technology to achieve key business objectives such as improving the ability of the company (Laudon, 2007). Internet, related technologies and applications use in firms in the US have

changed in line with changes in SMEs business operations: (O'Brien, 2007). The potential of the internet and its associated technologies has enabled global e-commerce (Cronin, 2011). Internet-based market structures and the extension of global telecommunication networks offer SMEs in Asia a new exchange mechanism that enable them to compete on a more equal basis in world markets (United Nations, 2014). The primary emphasis is on the global nature of electronic markets, and the lower costs of reaching global markets

In Africa, e-commerce use among small scale enterprises is a new phenomenon (Aryeetey, 2011). While e-commerce solutions have been adopted by some multinational and large organizations in Africa, small size enterprises have been slower in adopting these technologies due to much need of capital investment (Greenspan, 2012). Small scale enterprises account for 60 percent to 70 percent of jobs in most developed and developing countries and for most new jobs that are created within Africa, several countries in Africa have not prioritized in use of E-commerce in small scale enterprises (Gordon, 2013). This low rate of E-commerce adoption by small scale enterprises' in Africa is inability to take advantage of emerging Internet technology to improve their business operations deserves serious attention (Bradley et al, 2010). The process of globalization and wide spread adoption of information and communication technology (ICT) has created new challenges and opportunities for African firms.

Loosely regulated and informal, e-commerce is rapidly growing in Uganda due to the widespread use of mobile money payments and rapid growth in telecommunication users (UCC, 2016). The GOU does not officially track e-Commerce use; however, mobile money usage is nearly universal among mobile phone customers and the GOU is beginning to track mobile money and mobile commercial transactions (Kawoya, 2016). As the number of smart phone customers increase in Uganda, Ugandan entrepreneurs have developed several new mobile applications to facilitate e-commerce over the past year. Uganda's e-Commerce covers a wide-range of goods and services and also allows for tax payment. With no specific e-Commerce regulations, illicit as well as legitimate trade is facilitated in Uganda's informal e-Commerce sector (Akullo, 2014). In addition to advertising on social media platforms, the following websites are among those that facilitate e-Commerce in Uganda.JUMIA, Dondolo, GoodsExpress, Intraline, Masikini, US2UG, and SupaPrice, Kilimall

1.1.1 Background to the case study

The Acacia Mall is developed and brought to Uganda by Acacia Plaza Limited. Acacia Mall encompasses lifestyle and value with a vibrant mix of home, fashion, fitness, food, service, leisure and entertainment offerings, and will render the shopper spoilt for choice. Acacia mall offers a large grocery store, butchery, bakery, and home stores, multi-cuisine cheerful and expansive food court, family dining restaurant, cinema, gym and health club, parking and security, clothing stores, shoe stores, and many more. Driven by its core values, Acacia Mall is committed to delivering the best shopping experience comparable with the finest in the region, adopting exquisite aesthetic design, bright and open lavish spaces, signature retail outlets, functional commercial and multi-use spaces, elaborate groceries, amusement areas, convenience foods and fine dining, all focused at giving our shoppers a truly enjoyable and memorable shopping experience aimed only at customer delight.

1.2 Statement of the problem

Adoption of electronic commerce is a significant factor in Small and Medium enterprises (SMEs), hotel enterprises (Wasike, 2009). An effective adoption of electronic payment structure should address entrepreneur characteristics, ease of use, and cost of adoption electronic commerce. Most cases consumers and businesses can choose how to make and receive e-payment, electronic advertising and electronic data interchange balancing a range of attributes such as convenience, speed, reduced costs, improved transparency, enhanced security, productivity and profit margin (Michaels, 2008).

The poor penetration of internet in Uganda amongst other reasons is a major reason SMEs have lagged behind in ecommerce where compared with other African countries (Anon, 2015). Despite the huge internet penetration mostly mobile, that the uptake of ecommerce would have skyrocketed; however the reverse is the case as Uganda still performs only fairly in this subsector of its economy. UCC (2016) reports that when all the challenges of online trading are eliminated, such prevailing challenges which include poor internet connection, high computer illiteracy rate and unfavorable government policies, then Ugandan digital buy-sell industry can be safely said to be ready to take up the ecommerce gauntlet to fight for SMEs. Additionally, with major players already in the sector such as OLX, Dondolo, Remdak, Kaymu, Home Duuka,

TakeAwayUG and Jumia to mention but a few, and a significant number of investment money being pumped in, the huge potential for massive and unprecedented ecommerce success in Uganda is imminent. This study therefore sought to assess effect of electronic commerce on the performance of small and medium enterprises case study of Acacia Mall.

1.3 Major Objective

The study examined the effect of electronic commerce on performance of Small and medium enterprises in Acacia Mall.

1.4 Specific Objective

The objectives of the study were:

I. To establish the effect of Electronic data interchange on performance of Small and medium Enterprises
II. To assess the effect of Electronic marketing on performance of Small and medium Enterprises
III. To evaluate the effect of Electronic payment on performance of Small and medium Enterprises

1.5 Research Questions

I. What is the effect of Electronic data interchange on performance of Small and medium Enterprises?
II. What is the effect of Electronic marketing on performance of Small and medium Enterprises?
III. What is the effect of Electronic payment on performance of Small and medium Enterprises?

1.6 Scope of the Study

1.6.1 Content Scope

The study focused on establishing the effect of electronic commerce on the performance of small and medium enterprises. Electronic commerce was the independent variable in this study and was examined through electronic data interchange, electronic marketing and electronic payment.

Performance of Small and medium enterprises was the dependent variable that was measured through value for profitability and market share.

1.6.2 Geographical Scope

The study was conducted at Acacia Mall. This was chosen because it is where a large share of the Small and medium Enterprises. Therefore the sample deemed suitable to posses all the information relevant for the study.

1.6.3 Time Scope

The study covered the period from 2013 to 2017. The researcher considered this period to be adequate to study the trend of electronic commerce and Small and medium performance in Acacia Mall given that this is the period during which the authority experienced a tremendous decline in performance of Small and medium Enterprises

1.7 Significance of the Study

The study is expected to be important to the SMEs in Uganda, government, academia and other stakeholders.

In the academia field, the results of this study shall contribute to the existing store of knowledge on the subject and serve as a catalyst for further research on electronic commerce. It may be useful as a source of reference to researchers and academics.

In SME management, this study would provide data that may help to better business owners to understand electronic commerce. This will also include identifying best services electronic commerce offers in relation to business models, processes, tools, as well as the actual growth in business

To policy makers like government agencies, the findings and results of the study would provide insight and a more reliable guide for monitoring the electronic commerce challenges of SMEs. The study would provide data that may help understand the needed electronic commerce to provide quality service to SMEs.

To customers, the customers may be able know the developments in the airline industry and they can be part of the future developments in the industry by actively giving their feedback and

making use of the dynamic products being offered by the e-commerce platform through the airline websites.

To other stakeholders like investors, shareholders, employees, the study may provide information for suggesting improvement in electronic commerce services through continuous contacts with customers.

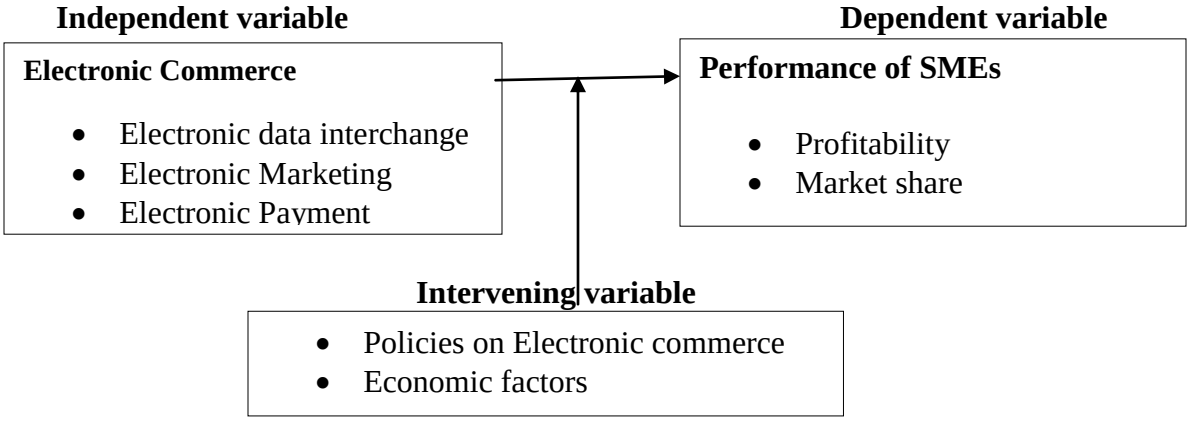
1.8 Justification of the study

A number of researches have been written about Electronic commerce and performance of SMEs such as the United Nations Conference on Trade and Development. (1995), Ogujiuba et al (2004), but there is limited research about electronic commerce and SMES performance in Uganda especially in Kampala Capital City Authority. Thus it is upon this that prompted the researcher to carry out to establish the effect of electronic commerce on performance of small and medium enterprises case study of Acacia Mall.

1.9 Conceptual Framework

According to Agarwal (2006), E-Commerce is measured in terms Electronic data interchange, Electronic Marketing and Electronic Payment which has a relationship on the performance of SMEs is measured by profitability, Volume sales, Cost efficiency and creation of employment opportunities (Kelley, 2005). profitability, market share and customer satisfaction.

Fig 1.0 relationship between variables



Source; Adopted from Bairagi et al (2012) and modified by researcher

The conceptual framework depicted showed e-commerce was independent variable, while performance of SMEs was dependent variable. The independent variable conceptualized in the form of electronic data interchange, electronic marketing and electronic payment. The dependent variable of Performance of SMEs has indicators such as profitability and market share. On the other hand, the moderating variables the investment climate and policies of electronic commerce affect electronic commerce and performance of SMEs. For example, electronic marketing are expected to lead improved performance of SMEs but because of the unfavorable government policy on electronic commerce there could not be any improvement in the performance of SMEs. However the moderating variables will be kept constant.

1.10 Operational definitions

Electronic commerce refer to as an absence of price and non-price barriers in the financial services

Performance refers the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed

Small and Medium Enterprises refers to enterprises which employ not more than 5 persons and which have capital not exceeding 5million Uganda shillings only.

EDI (Electronic Data Interchange): is the transfer of data from one computer system to another by standardized message formatting, without the need for human intervention.

Electronic marketing: refers to the application of marketing principles and techniques via electronic media and more specifically the Internet.

Electronic Payment: is a financial exchange that takes place online between buyers and sellers.

1.11 Conclusion

Chapter one established the fundamental bases on which other chapters this study relied, particularly chapter two on establishing empirical studies and the theoretical framework of the study. It clearly put into light the key concepts and issues of the study as regards the variables to be studied.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter examined reviewed the theory of the study and the available literature on the relationships between the different variables used in this study. The researcher reviewed literature on the electronic data interchange and the performance, electronic marketing and the performance and electronic payment and the performance of small and medium of SMEs in Acacia Mall.

2.1 Overview of the variables

The concept of E-commerce

E-commerce is defined as the purchase or exchange of goods and services over the Internet, between individual consumers, businesses or other organizations. Laudon and Traver, (2009) define electronic commerce as the use of the internet and the web to transact business or the use of digitally enabled commercial transactions between and amongst organizations. The concept of E-commerce is to support trade with the computing system with high dynamic and open information technology. E-commerce, also known as doing business without paper, which includes a messaging system, check, pay and product delivery. In this system, electronic data exchange, process communication in the information business is a branch of this system. Trading partners (sellers, buyers or middlemen) global electronic market system meets the Internet. Electronic market is a system that connects computers to each other. All commercial activities from finding customers or suppliers, negotiations, contracts, agreements and settle payments electronically place safely and efficiently (Turbans, 2006).

Business to Business (B2B) is that model of e-commerce whereby a company conducts its trading and other commercial activity through the net and the customer is another business itself (Joseph, 2004). Business to Consumer (B2C) applies to any business that sells its products or services to customers over the internet for their own use. Business to Government (B2G) applies between companies and the public sector. Consumer to Consumer (C2C) applies between private individuals or consumers (Rigas, 2006). Consumers to Business (C2B) transactions involve reverse auctions which empower consumer to drive transactions. For example, when competing

airlines give a traveller best travel and ticket offers in response to the traveller‘s post that she want to fly from point to another (Hitesh et al., 2011). E-commerce applications adopted by airlines in B2B include maintenance planning and control on revenue Management, revenue accounting systems, supply chain management and procurement and supplier relationship.

The cutting edge for business today is electronic commerce. The main vehicle of electronic commerce unequivocally is the Internet and the World Wide Web. With the rapid advancement in the Internet software and hardware and the infrastructure, the electronic commerce is becoming more and more popular. Use of ICT in business has been able to make valuable strides towards achieving the goals of organizations that indeed has increased customer satisfaction and profitability. E-commerce integration covers a wide range of application such as electronic Marketing customer support services, electronic ordering and delivery and electronic payment systems (Mazandarani, 2010). Today e-commerce is perceived as a new business approach toward customer satisfaction and profitability since it is related to activities that improve efficiency and effectiveness of business activities leading to high organizational performance.

E-commerce is changing all business functional areas and their important tasks, ranging from advertising to paying bills. E-commerce has attracted significant attention in the last few years. This high profile attention has resulted in significant progress towards strategies, requirements and development of e-commerce applications (Afshar et al., 2010). E-Commerce offers lower costs per business transaction, especially with respect to mailing and paper costs (Lawal, 2010). Fewer mistakes occur in paperwork because fewer people handle the data. Customer satisfaction is heightened due to better access to order and promotional data. The old rules are breaking down. Companies now share information with competitors, producing ―competition‖. Suppliers and buyers share information: Economic and cultural boundaries are disappearing – in some market segments businesses must be global (Johnson, 2003).

2.1.2 Overview of small scale business performance

Small and medium sized enterprises (SMEs) are an important job generator (Carree and Klomp, 2006). Hence, insight into the determinants of firm growth is important from a policy perspective. Performance is an organizational outcome resulting from the combination of firm-

specific resources, capabilities and routines (Nelson & Winter, 2012). A firm's growth opportunities are highly related to its current organizational production activities (Coad, 2009). Therefore for small firms, Performance is also influenced by personal ambition of an entrepreneur because not every entrepreneur aims to grow her/his business. Mosselman et al (2002) affirmed that only 16% of the small business owners aim to grow. The Performance of a firm is to a certain extent a matter of decisions made by an individual entrepreneur. Locke and Collins (2003) identified entrepreneur's personality traits, Performance motivation, individual competencies and personal background as the most important determinants that determine the Performance of SMEs

SMEs Performance focuses on an increase in certain attributes, such as sales, employment, and/or profit of a firm between two points in time (Hakkert and Kemp, 2006). SMEs Performance can be determined by the degree of effectiveness and capability with which firm-specific resources such as labour, capital and knowledge are acquired, organized, and transformed into sellable products and services through organizational routines, practices, and structure (Nickell et al, 2007). Thus, SMEs Performance can be determined by how successfully one sells products and services to the customers. Therefore, market orientation can be considered an important determinant of SMEs Performance. Firms with market orientation are able to track and respond to the customer's needs and preferences (Hult et al, 2003). Consequently, market orientation enables better satisfaction of customers and stakeholders which in turn result in SMEs Performance (Narver and Slater, 2010).

Based on a resource-based view, financial resources and human capital are the most important resources for small business growth (Wiklund et al., 2007). It has been argued that securing financial resources might be particularly important in promoting firm growth (Bamford et al, 2007). It is because financial resources can relatively easily be converted into other types of resources (Dollinger, 1999). With sufficient resources, firms are able to experiment new things, which not only increases their innovation potential but also enables the business to pursue new growth opportunities (Zahra, 1991). Access to financial resources has a positive effect on small business growth (Storey, 2004). Financial performance of a firm is a secondary input to the financial resources for firms. By this means, a firm not only relies on external funding, but

instead also uses internal funds to finance investments. Following this logic, only firms with superior financial performance can grow. However, the empirical evidence on this phenomenon still remains ambiguous.

2.2 Electronic Data Interchange and performance of SMEs

Successful implementation and application of EDI offers numerous benefits. According to Sokol (1995), benefits of EDI include the ability to improve certain business services significantly, increase in productivity and enabling faster and more efficient information exchange with trading partners. Application of EDI also leads to reduced lead-time from placing the order to receiving the goods for manufacturing and retail firms, reduces errors associated with manual documents and data entry, greater sharing of information and greater tracking of market data (Greenstein et al, 2000). Similarly, Walton and Gupta (1999) pointed out that EDI benefits essentially evolve over stages of EDI development. They analyzed what is involved in the phases from the initial to the final phase. In the initial phase which involves automation, the company has efficiency gains on the individual (company) level.

Molla and Licker (2005) claim that EDI facilitates the growth and expansion of firms in developing countries due to the ability of the Internet to reduce cost of transactions, to eliminate intermediaries and facilitating linkages to the global supply chains. The expansion and growth can be possible if SMEs in less developed countries can take advantage of Internet technologies to make substantial savings on communication, production process, and delivery of goods and services. Jeyaraj et al (2006) identified two major external pressure such as trading partners (customers and supplier) and competitive pressure in SMEs EDI adoption. SMEs being part of larger system will be subjected to external pressure in order to conform to technologies used by suppliers and customers for optimization of transactions.

EDI is gradually reshaping business practices and procedures around the world allowing trading partners to exchange information in a standard electronic format (Maingot and Quon, 2001). EDI is an essential business tool for dealing with large customers as well as enhancing their own operational efficiency. This would be through the integration of EDI into its existing internal information system, making use of the early delivery of machine-process able information. Clarke (2001) indicated that EDI saved unnecessary recapture of data. This leads to faster transfer of data, far fewer errors, less time wasted on exception handling and hence a more

streamlined business process. Benefits can be achieved in such areas as inventory management, transport and distribution, administration and cash management. EDT offers the prospect of easy and cheap communication of structure information throughout the government and between government agencies and their suppliers and clients.

EDI provides direct benefits such as reduction in costs associated with clerical labors and forms as well as in length of data transmission and processing which leads to increase in profits (Walton and Gupta, 1999). Further, an integrated EDI with existing systems is believed to facilitate the reengineering of some critical business processes including improvement in customer service and trading partner relationship and exit barriers for trading partners which increases business market share (Lu and Hwang, 2001). At SMEs, inter-firm level, the Internet and EDI have great potential benefit of increasing the speed and reliability of transactions and improve sharing of information and greater tracking of market data (Sohal et al, 2002). They can also reduce inefficiencies resulting from lack of co-ordination between firms in the value chain. Internet-based business-business interaction and real-time communication can reduce information asymmetries between buyers and suppliers and build closer relationships among trading partners (Moodley, 2002).

EDI has been widely accepted as an essential business tool used to facilitate inter-organizational transactions, and sometimes for improving internal operations by integrating internal and external systems in order to obtain competitive advantage (King et al., 2002). It is claimed that EDI saves as a catalyst and a stimulus to improve business process and communication infrastructure that flow between organizations. EDI enables SMEs organizations to redesign their processes significantly because of its three main capabilities: high speed, reliability, and ease in getting the data. (King et al, 2002). It is important for SMEs to adopt processes that enable them to provide services that bring competitive advantage as EDI adoption by SMEs has been considered very essential in facilitating their business process.

Application of EDI also lowers costs by reducing paperwork and minimizing costs for both coordinating and processing transactions (Murphy and Daley 1999). It also reduces inventory levels and inventory costs by enhancing integration between trading partners' information systems, which allows shorter order cycles and higher inventory turnovers (Droge and Germain 2000). EDI as well reduces transaction-related costs of co-ordination between firms via a

standardization of tasks and communication between chain members, reduces data entry costs and purchase order costs (Sohal et al, 2002).

Application of EDI further maintains efficiency while reducing lead time giving the company the capability to smooth out the peaks and valleys in the normal production cycle (Ali-Ahmadi 2006). Companies too depend on EDI to streamline their processes in manufacturing, supply chain management, and logistics (DeCovny, 1998), therefore facilitating an effective and efficient supply chain. The transmission of EDI transactions takes less time than comparable manual transactions such as fax machines, improves accuracy and timeliness of the flow of information and therefore enables efficiency improvements (Hammant, 1995). Consequently, fewer items will be lost, returned or required from back order.

2.4 Electronic marketing and performance of SMEs

Coviello et al (2001) suggest that E-marketing as an innovative technology-based activity, has been considered as one of the main aspects of marketing practice that involves using the internet and other interactive technologies to create and mediate dialogue between the firm and its customers. E-marketing provides customers access to information while the use of interactive technologies allows these customers to provide information to the business (Brodie et al, 2007). The internet, the main e-marketing tool has been recognized as a key business resource and is increasingly being used and integrated into firm's marketing activities. Brodie et al (2007) found that adoption of e-marketing is positively associated with marketing performance and more so on customer acquisition and retention. Effective e-marketing can enable the firm to obtain competitive intelligence and organizational capabilities that facilitate effective marketing decisions for proper positioning in the industry (Olalekan, 2009).

The major benefits of e-marketing for the firms that adopt it are: increasing exposure to global markets (Laudon and Laudon, 2004), enhancing communication (Chaffey, 2003), and reducing transaction costs (Sandeep and Sing, 2005) due to the aggregation of buyers (customers) generated by the e -marketplace. According to Chaffey, Ellis-Chadwick, Mayer, and Johnston (2009), the performance of e-marketing pertains to financial benefits obtained from the management process responsible for identifying, anticipating and satisfying customer needs. Supported by Gilmore, Gallagher, and Henry (2007), the performance of e-marketing is substantially linked to different technologies (e.g. e-mail, databases, wireless) to fulfill existing

and emerging customer needs and preferences. E-marketing leads to standardization of products and prices as differences among competitors' products are reduced (Porter, 2001).

Firms are also able to encroach onto niche markets, which were traditionally serviced by SMEs because e-marketing significantly reduces transaction costs and increases profitability (Jeffcoat et al, 2002). A majority of SMEs in Kenya are skeptical of e-marketing adoption because these firms perceive very high development costs from e-marketing and do not understand how e-marketing can enhance their business performance.

The fast paced growth in technology has allowed the development of the internet which has been geared towards creation of convenience for its users (Ashworth, et al 2006). The use of Internet has gained popularity in organizations globally; this has led to the creation of a new concept in marketing as internet marketing under relationship marketing. This philosophy of e-marketing provide customers' needs as individual, creating value for customers and the development of communications network between the companies and individuals which help to increase the market share of firms (Procter et al, 2013).

Burges and Bothma (2007) say that internet marketing is a business effort to inform, converse, promote and sell products and services over the internet, Thersthol and Lövgren (2007) noted that online marketing as a process for reaching out to many existing and potential customers as possible using the internet. Maguire and Magrys (2007) on the other hand noted that it involves finding the right online marketing mix of strategies that appeal to your target market and will actually translate into sales. The science of internet marketing is the research and analysis that goes into both choosing the internet marketing strategies to use and measuring the success of those internet marketing.

Mckintyrye (2002) noted that the use of internet by organizations has allowed cheaper marketing of its products, a greater customer base and a more personal interaction in the marketing. This has enabled a better research of the customer needs and has allowed the provision for these needs easier at a reduced cost. Tiessen and Wright (2001) noted that the evolution of internet marketing has led to better supply chain systems allowing the delivery of online goods to the customer allowing convenience to the customer while reducing transaction costs due to the aggregation of buyers (customers) generated by the e –marketplace. This system has allowed accountability to be more effective as compared to the traditional selling.

Firms that have embraced the use of internet marketing reap the benefits of ease of linking and communicating to clients and stakeholders for mutual benefit. Chaffey and Smith (2005) noted that firms have been able to increase their sales turnover and profitability and their market share from the adoption of internet marketing; this is due to the ease of access to information, reduced cost of economic interactions and improved communication with customers. He noted that internet marketing has facilitated to customer relations through activities that facilitate the exchange of ideas, products and services to satisfy the marketing goals of both parties.

Tiessen and Wright (2001) confirm that internet marketing has allowed firms the access of new market niches as well increase opportunities beyond geographical boundaries curbing international entry barriers. Early adopters of internet marketing have gained a competitive advantage and established customer loyalty programs that have enabled them retain and gain new clients due to customer satisfaction (Sparkes and Thomas, 2001).

Businesses who have realized these benefits of an online presence have developed a company website as well as engaged in social media interactions for the growth and development of their firms (Kaye and Medoff, 2001). Email marketing is also a common source of internet marketing; it is sometimes done by business people sending messages to the target population randomly to their phone numbers or email addresses (Shemi and Magambe, 2002). Tiessen and Wright (2001) confirm that internet marketing has allowed firms the access of new market niches as well increase opportunities beyond geographical boundaries curbing international entry barriers.

2.5 Electronic payment and performance of SMEs

Electronic payment can be defined as digital payments that are over internet for electronic – commerce activities (Wigder, 2009). Electronic payment is defined by WPR (2013) as digital payments that are made over internet for electronic commerce activities. Verkatesh et al., (2009) defines electronic payment as making payments electronically rather than in person. Electronic payment systems are generally classified into four categories; credit cards and debit cards; electronic cash; Micropayment systems; and session-level protocols for secure communications. A secure electronic financial transaction has to meet four requirements ; ensure that communications are private ; verify that the client and server are who each claims to be ;and ensure that data to be transferred by the signed author.

Adoption of electronic payment is a significant factor in Small and Medium enterprises (Wasike, 2009). An effective adoption of electronic payment structure address entrepreneur characteristics, ease of use, and cost of adoption electronic payment, SMEs are not exception to this. Most cases consumers can choose how to make and receive payment balancing a range of attributes such as convenience, speed, reduced costs, improved transparency, enhanced security, productivity and profit margin (Mokaya, 2012). Further Zollman (2012) indicates that the ability to pay bills using mobile money account has proven to be very popular with both users and businesses; there is increased trends of organizations signing up to allow their bills to paid via electronic payment . This is due to high skilled managers, trained workforce, availability of funds and convenience of use.

An electronic payment system enables business to deliver, receive and process electronic invoice submissions for Accounts Payable (AP) and Accounts Receivable (AR) departments. Although most AP departments have the capabilities to process electronic payments, industry reports suggest two-thirds of invoices still arrive from vendors on paper (Zhang, 2006). Paper-based payment processes present significant challenges to large organizations, stalling efficient workflows in AP and AR departments due to a heavy reliance on labor-intensive processes and data entry. Businesses that go paperless by implementing an electronic payment system realize enormous process efficiencies and cost-savings benefits.
Many large global organizations are reaping the benefits from employing an electronic payment system, which include: Day Sales Outstanding (DSO) Improvements: For suppliers, an electronic payment system can immediately improve DSO numbers by allowing them to electronically receive and process payments from commercial customers, Processing Cost Reduction: A feature-rich electronic payment system lowers associate process time by automatically initiating and processing payments.

The advent of electronic -payment offers considerable opportunities for small and medium firms to expand their customer base enter new products leading to customer satisfaction (Deept and Tiwari, 2013). Adoption of electronic- payment make SMEs to gain greater global access and reduced transaction costs, provide substantial benefits via improved efficiencies and raised revenues; facilitate access to potential customers and suppliers, productivity improvements and

information exchange and management (UNCTAD, 2012). Despite the benefits associated with electronic money payments, a majority of SMEs have generally been slow in adopting the use of electronic payment but e-payment minimize overdue payments where it accelerates credit and collections by giving customers (Wajau, 2012). For instance businesses owners perceive cash as convenient and safer option of payment than electronic payment systems (Deept and Tiwari 2013). The problems dogging mobile money industries were; connectivity, security, scalability, interoperability, accessibility, and agent training and representation

An electronic payment system makes it easier to track and monitor data to ensure adherence to complex compliance regulations and all business rules (Wanjau, 2012). An electronic payment system is highly secure, safeguarding cardholder data and preventing payment fraud better than paper-based payments can achieve and Improved Workflow Efficiencies increased automation is a key feature of a robust electronic payment system, enabling less reliance on time-consuming and costly manual business processes (Weidenhamer, 2013). Cash –payments especially large volumes of money naturally carrying with them is a great deal of risk, not to mention expenses and vulnerability to theft, fraud and corruption (Imasiku, 2013). While receiving payment can be in cash or using hotel mobile money account this reduces travel time to pay bill locations, resulting extra expenses for travel and productive time lost away from work.

Greater Visibility into Financial Supply Chain: With access to reports and comprehensive corporate financial history, an electronic payment system gives management and other authorized users easy access to snapshots and detailed reports to improve decision-making and process efficiency and the exchange of goods conducted face-to-face between two parties' dates back to before the beginning of recorded history. Eventually, as trade became more complicated and inconvenient, humans invented abstract representations of value progressing from barter through bank notes, payment orders, checks, credit cards, and now electronic payment systems. Electronic Payment is a financial exchange that takes place online between buyers and sellers. The content of this exchange is usually some form of digital financial instrument (such as encrypted credit card numbers, electronic cheques or digital cash) that is backed by a bank or an intermediary (Ingenico, 2012). Retail payments between customers and businesses are

distinguished from wholesale payments between banks by their much higher transaction volume and much lower average value.

2.6 Profitability

According to Don Hofstrand (2009) Profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important. Profitability is measured with income and expenses. Income is money generated from the activities of the business. For example, if crops and livestock are produced and sold, income is generated. However, money coming into the business from activities like borrowing money does not create income. This is simply a cash transaction between the business and the lender to generate cash for operating the business or buying assets.

Expenses are the cost of resources used up or consumed by the activities of the business. For example, seed corn is an expense of a farm business because it is used up in the production process. A resource such as a machine whose useful life is more than one year is used up over a period of years. Repayment of a loan is not an expense; it is merely a cash transfer between the business and the lender.

Wali (2010) found that the firms make profits on the items sold which increases profitability. However, Isizoh et al. (2012) further found a positive relationship between e-commerce and profitability and the profits depend on the low operational costs. Milne, (2006) supported this view when he stated that modernization of E-commerce has set the stage for extraordinary improvement in profits limited due to the volume of business transactions. Frank and Oluwafemi (2012) revealed that E-commerce brings down the operational costs of the firm and that Internet technology facilitates and speed up business procedures to accomplished standardized and low value added transactions. Past studies in developing countries did not reflect any significant empirical relationship between E-banking and banks profitability. Ugwuanyi and Ugwuanyi (2013) suggests that E-banking expenditure has a negative relationship with banks profitability due to the fact that investment in E-banking increases expenditure as well as increases assets thereby reducing operating profits as well as return on assets(ROA).

2.7 Market Share

Farris, et al (2010). Market share is the percentage of a market (defined in terms of either units or revenue) accounted for by a specific entity. In a survey of nearly 200 senior marketing managers, 67% responded that they found the "dollar market share" metric very useful, while 61% found unit market share" very useful.

Armstrong et al (2007) noted that marketers need to be able to translate and incorporate sales targets into market share because of electronic payment this will demonstrate whether forecasts are to be attained by growing with the market or by capturing share from competitors. The latter will almost always be more difficult to achieve. Market share is closely monitored for signs of change in the competitive landscape, and it frequently drives strategic or tactical action to ensure that it improves from the previous year's performance (Farris,2010). Armstrong et al (2007) stressed that market share is a desired asset among competing firms since achieving growth in market share depends on the usage of electronic marketing

The sales volume and market share increase as a result of Electronic data interchange since customers are make business activities in almost everywhere with convenience (Kesten, 2010). The aforementioned usage of market share as a basis for gauging the performance of competing firms has fostered a system in which firms make decisions with regard to their operation with careful consideration of the impact of each decision on the market share of their competitors (David and Reibstin, 2010). Market share can be decomposed into three components, namely: penetration share, share of customer, and usage index. These three underlying metrics can then be used to help bank identify market share growth opportunities. With the preliminaries the managers are now in a position to explore further the relationship of a firm's market shares with its marketing activities.

2.8 Summary of Literature Review

Electronic commerce has substantial relationship with performance of Small and medium enterprises as explained in areas of electronic data interchange, electronic marketing and electronic payment in view of performance in line with profitability, market share and customer satisfaction

CHAPTER THREE

METHODOLOGY OF THE STUDY

3.1 Introduction

This section dealt with the practical procedures for carrying out this study. It gave the details of the research design to be adopted, nature of sample, sampling procedure, data collection procedures and the final data analysis techniques that were applied. It gave the framework within which data will be collected and analyzed.

3.2 Research Design

The study adopted a cross-sectional study to help explain the current situation on e-commerce and performance of small and medium enterprises and analyze the inherent problem when dealing with quantitative data. Cross sectional study is a research design in which one or more samples of the population is selected and information is collected from the samples at one time. It makes a detailed examination of a single subject, group or phenomenon and enables collection of sufficient data regarding effects of procurement ethics on procurement performance (Mugenda and Mugenda, 1999). The design was descriptive and analytical in nature. For qualitative data, the study adopted the field research method where the researcher went to the field take extensive field notes which were subsequently coded and analyzed in a variety of ways (Sekeran, 2003).

3.3 Study Population

The study population consisted of SMEs operating at Acacia Mall which is estimated to be 100 from sectors of trade, service (Uganda Bureau of Statistics, 2015/2016). The researcher believed that this category of people were knowledgeable enough about her area of study and were able to avail her with the necessary data about the study.

3.4 Sampling and sample selection

3.4.1 Sample size

The sample size was 80 SMEs according to the tables developed by Krejcie and Morgan (1970).

Table 3.1; Distribution of Respondents

Number	Category	Population(N)	Sample(S)
1.	Trading	60	44
2.	Service	40	36
Total		**100**	**80**

Source; Uganda Bureau of Statistics (2015/2016)

3.4.2 Sampling Procedures

Sampling is a procedure of selecting a part of population on which research can be conducted and draw general conclusion from the study. Researchers have developed a number of techniques where only a sample portion of the total population is sampled and attempts to generalize the results and conclusion for the entire population. This study employed Krejcie and Morgan table (1970) to determine the sample size.

3.4.3 Sampling Techniques

According to Amin (2005), sampling technique is the process of selecting elements from a population in such a way that the sample elements selected represents the population for data collections. For this research, a simple random sampling technique was used while sampling. This method was used since it would help the researcher to get information from different people from different departments of the organization. The study also used purposive sampling technique. The purposive sampling method was used because it allows the researcher to select certain respondents for their ability to supply certain kinds of required information.

3.5 Data collection methods and instruments

The researcher will use both primary and secondary sources of data

3.5.1 Primary data sources

Greener (2008), explained that primary sources are those which come into existence in the period under research for example questionnaires completed for the study. The information was obtained by self-administered questionnaires and interviews.

3.5.2 Secondary data sources

Greener (2008), further explained that secondary data sources are interpretations of events of that period based on primary sources. This information was obtained from published materials, which include text books, journals, magazines, internal reports, minutes and newspapers, unpublished

reports. The researcher reviewed the annual financial performance reports, and audit report to get the required data for this study.

3.6 Data Collection methods and Instruments

3.6.1 Structured Questionnaire

The tools that the researcher used for collecting data included the following; self-administered questionnaire and interview guide. A questionnaire is a carefully designed instrument for collection of data in accordance with the research questions and hypothesis. The justification for using this instrument is that it was less expensive and does not require the researcher to be present for the respondent to complete. It was used to collect data from staff, this is because they have a high level of literacy, and are able to read, understand and interpret the questions besides possessing the information required for the research. The interval Likert Scale questionnaire was designed on values assigned and ranked 5 to 1 in order of; 5-Strongly Agree, 4-Agree, 3- Neither Agree nor Disagree, 2-Disagree and 1-Strongly Disagree.

3.6.2 Interview Guide

An interview guide was used to collect data from key informants who are the senior managers. This data assisted in clarifying data collected by the structured questionnaires since it involved a face to face interaction and it also provided a whole range of views.

3.7 Data Quality Control

3.7.1 Validity

Data validity was ensured through subjecting the drafted tools such as the questionnaire to be reviewed by the supervisor before being granted permission to go ahead to collect data. The researcher also ensured that the right questions for the study are asked basing on the objectives. The researcher computed the content valid index to verify the validity of information obtained from the field. The formular for determining CVI:

Number of Valid items on a questionnaire

Total number of items on a questionnaire

$$CVI = \frac{R}{R+N+IR}$$ = 40/40+0+2= 0.95238*100=95%

Where;

R is Relevant, **N** is Neutral, and **IR** is irrelevant. The closer the value is to 1, the more valid the instrument (Amin, 2005)

3.7.2 Reliability

Judith, (2005) defined data reliability as the degree to which an assessment tool produces stable and consistent results. To ensure data reliability, the researcher administered different forms of data collection instruments that is questionnaires and their results were compared. Reliability of the instruments was ensured through pre-tests. The researcher computed Cronbach alpha coefficient using SPSS to determine the validity of the acquired information from the field.

Table 3.8.2: Cronbach Alpha Value for reliability of the study tools

Variables	**Cronbach's Alpha**	**Number of items**
Electronic data interchange	**0.798**	08
Electronic Marketing	**0.879**	10
Electronic Payment	**0.799**	07
Profitability	**0.653**	06
Market share	**0.782**	04

Source; Primary Data (2016)

Table 3.8.2 shows that all the dimensions of the independent variable as well as dependent variable gave cronbach's alpha values above 0.6 when reliability test was conducted as attached in the appendix four. This implied the tools used in the study were reliable for data collection as asserted by (Sekaran, 2011).

3.8 Data Management and Analysis

3.8.1 Quantitative Data Analysis

The researcher collected data, cleaned, coded and classified them into categories. The data was edited and entered into the data editor of Statistical Package for Social Scientists (SPSS) software for analysis according to the objectives of the study. Then, data was organized and analyzed. The researcher presented data using descriptive and inferential statistics where

frequency tabulations were used to present the data on demographic characteristics whereas, for the research objectives, the Pearson Correlation analysis was used. The researcher used a correlation analysis to test the relationships between the independent and dependent variables whereas; regression analysis used to study the combined effect of the independent variables on the dependent variable.

3.8.2 Qualitative Data Analysis

Qualitative data analyzed into a manageable form and a narrative constructed around it (Amin 2005). Examples were used in the narrative in order to review trends and compare the respondents' opinions/perspectives of the issues being discussed. The data was classified into simple content categories, themes and sub-themes, closely examined and compared for similarities and differences. Qualitative data that were obtained by way of an interview guide which were used to reinforce information gathered using the questionnaire to draw meaningful conclusions.

3.9 Measurement of Variables

Measurement is defined by Amin (2005), as the process of transforming abstractly conceived concepts into numerical qualities. The researcher used the five point Likert scale which comprised 5 codes namely; (5=strongly agree, 4=agree, 3=not sure, 2=disagree and 1 =strongly disagree. The independent variable E-commerce was measured using the following constructs: electronic data interchange, electronic marketing and electronic payment. While the dependent variable organisational performance was measured using the following parameters: profitability and market share.

3.10 Ethical Considerations

When carrying out research the following ethical considerations were made.

By acknowledging and citing previous studies done by other scholars in the area of financial management and service delivery when doing the literature review

The researcher got and introductory letter from the university that will be used for accessing the relationship between E commerce and performance of SMEs where the study will be carried out.

The researcher was open, honest and sent in advance a letter to sample respondents explaining the purpose of the study.

The researcher observed the informed consent of the respondents; respected their privacy, confidentiality and anonymity, voluntary nature of participation, and the rights of individuals to with draw partially or completely from the process (Saunders, Lewis and Thornhill, 2003).

Permission of the people who were under study were sought to conduct the research involving them. The study avoided causing physical or emotional harm to the respondents who were part of the study. Objectivity during the research was emphasized so as to eliminate personal biases and opinions. Anonymity of the respondents was taken care of during the study so as to avoid victimization and this informed to the respondents.

3.11 Limitations of the study

Access to the respondents especially those with tight schedules and only report to financial institutions but with reliable information proved a challenge to the researcher to gather the required data from them. The researcher used different communication means to make prior arrangements with such respondents.

The researcher was limited by research resources in form of money. To solve this limitation the researcher took the initiative in typing research materials by herself in order to reduce on the costs.

The researcher never had ample time to effectively get involved in data collection due to his tight schedule at his place of work. She solved this challenge by using research assistants.

3.12 Conclusion

The chapter covered the research design, study area, study population, sample size, sampling techniques, data collection sources, data collection tools, validity and reliability of the research instruments, data analysis, ethical considerations and limitations of the study.

CHAPTER FOUR

PRESENTATION OF RESULTS AND DISCUSSION OF FINDINGS

4.0 Introduction

The chapter covered the presentation of results and interpretation of findings in relation to the study objectives. Questionnaires and Interviews were used to collect the data. The findings were summarized in form of tables (showing percentages and frequencies) and qualitative statements. In addition, statistical analysis namely correlation analysis was undertaken. With a sample of 80 only 76 questionnaires were returned representing a response rate of 86.4%. **According to Amin (2005), for a valid research to be conducted, a minimum of 30 to 50 participants is required for the study.** Therefore it implied that the response rate of 86.4 % was sufficient for the study

4.1 Bio data characteristics

Sample characteristics contain gender, education levels, age group, duration of service in the organisation, and the category of the respondents.

4.1.1 Gender of the respondents

The researcher had an interest in knowing the gender of the respondents to find out which sex was more involved in business activities and the results are as below;

Table 4.1: Gender of the respondents

		Frequency	Percentage (%)
Valid	Male	30	39.5
	Female	46	60.5
	Total	76	100

Source: Primary Data (2017)

The findings showed that 60.5% respondents were female compared to 39.5% who were male respondents. This implies that more females participated than males since the research used simple random sampling, respondents were selected due to easy to access and readily available

hence more females were readily available during data collection period that is why they were the majority.

4.1.2 Age group of the respondents

The researcher had interest in knowing the age of people running businesses in the area and results are presented below

Table 4.2: Age group of the respondents

		Frequency	Percentage (%)
Valid	21-30	18	23.7
	31-40	31	40.8
	41-50	17	22.4
	51-60	7	9.2
	61-70	3	3.9
	Total	**76**	**100**

Source: Primary Data (2017)

The study noted that 40.8% respondents were in the age bracket of 31-40 years, 23.7% respondents were in the age bracket of 21-30years, 22.4% respondents were in the age bracket of 41-50 years, 9.2% respondents were in the age bracket of 51-60 years whereas 3.9% respondents where in the age bracket of 61-70 years. This implies that majority of employees at Acacia Mall are in the youth age thus able to carry out activities pertaining E-Commerce and performance of Small and medium enterprises. This age is more acquainted with computer knowledge and well versed with online activities.

4.1.3 Level of education attained

The researcher had interest in knowing the academic qualification of people running the businesses and results are presented below

Table 4.3: Highest level of education attained

	Frequency	Percentage (%)

Valid	Primary	13	17.1
	Secondary	25	32.9
	Tertiary level	23	30.3
	University	15	19.7
	Total	**76**	**100.0**

Source: Primary Data (2017)

The findings showed that 32.9% of respondents had secondary level of education, 30.3% had tertiary level of education, 19.7% had university level of education and17.1% had a primary level of education. As per the education levels of Acacia Mall, the researcher noted that most of the respondents had secondary level of education. This shows that respondents had knowledge about ecommerce and their responses based on an informed mind since they could read and understand the essence of the questions

4.1.4: Nature of business

The researcher had interest in knowing the nature of business that are engaged into and results are presented below

Table 4.4: Nature of business

		Frequency	**Percentage (%)**
Valid	Trading	34	44.7
	Service	42	55.3
	Total	**76**	**100.0**

Source: Primary Data (2017)

The study revealed that 55.3% were from service business while 44.7% were from the trading business. This implies that most of the respondents were from the service business given the reason that they are easy to set up such as mobile money, saloons, restaurants, Clinics and so on.

4.1.5 Length of existence in business

The researcher had interest in knowing length of existence in business and results are presented below

Table 4.5: Length of existence in business

		Frequency	Percentage (%)
Valid	Less than 1 year	34	44.7
	2-3 years	33	43.4
	4yrs and above	09	11.8
	Total	**76**	**100.0**

Source: Primary Data (2017)

The findings indicated that 44.7% had stayed in the business less than one year, 43.4% had stayed from 2-3 years whereas 11.8% had stayed in business for 4 years and above. This shows that the most businesses at Acacia Mall have not stayed beyond one year.

4.2 Presentation and analysis of findings from the study objectives

In the study, analysis was also based on study objectives and results were presented on the following statements; electronic data interchange, electronic payment and electronic marketing. This section also presents results on performance of SMEs. The mean average of respondents agreement was (1+2+3+4+5) = 15/3 = 3. The means that a figure below 3 represents a disagreement and above 3 represents an agreement

4.2.1 Electronic data interchange as a measure of electronic Commerce

A study on the objective establish electronic data interchange suggested a number of activities that are done leading improvement in performance of SMEs and these are presented in table below.

Table 4.6: Descriptive statistics on electronic data interchange and performance of SMEs

`Details	N	Min	Max	Mean	Std.Deviation
There is increase in profits as a result of EDI	76	1	5	3.23	1.337

There is reduced lead-time from placing the order to receiving the goods for service provision	76	1	5	3.19	1.283
There is increased market share due to EDI	76	1	5	3.45	1.150
Reduces errors associated with manual documents and data entry	76	1	5	3.47	1.310
EDI increases customer satisfaction	76	1	5	3.63	.985
greater sharing of information and greater tracking of market data	76	1	5	3.83	1.080
Reduced inventory levels due to the improvement in process.	76	1	5	3.69	1.239
Costs have been reduced for both coordinating and processing transactions	76	1	5	3.52	1.086
Valid N (listwise)	76				

Source: Primary Data (2017)

There is increase in profits as a result of EDI

The findings revealed that there is increase in profits as a result of EDI with a mean value of 3.23. The standard deviation of 1.337 is statistically significant showing that the respondents' views were varied in their view since profits may increase due increased sales volume but not due to EDI. These results are in line with Walton and Gupta (1999) who stressed that EDI provides direct benefits such as reduction in costs associated with clerical labors and forms as well as in length of data transmission and processing which leads to increase in profits. This implies that there is increase in profits when businesses use electronic data interchange.

There is reduced lead-time from placing the order to receiving the goods for service provision

The results showed that there is reduced lead-time from placing the order to receiving the goods for service provision with a mean value of 3.19. The standard deviation of 1.283 meant that some respondents varied in their views since reduction in lead-time from placing the order to receiving the goods for service provision may be achieved by convenience but not necessarily through EDI. The findings are consistent with Sohal et al (2002) reduces data entry costs and purchase order costs and there is reduced lead-time from placing the order to receiving the goods for service provision. This implies that through use of EDI, businesses achieve reduced lead-time during placing the order to receiving the goods for service that is provided.

There is increased market share due to EDI

The findings showed that there is increased market share due to EDI revealed by a mean value of 3.45. However a standard deviation of 1.150 was a variance with the statement which can mean that it is not only EDI that can lead to an increase in business market share but the offerings have to be considered as well. This was in line with Lu and Hwang, (2001) who noted that an integrated EDI with existing systems is believed to facilitate the reengineering of some critical business processes including improvement in customer service and trading partner relationship and exit barriers for trading partners which increases business market share. This implies that businesses achieve increased market share due to proper utilization of electronic data interchange.

Reduces errors associated with manual documents and data entry

The findings revealed that EDI reduces errors associated with manual documents and data entry with a mean value of 3.47. However a standard deviation of 1.310 was a variance with the statement which can mean that consideration has to be put into the competency of the people carrying out manual document since errors may be due to lack of competency that is why EDI is used. The findings are in line with Ali-Ahmadi (2006) who affirmed that EDI further maintains efficiency while reducing lead time giving the company the capability to smooth out the peaks and valleys in the normal production cycle and it reduces errors associated with manual documents and data entry. This implies that electronic data interchange reduces errors associated with manual documents and data entry in the firms help in business growth.

EDI increases customer satisfaction

The study indicated that EDI increases customer satisfaction with a mean value of 3.63. However a standard deviation of 0.985 was a variance with the statement which can mean that some respondents believe EDI may increases customer satisfaction but consideration has to be put on system failure because they cause customer dissatisfaction. These findings concurred with Hammant (1995) who asserts that EDI improves accuracy and timeliness of the flow of information and therefore enables efficiency improvements and increases customer satisfaction. This implies that EDI increases customer satisfaction as one of the facets of through quick access to information,

Greater sharing of information and greater tracking of market data

The findings indicated that EDI offers greater sharing of information and greater tracking of market data with a mean value of 3.83. However a standard deviation of 1.080 was a variance with the statement which can mean that accuracy of the system has to be put into consideration while tracking and sharing market data since system failures may affect data sharing and tracking. This is in line with Sohal et al, (2002) who explained that at SMEs, inter-firm level, the Internet and EDI have great potential benefit of increasing the speed and reliability of transactions and improve sharing of information and greater tracking of market data. This implies that Electronic data interchange leads to greater sharing of information and greater tracking of market data.

Reduced inventory levels due to the improvement in process

The findings revealed that there are reduced inventory levels due to the improvement in process with a mean value of 3.69. However a standard deviation of 1.239 was a variance with the statement which can mean that though there is improvement in processes, inventory may not reduce. This concurs with Droge and Germain (2000) who stressed that EDI reduces inventory levels and inventory costs by enhancing integration between trading partners' information systems, which allows shorter order cycles and higher inventory turnovers. This implies that as a result of electronic data interchange there is reduced inventory levels due to the improvement in process.

Costs have been reduced for both coordinating and processing transactions

The findings revealed that costs have been reduced for both coordinating and processing transactions with a mean value of 3.52. However a standard deviation of 1.239 was a variance with the statement which can mean that costs may not reduce for both coordinating and processing transactions when systems are not well maintained. This is in agreement with Murphy and Daley (1999) who noted that application of EDI also lowers costs by reducing paperwork and minimizing costs for both coordinating and processing transactions. This implies that as a result of electronic data interchange costs can be reduced for both coordinating and processing transactions.

Table 4.11: Correlation analysis between EDI and performance of SMEs

		Electronic data interchange	Performance of SMEs
Electronic data interchange	Pearson Correlation	1	.643**
	Sig. (2-tailed)		.000
	N	76	76
Performance of SMEs	Pearson Correlation	.643**	1
	Sig. (2-tailed)	.000	
	N	76	76

**. Correlation is significant at the 0.01 level (2-tailed).

Source; Primary Data

The results indicated that there is a significant positive moderate relationship between electronic data interchange and performance of SMEs with a correlation value of r=0.643. This possibly implies that performance of Small and medium enterprises are positively affected by electronic data interchange. This concurred with Sokol (1995) benefits of EDI include the ability to improve certain business services significantly, increase in productivity and enabling faster and more efficient information exchange with trading partners.

4.2.2 Electronic Marketing as a measure of electronic commerce

A study on the objective establish electronic marketing suggested a number of activities that are done leading improvement in performance of SMEs and these are presented in table below.

Table 4.7: Descriptive statistics on Electronic Marketing and performance of SMEs

Details	N	Min	Max	Mean	Std.Deviation
Provides customers access to information	76	1	5	3.55	.996
Increases Profitability	76	1	5	3.26	1.205
Improves market share	76	1	5	3.67	1.019
Lead to customer acquisition and retention.	76	1	5	3.70	1.027
The use of interactive technologies allows these customers to provide information to the business	76	1	5	3.80	1.024
Effective e-marketing can enable the firm to obtain competitive intelligence and organizational capabilities	76	1	5	3.39	1.130
Increases exposure to global markets	76	1	5	3.73	1.019
Enhances communication among buyers and sellers	76	1	5	3.89	1.267
Reducing transaction costs due to the aggregation of buyers (customers) generated by the e -marketplace.	76	1	5	3.39	1.130
Leads to customer satisfaction	76	1	5	3.75	1.029
Valid N (listwise)	76				

Source: Primary Data (2017)

Provides customers access to information

The study indicated that electronic marketing provides customers access to information with a mean value of 3.55. However a standard deviation of 0.996 was a variance with the statement which can mean that electronic marketing may provide customers access to information but customers may at times ignore the information provided due to change in tastes and preferences.

This concurs with Marcolin (2001) suggest that E-marketing as an innovative technology-based activity, has been considered as one of the main aspects of marketing practice that involves using the internet and other interactive technologies to create and mediate dialogue between the firm and its customers and provides customers access to information. This implies that customers can get access to information through use of electronic marketing.

Increases Profitability

The findings revealed that electronic marketing increases profitability with a mean value 3.26. However a standard deviation of 1.205 was a variance with the statement which can mean that electronic marketing either increases profitability or not because costs change over time in production process of an organization. The findings were in line Jeffcoat et al, 2002) who stressed that firms are also able to encroach onto niche markets, which were traditionally serviced by SMEs because e-marketing significantly reduces transaction costs and increases profitability. This implies electronic marketing either increases profitability when costs are reduced.

Improves market share

The study indicated e-marketing improves market share with a mean value of 3.67. However a standard deviation of 1.205 was a variance with the statement which can mean that electronic marketing may create a wide market but if products or services offered re not of the require quality, market share may be affected. This is in line with Procter et al, (2013) who noted that the philosophy of e-marketing provide customers' needs as individual, creating value for customers and the development of communications network between the companies and individuals which help to increase the market share of firms. This implies that electronic marketing improves market share of the business that are involved in e-commerce.

Lead to customer acquisition and retention.

The study showed a mean value of 3.70 indicating that respondents agreed that e-marketing lead to customer acquisition and retention. However a standard deviation of 1.027 meant a variance implying that e-marketing may not lead to customer acquisition and retention especially when customers' tastes and preferences have changed. This implies that Brodie et al (2007) who stated that adoption of e-marketing is positively associated with marketing performance and more so on

customer acquisition and retention. This implies that the electronic marketing leads to customer acquisition and retention.

|The use of interactive technologies allows these customers to provide information to the business

The findings revealed that the use of interactive technologies allows these customers to provide information to the business with the mean agreement of 3.80. However a standard deviation of 1.024 indicating varying responses meant that not all information can be revealed through interactions over the Medias. The findings are in line with Sandeep and Sing, (2005) reducing transaction costs and the use of interactive technologies allows these customers to provide information to the business. This implies that electronic marketing ensures that there is interaction to allow these customers to provide information to the business.

Effective e-marketing can enable the firm to obtain competitive intelligence and organizational capabilities

The results indicated that effective e-marketing can enable the firm to obtain competitive intelligence and organizational capabilities as part of electronic marketing with a mean agreement value of 3.39. However a standard deviation of 1.130 indicated that the respondents varied in their views since it is not easy to achieve effective e-marketing. This concurs with Johnston (2009), the performance of e-marketing pertains to financial benefits obtained from the management process responsible for identifying, anticipating and satisfying customer needs and effective e-marketing can enable the firm to obtain competitive intelligence and organizational capabilities. This implies that effective e-marketing can enable a firm to obtain competitive intelligence and organizational capabilities.in the market.

Increases exposure to global markets

The results indicated that e-marketing increases exposure to global markets with a mean agreement value of 3.73. However a standard deviation of 1.019 indicated that the respondents varied in their views since exposure may be there but it needs offering competitive products in order to benefit from the market. This is in agreement with Porter (2001) who noted that E-marketing leads to standardization of products and prices as differences among competitors'

products are reduced and increases exposure to global market. This implies that electronic marketing increases exposure to global markets.

Enhances communication among buyers and sellers

The findings revealed that electronic marketing enhances communication among buyers and sellers with a mean agreement value of 3.89. However a standard deviation of 1.267 indicating varying responses meant that communication among buyers can be enhanced but still performance may not improve if not well coordinated. This relates to Jeffcoat et al (2002) who emphasized that e-marketing significantly reduces transaction costs and enhances communication among buyers and sellers. This implies that electronic marketing does not enhances communication among buyers and sellers.

Reducing transaction costs due to the aggregation of buyers (customers) generated by the e -marketplace.

The findings revealed that electronic marketing reduces transaction costs due to the aggregation of buyers (customers) generated by the e –marketplace with a mean agreement value of 3.39. However a standard deviation of 1.130 indicating varying responses meant that reducing transaction costs may not necessarily lead to good performance. This concurs with Tiessen and Wright (2001) who noted that the evolution of internet marketing has led to better supply chain systems allowing the delivery of online goods to the customer allowing convenience to the customer while reducing transaction costs due to the aggregation of buyers (customers) generated by the e –marketplace. This implies that electronic marketing reduces transaction costs due to the aggregation of buyers (customers) generated by the e -marketplace.

Leads to customer satisfaction

The findings revealed that electronic marketing leads to customer satisfaction with a mean agreement value of 3.75. However a standard deviation of 1.029 indicating varying responses meant that customers may not be satisfied if the quality of products and services offered do not meet the required quality. This is in line with Sparkes and Thomas, 2001) who explained that early adopters of internet marketing have gained a competitive advantage and established customer loyalty programs that have enabled them retain and gain new clients due to customer satisfaction. This implies that electronic marketing Leads to customer satisfaction.

Table 4.12: Correlation analysis between electronic marketing and performance of SMES

		Electronic marketing	Performance of SMEs
Electronic marketing	Pearson Correlation	1	.471**
	Sig. (2-tailed)		.000
	N	76	76
Performance of SMEs	Pearson Correlation	.471**	1
	Sig. (2-tailed)	.000	
	N	76	76

**. Correlation is significant at the 0.01 level (2-tailed).

Primary Data

The results showed that there is a significant positive relationship between electronic marketing and performance of SMEs with a correlation value of r=0.471. This means that performance of SMEs is positively affected by electronic marketing. This was in agreement with Brodie et al. (2007) E-marketing provides customers access to information while the use of interactive technologies allows these customers to provide information to the business.

4.2.3 Electronic payment as a measure of E-Commerce

A study on the objective establish electronic payment suggested a number of activities that are done leading improvement in performance of SMEs and these are presented in table below.

Table 4.8: Descriptive statistics on electronic payment on performance of SMEs

Details	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**
Enables business to deliver, receive and process electronic invoice submissions for accounts Payable and Accounts Receivable departments.	76	1	5	3.89	1.018

Improve Day Sales Outstanding numbers by allowing them to electronically receive and process payments from customers	76	1	5	3.76	.924
It makes it easier to track and monitor data to ensure adherence to complex compliance regulations and all business rules	76	1	5	3.94	1.197
The electronic payment system improves profitability	76	1	5	3.77	1.022
Lowers associate process time by automatically initiating and processing payments.	76	1	5	3.40	1.239
Improves customer satisfaction	76	1	5	3.67	1.025
Minimize Overdue Payments where it accelerates credit and collections by giving customers	76	1	5	3.73	1.025
Valid N (listwise)	76				

Source: Primary Data (2017)

Enables business to deliver, receive and process electronic invoice submissions for accounts Payable and Accounts Receivable departments.

The results indicated that e-payment enables business to deliver, receive and process electronic invoice submissions for Accounts Payable and Accounts Receivable departments with a mean agreement value of 3.89. However a standard deviation of 1.018 indicating varying responses meant that those can be possible if there are no system failures. This is in line with Wigder (2009) who stressed that an alternative channel to send the payment information flow takes place in real time and electronic payment enables business to deliver, receive and process electronic invoice submissions for Accounts Payable and Accounts Receivable departments. This implies

that electronic payment enables business to deliver, receive and process electronic invoice submissions for Accounts Payable and Accounts Receivable departments.

Improve Day Sales Outstanding numbers by allowing them to electronically receive and process payments from customers

The findings revealed that electronic Payment improve Day Sales Outstanding numbers by allowing them to electronically receive and process payments from customers with a mean agreement value of 3.76. However a standard deviation of 0.924 indicating varying responses which meant that payments are possible even if there is no use of electronic medium. This concurs with UNCTAD (2011) who noted that e-payment minimize Overdue Payments and that electronic Payment improve day Sales Outstanding numbers by allowing them to electronically receive and process payments from customers. This implies that electronic payment improve Day Sales Outstanding numbers by allowing them to electronically receive and process payments from customers.

It makes it easier to track and monitor data to ensure adherence to complex compliance regulations and all business rules

The results indicated that e-payment makes it easier to track and monitor data to ensure adherence to complex compliance regulations and all business rules with a mean agreement value of 3.94. However a standard deviation of 1.197 indicating varying responses which meant that e-payment may make it easier to track and monitor data but may not ensure adherence to complex compliance regulations and all business rules. The findings are in agreement with Weidenhamer (2013) who stressed that e-payment enables less reliance on time-consuming and costly manual business processes and it makes it easier to track and monitor data to ensure adherence to complex compliance regulations and all business rules. This implies that it makes it easier to track and monitor data to ensure adherence to complex compliance regulations and all business rules.

The electronic payment system improves profitability

The findings revealed that the electronic payment system improves profitability with a mean agreement value of 3.77. However a standard deviation of 1.022 indicating varying responses which meant that electronic payment system may improves profitability but system has to be checked for defaults which may cause failures. This is in line with Ingenico (2012) who stressed

that the electronic payment system improves profitability. This implies the electronic payment system improves profitability.

Lowers associate process time by automatically initiating and processing payments.

The finding showed that electronic payment lowers associate process time by automatically initiating and processing payments with a mean agreement value of 3.40. However a standard deviation of 1.239 indicating varying responses among the respondents which meant that e-payment lowers associate process time by automatically initiating and processing payments. But the system has to be effective otherwise payment may be interrupted. This is in agreement with Zhang (2006) who stated that electronic payment lowers associate process time by automatically initiating and processing payments. This means that use of e-payment help businesses to lowers process time by automatically initiating and processing payments.

Improves customer satisfaction

The findings revealed that electronic payment improves customer satisfaction respondents agreed with the mean value of 3.67. The standard deviation of 1.025 implied variance views among the respondents which means that customer satisfaction may improve but firms have to ensure that they offer quality products. This is in line with Deept and Tiwari, (2013) who stressed that the advent of electronic -payment offers considerable opportunities for small and medium firms to expand their customer base enter new products leading to customer satisfaction. This implies that electronic payment improves customer satisfaction.

Minimize Overdue Payments where it accelerates credit and collections by giving customers

The findings revealed that electronic marketing minimizes Overdue Payments where it accelerates credit and collections by giving customers with the mean value of 3.73 and standard deviation of 1.025 respectively. This is supported by Wajau, (2012) who explained that despite the benefits associated with electronic money payments, a majority of SMEs have generally been slow in adopting the use of electronic payment but e-payment minimize overdue payments where it accelerates credit and collections by giving customers. This implies that electronic marketing minimize Overdue Payments where it accelerates credit and collections by giving customers.

Table 4.13: Correlation analysis between electronic payment and performance of SMEs

	Electronic payment	Performance of SMEs

Electronic payment	Pearson Correlation	1	.617**
	Sig. (2-tailed)		.000
	N	76	76
Performance of SMEs	Pearson Correlation	.617**	1
	Sig. (2-tailed)	.000	
	N	76	76

**. Correlation is significant at the 0.01 level (2-tailed).

Primary Data

The findings revealed that there is a significant positive moderate relationship between electronic payment and performance of SMEs with a value of r=.617. This means that performance of small and medium enterprises is positively affected by electronic payment. The findings are in line with Zhang (2006) an electronic payment system enables business to deliver, receive and process electronic invoice submissions for Accounts Payable (AP) and Accounts Receivable (AR) departments thus performance of small and medium enterprises.

4.2.4 Profitability as a measure of performance of small and medium enterprises

A study on profitability suggested a number of activities that are done and these are presented in table below.

Table 4.9: Descriptive statistics on profitability

Details	N	Min	Max	Mean	Std. Deviation
The business makes profits on the many items sold	76	1	5	3.90	.958
The firm's profit depends on the entry barriers in the market or mall	76	1	5	3.71	1.065
The profits depend on the low operational costs	76	1	5	3.49	1.173

Details	N	Min	Max	Mean	Std. Deviation
The business makes profits on the many items sold	76	1	5	3.90	.958
The firm's profit depends on the entry barriers in the market or mall	76	1	5	3.71	1.065
The profits depend on the low operational costs	76	1	5	3.49	1.173
The profits are limited due to the volume of business transactions	76	1	5	3.83	.998
The profits are dependent on the size of the operational costs	76	1	5	3.76	1.164
The profits depend on the prices we charge for our goods and services	76	1	5	2.67	1.270
Valid N (listwise)	76				

Source: Primary Data (2017)

The business makes profits on the many items sold

The results indicated that the firm makes profits on the items sold with a mean agreement value of 3. 90. However a standard deviation of 0.958 implied varying responses among the respondents since not all sales lead to a firm making profits. This was in line with Wali (2010) who stated that the firms make profits on the items sold which increases profitability. This implies that the firm makes profits on the items sold and also it derives profits from the revenues and cost.

The firm's profit depends on the entry barriers in the market or mall

The results indicated that the firm's profit depend on the entry barriers in the market place or mall with mean agreement value of 3.71 and standard deviation of 1.065 respectively implying varying responses among the responses which means that though there barriers, businesses can still make profits when well positioned. The findings were not in line with Sabancı Özer (2012) who noted that revenues may be held up by entry barriers and costs pushed down by

management ingenuity. This implies that the firm's profits depend on the entry barriers in the market place such as high taxes.

The profits depend on the low operational costs

The findings revealed that the profits depend on the operational costs with a mean agreement value of 3.49. However a standard deviation of 1.173 respectively implying varying responses which means that costs are not the only elements considered when determining profits but sales volumes have to be considered as well. This is in line with Isizoh et al. (2012) who noted a positive relationship between e-commerce and profitability and the profits depend on the low operational costs. This implies profits depend on the operational costs.

The profits are limited due to the volume of business transactions

The study showed that the profits are limited due to the size of business transactions with a mean agreement value 3.83. However a standard deviation of 0.998 implied varying views among the respondents which meant that it is not only sales volume to determine profits but costs have to be considered. This is in agreement with Milne, (2006) who stressed that when he stated that modernization of E-commerce has set the stage for extraordinary improvement in profits limited due to the volume of business transactions. This implies that the profits are limited due to the size of business transactions in line with profitability.

The profits are dependent on the size of the operational costs

The findings revealed that the profits are dependent on the size of operational costs with a mean agreement value of 3.76. However a standard deviation of 1.164 indicating wide dispersion of the responses which meant that profits can also depend on business size. This is in line with Frank and Oluwafemi (2012) who affirmed that E-commerce brings down the operational costs of the firm and that Internet technology facilitates and speed up business procedures to accomplished standardized and low value added transactions. This implies that the profits are dependent on the size of operation in line with profitability.

The profits depend on the prices we charge for our goods and services

4.2.6 Market Share as a measure of performance of Small and medium enterprises

A study on market share suggested a number of activities that are done and these are presented in table below.

Table 4.10: Descriptive statistics on Market Share as a measure of performance of SMEs

Details	``	Min	Max	Mean	Std. Deviation
There has been growth in market share due to Electronic data interchange	76	1	5	4.05	.896
I achieved growth in market share due to electronic marketing	76	1	5	3.40	1.126
Improved market share as a result of electronic payment	76	1	5	3.61	1.135
Market share has improved in the last period of time	76	1	5	3.77	1.257
Valid N (listwise)	76				

Source: Primary data (2017)

There has been growth in market share due to Electronic data interchange

The findings indicated that there has been growth in market share due to Electronic data interchange with a mean agreement value of 4.05. However a standard deviation of 0.896 implied varying views among the respondents which meant that business had to be competitive to increase the market share. This is supported by Kesten, (2010) who stressed that the sales volume and market share increase as a result of Electronic data interchange since customers are make business activities in almost everywhere with convenience. This implies that market share has been as a result of Electronic data interchange.

I achieved growth in market share due to electronic marketing

The findings revealed they achieved growth in market share due to electronic marketing where the respondents agreed with the mean value of 3.40. However standard deviation of 1.126 implying varying views among the respondents. This is in line with Armstrong et al (2007) who stressed that market share is a desired asset among competing firms since achieving growth in market share depends on the usage of electronic marketing This implies that SMEs achieved growth in market share due to electronic marketing

Improved market share as a result of electronic payment

The finding revealed that there is improved market share as a result of electronic payment where the respondents agreed with 3.61. However a standard deviation of 1.135 implying varying views among the respondents. This cincurs with Armstrong et al (2007) who noted that marketers need to be able to translate and incorporate sales targets into market share because of electronic payment this will demonstrate whether forecasts are to be attained by growing with the market or by capturing share from competitors. This implies that electronic payments has led to improved market share

Market share has improved in the last period of time

The study indicated that market share has improved in the last period of time where the respondents agreed with the mean value of 3.77. However a standard deviation of 1.257 indicating varying views among the respondents. This is in line with Farris (2010) who noted that market share is closely monitored for signs of change in the competitive landscape, and it frequently drives strategic or tactical action to ensure that it improves from the previous year's performance. This implies that in the last period of time market share has improved.

4.3 Conclusion

Chapter four covered the presentation of results and interpretation of findings in relation to the study objectives. The findings were summarized in form of tables, figures and charts (showing percentages and frequencies) and qualitatively statement. In addition, cross tabulation of both the demographic statistics and descriptive statistics was done, statistical analysis namely correlation

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter presents the summary of the main findings from the study, the conclusions and the recommendations made by the study. The major objective of the study was to investigate the effect of E-commerce on the performance of SMEs

5.1 Summary of findings

5.1.1 Bio data

The findings showed that 60.5% respondents were female compared to 39.5% who were male respondents. The study noted that 40.8% respondents were in the age bracket of 31-40 years, 23.7% respondents were in the age bracket of 21-30years, 22.4% respondents were in the age bracket of 41-50 years, 9.2% respondents were in the age bracket of 51-60 years whereas 3.9% respondents where in the age bracket of 61-70 years. The findings showed that 32.9% of respondents had secondary level of education, 30.3% had tertiary level of education, 19.7% had university level of education and17.1% had a primary level of education. The study revealed that 55.3% were from service business while 44.7% were from the trading business. The findings indicated that 44.7% had stayed in the business less than one year, 43.4% had stayed from 2-3 years whereas 11.8% had stayed in business for 4 years and above.

5.1.2 Electronic data interchange on the performance of SMEs

The results indicated that there is a significant positive moderate relationship between electronic data interchange and performance of SMEs with a correlation value of r=0.643. The findings revealed that there is increase in profits as a result of EDI with a mean value of 3.23. The results showed that there is reduced lead-time from placing the order to receiving the goods for service provision with a mean value of 3.19. The findings showed that there is increased market share due to EDI revealed by a mean value of 3.45. The findings revealed that EDI reduces errors associated with manual documents and data entry with a mean value of 3.47. The study indicated that EDI increases customer satisfaction with a mean value of 3.63. The findings indicated that EDI offers greater sharing of information and greater tracking of market data with a mean value

of 3.83. The findings revealed that costs have been reduced for both coordinating and processing transactions with a mean value of 3.52.

5.1.3 Electronic marketing on performance of SMEs

The results showed that there is a significant positive relationship between electronic marketing and performance of SMEs with a correlation value of r=0.471. The study indicated that electronic marketing provides customers access to information with a mean value of 3.55. The findings revealed that electronic marketing increases profitability with a mean value 3.26. The study indicated e-marketing improves market share with a mean value of 3.67. The study showed a mean value of 3.70 indicating that respondents agreed that e-marketing lead to customer acquisition and retention. The findings revealed that the use of interactive technologies allows these customers to provide information to the business with the mean agreement of 3.80. The results indicated that effective e-marketing can enable the firm to obtain competitive intelligence and organizational capabilities as part of electronic marketing with a mean agreement value of 3.39. The results indicated that e-marketing increases exposure to global markets with a mean agreement value of 3.73. The findings revealed that electronic marketing enhances communication among buyers and sellers with a mean agreement value of 3.89. The findings revealed that electronic marketing reduces transaction costs due to the aggregation of buyers (customers) generated by the e –marketplace with a mean agreement value of 3.39. The findings revealed that electronic marketing leads to customer satisfaction with a mean agreement value of 3.75.

5.1.4 Electronic payment and performance of SMEs

The findings revealed that there is a significant positive moderate relationship between electronic payment and performance of SMEs with a value of r=.617. The results indicated that e-payment enables business to deliver, receive and process electronic invoice submissions for Accounts Payable and Accounts Receivable departments with a mean agreement value of 3.89. The findings revealed that electronic Payment improve Day Sales Outstanding numbers by allowing them to electronically receive and process payments from customers with a mean agreement value of 3.76. The results indicated that e-payment makes it easier to track and monitor data to ensure adherence to complex compliance regulations and all business rules with a mean

agreement value of 3.94. The findings revealed that the electronic payment system improves profitability with a mean agreement value of 3.77. The finding showed that electronic payment lowers associate process time by automatically initiating and processing payments with a mean agreement value of 3.40. The findings revealed that electronic payment improves customer satisfaction respondents agreed with the mean value of 3.67. The findings revealed that electronic marketing minimizes Overdue Payments where it accelerates credit and collections by giving customers with the mean value of 3.73

5.2 Conclusions

The study concludes that there is a significant positive moderate relationship between electronic data interchange and performance of SMEs. The study concludes that there is increase in profits and market share as a result of reduced lead-time from placing the order to receiving the goods for service provision through EDI. The study concludes that EDI reduces errors associated with manual documents and data entry which has increased customer satisfaction. The study concludes that EDI offers greater sharing of information and greater tracking of market data which have led to costs reduction for both coordinating and processing transactions.

The study concludes that there is a significant positive relationship between electronic marketing and performance of SMEs. The study concludes that electronic marketing provides customers access to information which leads to customer acquisition and retention and customer satisfaction. The study concludes that electronic marketing increases profitability and improves market share. The study concludes that the use of interactive technologies allows these customers to provide information to the business which enable the firm to obtain competitive intelligence and organizational capabilities as part of electronic marketing The study concludes that e-marketing increases exposure to global markets which enhances communication among buyers and sellers and reduces transaction costs due to the aggregation of buyers (customers) generated by the e –marketplace

The study concludes that there is a significant positive moderate relationship between electronic payment and performance of SMEs. The study concludes that e-payment enables business to deliver, receive and process electronic invoice submissions for Accounts Payable and Accounts Receivable departments and improve Day Sales Outstanding numbers by allowing them to

electronically receive and process payments from customers. The study concludes that e-payment makes it easier to track and monitor data to ensure adherence to complex compliance regulations and all business rules to improves profitability. The study concludes that electronic payment lowers associate process time by automatically initiating and processing payments. The study concludes that electronic payment improves customer satisfaction and minimizes Overdue Payments where it accelerates credit and collections by giving customers.

5.3 Recommendations

Acacia Mall in line with the electronic data interchange should improve electronic data interchange so as to reduce the lead-time from placing the order to receiving the goods for service provision and reduce errors associated with manual documents and data entry this will increase the performance of Small and medium enterprises.

Acacia Mall should improve electronic Marketing so as to enable the firm to obtain competitive intelligence and organizational capabilities and Lead to customer acquisition and retention this will improve the performance of Small and medium enterprises.

Acacia Mall and other arcades embrace E-Commerce as it will improve payment systems and facilitate performance of Small and medium enterprises.

5.4 Suggestions for Further Research

The researcher suggests the following areas for further research:

The study was carried out at Acacia Mall and yet other Arcades have also adopted E-Commercefor example Prime Plaza, Nalubwama Arcade, Jesco Centre. Therefore a similar study may also be needed to be undertaken in these different Arcades.

The effect of Electronic data interchanges on performance of Small and medium Enterprises since it came out strongly in the research.

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Appendix I: TABLE FOR DETERMINING THE SAMPLE SIZE OFTHEPOPULATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N"is population size

"S"is samplesize.

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APPENDIX 1I: QUESTIONNAIRE

UGANDA MARTYRS UNIVERSITY

FACULTY OF BUSINESS ADMINSTRATION AND MANAGEMENT

QUESTIONNNAIRE

I am Ssemwogerere Gertrude Olive a student of the Uganda Martyrs University pursuing a Bachelor's degree of Business Administration Management. As part of the requirement for the award of this degree, I am expected to carry out research. My subject of study is "**The Effect of E-commerce on the performance of Small and Medium Enterprises" A case study of Acacia Mall**

All the information in this questionnaire is purely for academic purposes and will be kept **confidentia**l. Your contribution in answering this questionnaire will be highly appreciated.

Thanks for Your Cooperation.

Please select by ticking where applicable

Section 1 Bio Data

i) **Gender of the respondent**

Male	Female

ii) Age group of the Respondent

21-30 years	31-40 years	41-50 years	51-60 years	61-70 years

iii) Highest Level education level attained

Primary	Secondary	Tertiary Level	University 's Degree

IV) Nature of SMES

Trading	Service

V) Length of existence in Business

Less than 1 year	2-3 yrs	4yrs and above

Evaluate the following statements by ticking under the appropriate answer number basing on the scale below

1	2	3	4	5
Strongly disagree	Disagree	Not Sure	Agree	Strongly Agree

SECTION B; Electronic Data Interchange

NO	**Electronic Data Interchange**	**1**	**2**	**3**	**4**	**5**
1.	There is increase in profits as a result of EDI					
2.	There is reduced lead-time from placing the order to receiving the goods for service provision					
3.	There is increased market share due to EDI					
4.	Reduces errors associated with manual documents and data entry					
5.	EDI increases customer satisfaction					

6.	greater sharing of information and greater tracking of market data					
7.	Reduced inventory levels due to the improvement in process.					
8.	Costs have been reduced for both coordinating and processing transactions					

Section C: Electronic Marketing

NO	Electronic Marketing	1	2	3	4	5
1.	Provides customers access to information					
2.	Increases Profitability					
3.	Improves market share					
4.	Lead to customer acquisition and retention.					
5.	The use of interactive technologies allows these customers to provide information to the business					
6.	Effective e-marketing can enable the firm to obtain competitive intelligence and organizational capabilities					
7.	Increases exposure to global markets					
8.	Enhances communication among buyers and sellers					
9.	Reducing transaction costs due to the aggregation of buyers (customers) generated by the e -marketplace.					
10	Leads to customer satisfaction					

Section D: Electronic Payment

NO	Electronic Payment	1	2	3	4	5
1.	Enables business to deliver, receive and process electronic invoice submissions for Accounts Payable and Accounts Receivable departments.					

2.	Improve Day Sales Outstanding numbers by allowing them to electronically receive and process payments from customers					
3.	It makes it easier to track and monitor data to ensure adherence to complex compliance regulations and all business rules					
4.	The electronic payment system improves profitability					
5.	Lowers associate process time by automatically initiating and processing payments.					
6.	Improves customer satisfaction					
7.	Minimize Overdue Payments where it accelerates credit and collections by giving customers					

Section E Profitability of SMES

NO	Profitability of SMEs	1	2	3	4	5
1)	The business makes profits on the many items sold					
2)	The firm's profit depends on the entry barriers in the market or mall					
3)	The profits depend on the low operational costs					
4)	The profits are limited due to the volume of business transactions					
5)	The profits are dependent on the size of the operational costs					
6)	The profits depend on the prices we charge for our goods and services					

Section F Market Share

NO	Market Share	1	2	3	4	5
1.	There has been growth in market share due to					

	Electronic data interchange					
2.	I achieved growth in market share due to electronic marketing					
3.	Improved market share as a result of electronic payment					
4.	Market share has improved in the last period of time					

APPENDIX III: INTERVIEW GUIDE FOR SMES OF ACACIA MALL

Dear Respondent, this survey is being carried out to examine the effect of E Commerce on the performance of Small and Medium Enterprises, a case study of Acacia Mall. It is purely academic. Assurance is made that the information provided will be treated confidentially

1. What is the effect of Electronic data interchange on performance of Small and medium Enterprises?

……
……
……

2. What is the effect of Electronic marketing on performance of Small and medium Enterprises?

……
……
……

3. What is the effect of Electronic payment on performance of Small and medium Enterprises?

……
……
……

Thank you for your Cooperation