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Effect of e-commerce elements on organization performance of Small and Medium Enterprises: evidence from fashion firms in Nairobi City County

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**EFFECT OF E-COMMERCE ELEMENTS ON ORGANIZATION
PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES: EVIDENCE
FROM FASHION FIRMS IN NAIROBI CITY COUNTY**



ABBA KIDENDA

99250

**A DISSERTATION SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF DEGREE OF MASTER OF BUSINESS
ADMINISTRATION OF STRATHMORE
UNIVERSITY**

**STRATHMORE UNIVERSITY
NAIROBI, KENYA**

MAY 2019

DECLARATION

This research dissertation is my original work and has not been presented for a degree at any other university.

ABBA KIDENDA

REG NO: MBA 99250/2017

Sign: *Abba Kidenda*

Date: *4th June 19th*

Approval

This research project has been submitted for examination with my approval as the University Supervisor

DR. NANCY NJIRAINI

LECTURER, STRATHMORE UNIVERSITY

Sign:

Date:

ABSTRACT

The fashion and clothing industry is one of the most vibrant unit of the Small and Medium Enterprises in Nairobi County. However just like any other small and medium enterprise firms the businesses face a great chance of failure within the highly competitive industry. Research evidence shown that adoption of e-commerce elements has a significance and positive effect on the performance of firms. The current study sought to examine the effect of e-commerce elements on the organization performance of fashion firms in Nairobi City County. The study specifically examined the effect of online marketing, e-procurement and e-customer management affect organization performance. The research was premised on the technology acceptance model. The study utilized a descriptive research design with the unit of analysis being the fashion firms operating within Nairobi City County. The unit of observation was the managers/business owners of the fashion firms. The sample respondents of the study were 71 managers/owners. The research relied on both primary and secondary data. Primary data was sourced using a semi-structured questionnaire while the secondary data was corrected from journals and government reports. The research relied on descriptive and inferential analysis for the quantitative data while qualitative data was analyzed using content analysis. The analyzed data was presented using percentages, charts, figures and tables. The study was able to obtain a 92% response rate. Findings of the research indicated that all the predictor variables were positively correlated to organization performance. The overall regression results indicated that a positive effect of e-commerce applications on organization performance as indicated by coefficient of determination $R^2 = .206$. The research concluded that increased utilization of e-commerce applications was critical to enhancing organization performance. The study recommends that small businesses should foster their adoption of e-commerce applications to spur their growth. The findings of the study are expected to further policy formulation and the managerial practice.

DEDICATION

I dedicate this project work to my parents, George and Lily Kidenda.

ACKNOWLEDGEMENT

I would like to acknowledge the relentless support of my supervisor Dr. Nancy Njiraini without her input this work would not have been a success. I also acknowledge the support of my family and friends for their encouragement throughout this process.

TABLE OF CONTENTS

DECLARATION	ii
ABSTRACT	iii
DEDICATION	iv
ACKNOWLEDGEMENT	v
LIST OF TABLES	x
LIST OF FIGURES	xi
ABBREVIATIONS AND ACRONYMS	xii
OPERATIONAL DEFINITION OF TERMS	xiii
CHAPTER ONE	1
INTRODUCTION	1
1.1 Introduction.....	1
1.2 Background of the Study.....	1
1.2.1 E-commerce Application.....	3
1.2.2 Organization Performance of Fashion Firms.....	4
1.2.3 Small and Medium Enterprises in Kenya.....	5
1.3 Statement of the Problem.....	7
1.4 Research Objective.....	8
1.4.1 Specific Objectives.....	8
1.5 Research Questions.....	8
1.6 Scope of the Study.....	8
1.7 Significance of the Study.....	8
CHAPTER TWO	10
LITERATURE REVIEW	10
2.1 Introduction.....	10

2.2 Theoretical Review	10
2.2.1 Technology Adoption Model	10
2.3 Empirical Review	11
2.3.1 Online Marketing and Organization Performance	11
2.3.2 E-procurement and Organization Performance.....	13
2.3.3 E-Customer management and Organization Performance.....	14
2.4 Summary of Literature and Research Gaps	17
2.5 Conceptual Framework	19
2.6 Chapter Summary.....	21
CHAPTER THREE	22
RESEARCH METHODOLOGY	22
3.1 Introduction.....	22
3.2 Research Design.....	22
3.3 Target Population	22
3.3.1 Sampling Design	22
3.4 Data Collection Methods.....	24
3.5 Pilot Testing	24
3.5.1 Reliability Tests	25
3.5.2 Validity Tests	26
3.6 Data Analysis	26
3.6.1 Diagnostic Tests	27
3.7 Ethical Issues in the Research.....	27
CHAPTER FOUR.....	29
PRESENTATION OF RESEARCH FINDINGS.....	29
4.1 Introduction.....	29

4.2 Response Rate	29
4.2.1 Age of the Respondents	29
4.2.2 Gender of the Respondents	30
4.2.3 Education Level of Respondents.....	30
4.2.4 Position in the Organization.....	31
4.2.5 Number of Years in the Organization	31
4.3 Descriptive Analysis	32
4.3.1 Organization Performance	32
4.3.2 Online Marketing	34
4.3.3 E-procurement.....	35
4.3.4 E-Customer Management.....	36
4.4 Correlation Analysis.....	38
4.5 Inferential Analysis	39
4.5.1 Diagnostic Tests	40
4.5.2 Regression Analysis	41
4.5.3 ANOVA Model	41
4.5.4 Regression Coefficients	42
CHAPTER FIVE.....	44
SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS	44
5.1 Introduction	44
5.2 Summary	44
5.3 Discussion	44
5.3.1 Organization Performance	44
5.3.2 Online Marketing and Organization Performance	45

5.3.3 E-procurement and Organization Performance.....	45
5.3.4 E-customer Management and Organization Performance	45
5.4 Conclusions	46
5.4.1 Organization Performance	46
5.4.2 Online Marketing	46
5.4.3 E-procurement.....	46
5.4.4 E-customer Management	46
5.4.5 Business Regulation.....	46
5.5 Recommendations	47
5.6 Areas for Further Research	48
5.7 Limitations of the Study.....	48
References	49
APPENDICES	56
Appendix I: Questionnaire	56
Appendix II: Research Authorization	60

LIST OF TABLES

Table 2.1 Research Gaps Summary	17
Table 2.2 Operationalization of Variables	20
Table 3.1 Reliability Test	25
Table 4.1 Respondents Age.....	30
Table 4.2 Respondents Gender	30
Table 4.3 Respondents Education Level.....	31
Table 4.4 Respondents Position in the Organization	31
Table 4.5 Respondents Number of Years	32
Table 4.6 Organization Performance Descriptive	33
Table 4.7 Online Marketing Descriptive.....	34
Table 4.8 E-procurement Descriptive	35
Table 4.9 E-Customer Management Descriptive	37
Table 4.10 Correlation Matrix.....	38
Table 4.11 Collinearity Test.....	40
Table 4.12 Normality Tests.....	40
Table 4.13 Regression Analysis.....	41
Table 4.14 ANOVA ^a Model.....	42
Table 4.15 Regression Coefficients	42

LIST OF FIGURES

Figure 2.1 Conceptual Framework.....	19
Figure 4.1 Response Rate.....	29

ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
EU	European Union
ICT	Information Communication Technology
KENASVIT	Kenya National Alliance of Street Vendors and Informal Traders.
RBT	Resource Based Theory
SME	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
USD	United States Dollar
VIF	Variance Inflation Factor

OPERATIONAL DEFINITION OF TERMS

E-commerce	This refers to any form of economic activity conducted over computer mediated networks
E-customer management	This refers to the integration of electronic systems in the customer relationship management within a firm
E-procurement	This refers to the integration of information systems within the purchasing process of a firm.
Online marketing	This refers to the integration, usage and reliance on digital technologies in firm's marketing activities.
Organizational performance	Organization's ability to achieve its goals effectively and efficiently with available resources

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The dawn of the technological age in the 1990's brought about extraordinary inventions that have tremendously changed the way humans communicate and conduct business at an unprecedented level. One of them in particular being the web; this technology boom has implemented new ways to learn about and track customers, and tailor services to meet the customer needs and communicate with the customers (Aldwsry, 2012). Businesses have further utilized websites for interacting with their customers, suppliers and other stakeholders through the Internet technologies, payment methods and exhaustive portals (Kurnia, Karnali, & Rahim, 2015).

In Kenya specifically, the digital evolution has been accelerated by the increased access to mobile broadband and fiber optic cable connections in households coupled by a drastic decrease in the cost for smartphones and tablets, driven by their high demand, that have provided mobile usage options for citizens in significantly differentiated income levels (Kitony, 2015). The first chapter of this study was specifically contextualized the study variables, present the statement of the problem, identify the research objectives, the specific objectives, the research questions, scope of the study and the significance of the study.

1.2 Background of the Study

The ever-changing technological landscape has aided E-commerce to become one of the most lucrative and fastest growing business sectors within the information technology sphere. For instance, according to Statista, the United States and China's combined E-commerce sales reached 1.6 trillion United States Dollar (USD) in 2017; cross-border E-commerce sales are set to achieve an average annual growth rate of 25% all the way through 2020 (Idris, Edwards, & McDonald, 2017). From

the same report, Asia-Pacific E-commerce market is predicted to be twice the size of Western Europe and North America combined. By 2021 Global E-commerce sales are set to grow by a staggering 141% (Laudon, 2014). It is imperative for companies to avail themselves of ICT to become competitive in this growth market (Couza, 2017).

In the past decade, mobile phone usage in Sub-Saharan Africa has increased annually by 49% setting the continent at 60% mobile phone coverage. This is a massive continental leap from the 10% mobile phone coverage in the late nineties that was concentrated in North Africa. Muli (2018) indicates that 27% of firms in Kenya sold their products online. The report further identified that 32.1% of the companies could not sell online as their products were not suited for sale via the Internet. The researcher further notes the growth of E-commerce is established through the youth starting their online businesses, as they find it easier than the brick-and-mortar enterprises. The Government has shown great support for innovation and entrepreneurship in the country and has continued to build structures ready for every investment opportunity especially in the ICT sector (Muli, 2018).

According to the Communications Authority of Kenya, Mobile penetration in the country has reached a high of 90% as at end 2016. Of these, 44% of the users are smartphone owners. The communication statistics further revealed that Kenyans mostly access their social networks through smartphones. Furthermore, social media dominates the online weekly usage by 58% (Consumer Barometer, n.d.). Four million of these users access Facebook frequently (Parke, 2016). With an established cable system of 7.6Mbps, Kenya boasts one of the fastest internet locations in the continent (Iwuoha & Bokrezion, 2015).

According to Shaw (2011), a few years ago, fashion and Africa were two concepts that seemed to exclude themselves. Today in Africa, growth of the fashion businesses is greatly attributed to the large youth population which has massive amounts of energy, talent, and creativity. The use of social platforms such as Instagram Facebook, and WhatsApp has enabled them to communicate and learn

about the latest fashion trends in the world. African fashion designers are enjoying global appeal due to their creativity. Fashion in Kenya has grown from cultural functioning clothes of our ancestors to urban styles that incorporate different individual tastes and preferences (Mwangi, 2015).

Kaiser (2012) notes that the Kenyan fashion industry is growing because nowadays, Kenyan fashion designers are creating clothing styles that merge Kenyan ethnic elements with global fashion. In Kenya, 30,000 people are employed in the apparel sector and each job creates five other jobs. In Kenya, SMEs are estimated to account for over 25% of the GDP and account for 77% of the employment statistics (Institute of Economic Affairs, 2012). However at least 70% of the SMEs fail within 2-3 years of their formation; hence an examination of their organization performance is vital for better policy making and practice in the sector (George, 2015).

1.2.1 E-commerce Application

E-commerce can be defined as any form of economic activity conducted over computer mediated networks (Mohammed, Almsafir, & Alnaser, 2013). According to Tamilarasi (2017), the focus of E-commerce is on digitally executed transactions that are conducted between and among organizations and individuals. These digital transactions include all transactions conducted by digital technology (Tamilarasi, 2017). E-commerce is largely known amongst individuals as online shopping, which is partaken as the buying and selling of goods via the Internet on any device (Basarir-Ozel, 2017).

The term commerce is viewed as transactions conducted between business partners. Commercial transactions involve the exchange of value (i.e. money) across organizational or boundaries in return for products and services (Bakar, 2014). Their focus is on digitally executed transactions between and among organizations and individuals. These digital transactions include all transactions conducted by digital technology (Tamilarasi, 2017); these include online marketing, e-customer relationship management, digital payment systems and social media advertising channels.



Internet as a platform for online shopping has grown exponentially in the past decade in Africa. 50% of its nearly one billion internet users engage in online shopping. This activity ranges from browsing company websites to visiting social media sites such as Facebook, which accounts for approximately 32% of E-commerce in the continent (Mulunda, 2018). A MasterCard survey illustrated that 56% of the Kenyan internet using populous used their mobile devices to shop online, or intended to do so in the near future. After Nigeria, which is the E-commerce leader in Africa, multiple companies look next to Kenya as a base for operations due its vast market and advanced digital infrastructure (Iwuoha & Bokrezion, 2015). The current study was/ contextualized E-commerce applications based on the degree of adoption of online marketing, e-procurement and e-customer management.

Online marketing is defined as the various efforts that are undertaken by an organization in utilizing the internet in both advertising and marketing activities. This involves the utilization of websites, search engine optimization, viral marketing and promotional sites (Eze & CO, 2017). E-procurement on the other hand refers to the business-business purchases that are done through online digital platforms and management of the supplier chain through use of online electronic tools (Sunny & Abolaji, 2016). E-customer management is contextualized as the utilization of internet-based applications and technologies such as emails, interactive websites and forums to achieve customer relationship management goals and objectives (Negm, 2016).

1.2.2 Organization Performance of Fashion Firms

Organizational performance is an organization's ability to achieve its goals by using resources in an efficient and effective manner (Daft & Marcic, 2013). In this view, achieving superior organizational performance is not a question of luck as it must be determined through strategic leaders' practices (Daft, 2011). Delaney and Mark (1996) posit that organizational performance entails actual output within a given period, say a fiscal year, marked against given inputs which must always be driven by a set of strategic decisions.

Organizational performance relates to efficiency and effectiveness of the organization. Understanding organizational goals and strategies are the first step towards understanding organizational performance and effectiveness. Effectiveness is the degree to which an organization moves towards the attainment of its mission and realization of goals. Indicators of effectiveness include clear mission, feedback system, the number of clients, knowledge generation and use, and collaboration. Organizational effectiveness is the measure of how successful organizations achieve their missions through core strategies (Richard, Devinney, Yip, & Johnson, 2009).

Efficiency measures the ability of the organization to provide the best services within the most cost-effective structure. Indicators include staff ability, financial resources, value for cost, cost benefit programs, cost per client, cost per program, and program completion rates. Efficiency is the cost per unit output, describing the relationship between the goods and services produced by a program and the resources used to produce them (Hubbard, 2009).

Seim (2006) support this with their conclusion that performance in an organization should depict the cost-effectiveness (economics) of strategies and optimal output (efficiency) such that the better the desired output, the more efficient the procedure initially applied. A summary of the critical aspects of organizational performance can be drawn into various indicators. In simplistic understanding, performance indicators are measurable parameters of a given institution. These include Return on Investments, Market Share and Financial Performance. Bernadine and Russel (2009) argue that performance is the record of results, which is gained from the execution of work in a specified duration. This record of achievements is pegged on the key business indicators. The current study measured performance based on quantitative measures. The research sought to assess the effect of E-commerce applications on the qualitative and quantitative measures of performance. The performance of SME's was assessed by the level of brand reputation, market share, profit levels, customer retention and employee productivity.

1.2.3 Small and Medium Enterprises in Kenya

Small and Medium Enterprises (SMEs) are widely recognized as the key engine of economic development globally. SMEs are characterized as firms that employ less than 50-personnel and with less than 1million in annual revenue (Adegbuyi, Akinyele, & Akinyele, 2015). A study conducted by Bureau and Fendt (2013), indicated that small and medium enterprises (SMEs) represent 99% of an estimated 19.3 million enterprises in the European Union (EU), and; provide around 65 million jobs, representing two-thirds of all employment. In Latin-America, the vast majority (approximately 80-90%) of companies are micro enterprises. While in Brazil the economy expanded by only 2% in 2011, SMEs grew by 8.5%. In Colombia, SMEs accounted for 39% of all jobs and 67% of industrial jobs. Moreover, SME membership in Colombia's chambers of commerce rose from an average of 22% in 2009 to 93% in 2012. In Japan, 81% of all employment is in SMEs where the average enterprise employs nine staff as opposed to four in the EU. In the Organization for Economic Cooperation and Development (OECD) countries, SMEs represent over 96% of enterprises in most countries and generate over half of private sector employment.

According to Kenya National Alliance of Street Vendors and Informal Traders (KENASVIT, 2015) the small and medium Enterprises (SMEs) sector is the source of income for over 8 million people, who represent the majority of working Kenyans. In Kenya, sector is dominated by Micro Small and Medium-sized enterprises (SMEs s) involved in various activities such as woodwork, metal work, leatherwork, textile, handicraft, service industry, retail trade and motor vehicle repair among others. These enterprises in Kenya represent a vital part of the economy, being the source of various economic contributions through; the generation of income via exporting, providing new job opportunities, introducing innovations, stimulating competition, and engine for employment. According to the Kenya National Bureau of Statistics (2017) report on SME's there are 14, 800 licensed small firms within Nairobi County.

1.3 Statement of the Problem

With globalization and global financial crisis, adopting E-commerce in Kenyan companies has become increasingly important. On one hand, more and more companies are venturing abroad and approaching the international marketplace in order to get highly competitive position and maximum profit (Hwang & Jeong, 2014). Despite vital role played by E-commerce in the service industry, adoption of E-commerce in SME's has been relatively moderate in Kenya (KNBS, 2016). This has shown some enterprises performing better as compared by others. It is against this realization that the study sought to examine the key aspects of ecommerce that affect business performance with particular interest in the fashion industry.

In as much as E-commerce is prevalent in Nairobi and the African continent as a whole, the success rates of these enterprises are significantly low with fewer than 30% of E-commerce startups in Africa, enjoying profitability. This is per the Disrupt Africa 2017 African E-commerce Startup Ecosystem Report. This low success rate has negatively affected the investments targeting the same businesses due to uncertainty on investment returns (Capital Business, 2017).

There is a major opportunity to advance the fashion tech industry and turn the willing mobile users into buyers (Gernon, 2017). The underutilization of the opportunity and low success rates makes the identified successful online retail outlets businesses of interest to better understand what learning opportunities exist from their practices that other industry players and interested parties can adopt. However despite the key role technology has played in changing business practices there has been limited examination on how it affects organization performance within small and micro enterprises. Empirical data by Aduda and Kingoo (2012) indicated that e-technology practices fostered financial performance within banks. Wamuyu and Maharaj (2011) indicated that E-commerce had a positive influence on performance of small enterprises. However from the above empirical evidence there is little knowledge on how E-commerce elements influence the performance of SMEs within the fashion industry in Nairobi County; hence the current study sought to solve this gap.

1.4 Research Objective

The main objective of the study is to examine the effect of E-commerce elements on the organization performance of small medium enterprises: evidence from fashion firms within Nairobi City County.

1.4.1 Specific Objectives

- i. To determine the effect of online marketing on the organization performance of fashion firms within Nairobi County, Kenya.
- ii. To examine the effect of e-procurement on the organization performance of fashion firms within Nairobi County, Kenya.
- iii. To determine the effect of electronic customer management on the organization performance of fashion firms within Nairobi County, Kenya.

1.5 Research Questions

- i. What is the effect of online marketing on the organization performance of fashion firms within Nairobi County, Kenya?
- ii. How does e-procurement affect the organization performance of fashion firms within Nairobi County, Kenya?
- iii. What is the effect of electronic customer management on the organization performance of fashion firms within Nairobi County, Kenya?

1.6 Scope of the Study

The research study is based in Nairobi, Kenya. That is the organizations to be researched are headquartered and operate in Nairobi. The research was conducted in the county of Nairobi. The research study was covering the clothing industry, specifically those merchants that sell their products online. This includes those that have a physical brick and mortar establishment but still utilize E-commerce as a channel for sales.

1.7 Significance of the Study

- i. To Industry Players: This is true particularly for retailers who use the internet as a channel or those that are interested in expanding the online platform who will learn what has worked for the successful payers and learn from the

various opportunities that they have identified in their retailing of clothes online.

- ii. To Consumers: Consumers will be better informed on available successful clothing online retailers and learn how to better discern quality products and service to better select retail options in the future.
- iii. To the Policy Makers: The research outcomes may be influential to e-commerce regulation to better allow the ICT sector to protect the interests of all its stakeholders including consumers, government, and those dependent on online clothing retailing as a source of income.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The second chapter of this study focused on a review of related literature. This chapter specifically examined the theoretical tenet of the study; the review of related empirical literature, a summary of the research gaps as well as a conceptual model hypothesizing the interaction between the study variables.

2.2 Theoretical Review

A theoretical review of the theories that underlie a study is important for an academic research. According to Kombo and Tromp (2006) a theoretical framework as a collection of interrelated ideas based on theories, reasoned a set of propositions derived from and supported by a general set of assumptions about the phenomena of the investigation. According to Kombo and Tromp (2006), theories provide indicators and examples of what is incorporated in the framework and theories are used to guide the work and help interpret the findings. The research was anchored on the Technology Acceptance Model (TAM).

2.2.1 Technology Adoption Model

The Technology Adoption Model (TAM) was developed by Davis (1993) as and sought (Davis, 1991) to explain why individuals would adapt to information technology by seeking to explain situations based on the collaboration of personal beliefs and attitudes and the effect the beliefs have had on individuals (Bugembe, 2010). The model's main outlook was that an individual's intention to actually use a specific technology will determine the overall usage of the technology (Couza, 2017).

TAM has been linked to the personalities, attitudes and social influence of the intended end user of a good/service. The TAM is described as "the stage of selecting a technology for use by an individual or organization" (Sharma & Mishra, 2014). It is the TAM that the study utilized in examining how the expected usefulness of the

adoption of E-commerce elements and their effect on the organization performance of fashion industry firms within Nairobi City County. This theory sought to explain the motivation behind individuals adopting to new technologies.

2.3 Empirical Review

2.3.1 Online Marketing and Organization Performance

Musa, Rahim, Azmi, Shibghatullah, and Othman (2016) examined social media marketing and online small and medium enterprises performance: Perspective of Malaysian small and medium enterprises. The research adopted a descriptive research design with quantitative data being utilized in the analysis. The study specifically examined how brand reputation and image; customer engagement and customer brand attitudes influence SME performance. The findings of the research indicated that adoption of online marketing through social media sites has positively fostered SME performance within Malaysia. The research was however conducted within Malaysian SMEs whereas current research only focuses on SMEs within Nairobi County.

Sheikh, Shahzad, and Ishaq (2017) conducted a study on the growth of e-marketing in business-to-business industry and its effect on the performance of businesses in Pakistan. The research relied on cross sectional data collected from 257 manufacturing companies in Pakistan. The hypothesis testing of the study established that there was statistically significant interaction between technology orientation, top management support, use of e-marketing and firm performance in Pakistan. The research utilized secondary data drawn from marketing reports whereas the current study adopted a mix of primary and secondary data.

Kheng (2018) conducted a study on Nigerian SMEs Marketing Innovation Performance: Influence of Business Process Management and Environmental Dynamism. The research adopted an explanatory research design with both descriptive and inferential statistics being utilized in the analysis. The study adopted a research framework focusing on the relationship between business process management and marketing innovation performance of Nigerian SMEs in manufacturing and service industries. The results showed that enhanced adoption of marketing innovation through online marketing and digital brand awareness

enhanced business success, growth and survival. The study focused on manufacturing and service industry whereas the current study sampled firms within the fashion industry.

Adegbuyi, Akinyele, and Akinyele (2015) examined the effect of social media marketing on small scale business performance in Ota-Metropolis, Nigeria. The study adopted a descriptive research with 150 questionnaires being administered to owner-managers and employees of selected SME's in Ota Metropolis. The study relied on ANOVA, correlation and other statistical techniques used in testing the research hypotheses. The findings of the study showed that social media fostered the firm performance through product promotion as well as offering a channel for audience engagement.

Njau and Karugu (2014) conducted a study on the Influence of E-marketing on the performance of small and medium enterprises in Kenya: Survey of small and medium enterprises in the manufacturing industry in Kenya. The study used a survey research design in collecting data from respondents and simple random sampling procedure to select a sample that represented the entire population. The findings of the research indicated that search engine marketing, email marketing, blog marketing and online advertising had a positive effect on the performance of SMEs in Kenya. The study however did not take into consideration other E-commerce elements such as e-procurement which this study considered.

Wilson and Makau (2018) conducted a study on online marketing use: small and medium enterprises (SMEs) Experience from Kenya. The study adopted employed a case study design to inquiry. In-depth interviews with a total of 110 informants that included small business owners, IT experts and government authorities (MSEA) were engaged in data collection. The results of the study showed that the presence of online platforms like OLX.co.ke, Cheki.co.ke and Jumia.co.ke are common to most small business owners. It was also found that majority of small businesses do not use full potential of these platforms because most have insufficient budget for IT investment, cannot accommodate IT personnel and lack access to IT constructed

infrastructures. The study focused on SMEs in general whereas the current study targeted SMEs in the fashion and clothing sector in Nairobi County.

2.3.2 E-procurement and Organization Performance

Albano, Antellini, and Zampino (2015) conducted an evaluation of Small Businesses' Performance in Public e-Procurement: Evidence from the Italian Government's e-Marketplace. The research relied on secondary data and focused on transactions that took place in the Italian e-marketplace during the period 2005–2010. The findings of the research indicated that the virtual market enhanced the procurement process which had a positive effect on the SME performance. The study however relied on secondary data whereas the current research adopted a mixed research methodology.

Jung, Hultman, Opoku, and Salehi-Sangari (2015) studied Internet Usage in Supply Chain Management, and its Impact on Overall Efficiency: A Swedish SME Perspective. The study adopted a causal research design and the results of the study indicated there was no statistically significant relationship between internet usage and efficiency in the supply chain process. Eze and CO (2017) examined the extent of utilization of e-marketing application by small and medium enterprises in South Eastern States of Nigeria. The study adopted a survey research design with a sample consisting of 1,846 SMEs (owners/managers) in the area. Stratified random sampling technique was used for the study. The results of the study showed that adoption of E-commerce and e-invoicing marketing applications in their business operations fostered the performance of SMEs.

Nurizman and Singla (2017) conducted an investigation of barriers and enablers of supply chain management practices success: case of Ethiopian Textile and Garment Factories. The data for the study was collected from 45 focal factories (textile and garment), seven input supplier factories, and 12 customers firms. The findings of the study indicated that adoption of e-procurement fostered the supply chain management practices was a key predictor of positive institutional performance. The study however was not conducted locally hence the findings may not be representative of the current study scope. Rotich and Okello (2015) conducted an analysis of use of e-procurement on performance of the procurement functions of

County Governments in Kenya. This study adopted a correlational research design. The sample frame was purposively selected to constitute 120 employees working in procurement, finance and accounts and IT departments of Kericho County. The study findings showed that enterprise resource planning, e-sourcing and e-tendering were key e-procurement practices. The results revealed that e-procurement is positively related with performance of supply chain function of County Governments in Kenya. The study was conducted within the county government whereas current study focussed on retail firms within Nairobi County.

Achieng, Paul, and Mbura (2018) conducted a study on the influence of inventory management practices on performance of retail outlets in Nairobi City County. The study adopted a descriptive research design. Primary data was obtained using self-administered questionnaires while secondary data was obtained using data collection sheet. The results of the inferential analysis showed that Inventory processes automation had the least effect on performance of retail outlets in Nairobi County. The study focused on general retail business whereas the current study focussed on fashion industry SMEs.

Arasa (2015) examined the antecedents to successful adoption of e-procurement in textile and apparel firms in Kenya. Both quantitative and qualitative methods of data analysis were used. Descriptive statistics as well as regression analysis were used to facilitate examination of the link between research variables. The findings of the study showed that technological factors and management support had a positive influence on the adoption of e-procurement. However the study failed to examine how e-procurement influences the performance of fashion industry SME's.

2.3.3 E-Customer management and Organization Performance

Akanbi (2018) conducted a research study an Investigative Study of Challenges Facing Nigerian Small and Medium Scale Enterprises in Adoption of E-commerce Technology. The study adopted a descriptive research design. The study was carried out in Lagos state with One thousand (1000) Questionnaires administered and distributed to both staff and owners of the Manufacturing SMEs located in all 20 local government area in Lagos state. The findings of the study showed that adoption of technology enhanced customer management practices which was a key

component of fostering SME performance in Nigeria. Negm (2016) studied the value of customer relationship management in the service industry in Egypt. The study adopted a case study focused on the factors contributing to successful CRM strategies used by business leaders in a multinational organization in the service industry in Egypt. The results of the study showed that improving the customer experience, customer segmentation and targeting as well as improving customer satisfaction had a positive effect on the customer engagement. The study however did not consider electronic CRM.

Sunny and Abolaji (2016) examined electronic customer relationship management (e-CRM) & marketing performance: Empirical Evidence from Nigeria Telecom Sector. The study adopted a cross sectional study and relied on both primary and secondary data. The findings of the study showed that adoption of e-CRM fostered customer engagement and interaction between firms and the customers which enhanced the market performance. The study focused on market performance whereas the current research focuses on organization performance in general.

Nganga and Monayo (2017) examined electronic customer relationship management strategy and organizational performance of Associated Motors Limited (K) Ltd. The study adopted a case study approach with interviews being utilized in the data collection process. The findings of the study showed that e-CRM had a positive effect on firm growth and performance. The study showed that e-CRM enhanced the adoption of e-platforms and online marketing practices that were key to better firm performance. The study however adopted a case study research design whereas the current study relied on a descriptive research design.

Wang'anya (2018) examined supplier and business performance measurement; A Study of the Kenyan Restaurant Chains. The study employed descriptive research design with data was collected using questionnaires and analyzed using the Statistical Package for Social Sciences 23. The study indicated that stakeholder involvement and better communication systems fostered the business performance within small retail restaurants. The study however failed to indicate how electronic customer management enhances the business performance. Njuguna (2017) conducted a study on the effectiveness of online advertisement on consumer

decision: A Case of Radio Africa Group Limited Nairobi, Kenya. The target population for this study was 80 employees at radio Africa from where a sample of 67 respondents was established. Descriptive and inferential statistics was used to analyze data. The findings of the study indicated that utilization of online advert provide feedback which enhances product awareness. The findings of the study also showed that consumer attitude towards brand image had a positive influence on firm value growth.

2.4 Summary of Literature and Research Gaps

Table 2.1 Research Gaps Summary

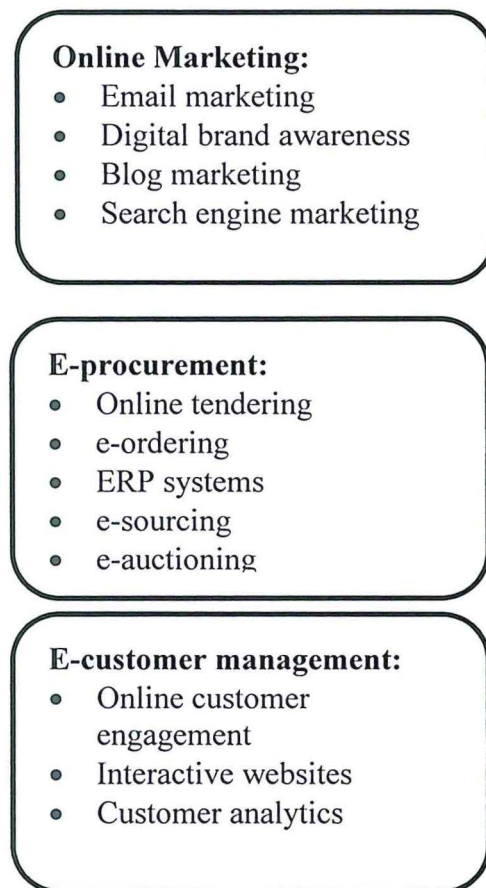
Author	Title	Findings	Research Gaps
Achieng, Paul, and Mbura (2018)	The influence of inventory management practices on performance of retail outlets in Nairobi City County	The results of the study showed that Inventory processes automation had the least effect on performance of retail outlets in Nairobi County.	The study focused on general retail business whereas the current study focused on fashion industry SMEs
Arasa (2015)	Antecedents to successful adoption of e-procurement in textile and apparel firms in Kenya	The findings of the study showed that technological factors and management support had a positive influence on the adoption of e-procurement.	However, the study failed to examine how e-procurement influences the performance of fashion industry SME's.
Musa, Rahim, Azmi, Shibghatullah, and Othman (2016)	Social media marketing and online small and medium enterprises performance: Perspective of Malaysian small and medium enterprises	The findings of the research indicated that adoption of online marketing through social media sites has positively fostered SME performance within Malaysia.	The research was however conducted within Malaysian SMEs whereas current research only focused on SMEs within Nairobi County.
Nganga and Monayo	Electronic customer relationship	The findings of the study showed	The study however adopted a case

(2017)	management strategy and organizational performance of Associated Motors Limited (K) Ltd.	that e-CRM had a positive effect on firm growth and performance.	study research design whereas the current study relied on a descriptive research design
Nurizman and Singla (2017)	An investigation of barriers and enablers of supply chain management practices success: case of Ethiopian Textile and Garment Factories	The findings of the study indicated that adoption of e-procurement fostered the supply chain management practices was a key predictor of positive institutional performance.	The study however was not conducted locally hence the findings may not be representative of the current study scope

Source: Abba Kidenda (2019)

2.5 Conceptual Framework

Independent Variables



Dependent Variable



Source: Abba Kidenda (2019)

Figure 2.1 Conceptual Framework

The study sought to examine the effect of E-commerce elements on the organization performance of SMEs within Nairobi County. The study conceptualized E-commerce elements in terms of online marketing, e-procurement and e-customer management. The organization performance was measured using quantitative measures such as brand reputation, profit margins, increased sales, new product development, customer retention and employee productivity.

Table 2.2 Operationalization of Variables

Objective	Variable	Measurement	Data Collection Tool	Data Analysis
To determine the effect of online marketing on the organization performance of fashion firms within Nairobi County, Kenya.	Email marketing Digital brand awareness Blog marketing Search engine marketing	Quantitative data Qualitative data	Semi-structured questionnaire	Descriptive Correlation tests Regression tests
To examine the effect of e-procurement on the organization performance of fashion firms within Nairobi County, Kenya.	Online tendering e-ordering ERP systems e-sourcing e-auctioning	Quantitative data Qualitative data	Semi-structured questionnaire	Descriptive Correlation tests Regression tests
To determine the effect of electronic customer management on the organization performance of fashion firms	Online customer engagement Interactive websites Customer analytics	Quantitative data Qualitative data	Semi-structured questionnaire	Descriptive Correlation tests Regression tests

within Nairobi
County, Kenya.

Source: Abba Kidenda (2019)

2.6 Chapter Summary

The second chapter of the research presented the review of related literature. The research was anchored on the technology acceptance model which indicates the motivation of users in adopting different technologies. The theory underlines the need for utilization of different e-commerce elements in enhancing the organization performance. The research further reviewed relevant empirical literature and identified the various knowledge and research gaps that the study solved. The chapter further outlined the hypothesized variables interaction and the operationalization of the research constructs.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents the methodology that was adopted in achieving the research objectives is outlined and discussed. This chapter covers the research design, and population, sampling technique, sample size, data collection instruments, pilot test and data analysis as well as ethical considerations.

3.2 Research Design

Descriptive research design was applied in this study. Joseph and David (2006) stated that descriptive research design is useful when the research objectives include determining the degree to which one variable (independent) affect the other variable (dependent). The study selected the descriptive research design since it allows for both quantitative and qualitative data to be utilized in solving the research question. Furthermore the design allows for the examination of a phenomena in its current natural state thus it is deemed appropriate to examine how E-commerce elements have affected the performance of fashion firms in Nairobi County.

3.3 Target Population

A population is defined as the total collection of all the elements about which the study wishes to make some inference (Cooper & Schindler, 2011). Target population consists of all members of a real or hypothetical set of people, events or objects from which a researcher wishes to generalize the results of their research while accessible population consists of all the individuals who realistically could be included in the sample (Orodho, 2003). According to the Kenya National Bureau of Statistics (2017) report on SME's there are 14, 800 licensed small firms within Nairobi County. The target population was 4,440 clothing and fashion firms

3.3.1 Sampling Design

Kothari and Garg (2014) define sampling design as the technique or procedure the researcher would adopt in selecting items for the sample. Cooper and Schindler (2008) attest that the ultimate test of a sample design is how well it represents the characteristics of the population it purports to represent. The study adopted

convenience of sampling of the SME within the fashion industry in Nairobi City County that were willing to be considered in the research study.

The sampling frame for the study consisted of the 4,400 small firms operating within clothing and fashion exhibition stalls. This group was selected due to their increasingly adoption of E-commerce in their business operations. A sample is a relatively small portion of individuals, which acts as a representative of the entire organization (Mugenda & Mugenda, 2012). The sample size was determined using the Yamane, (1967) formula, which is a central scientific method for calculating sample populations from a larger population. The sample size was calculated as below;

$$n = Z^2 pq / d^2$$

Where,

n= desired sample size

Z= standard normal deviation set at 1.96 (95% confidence level)

P= proportion of the targeted population that have the characteristic focusing in the study estimated at 50% (0.5).

$$q = 1 - p \quad (1 - 0.5)$$

d= degree of accuracy set at 5%-degree proportion of error that should be accepted in the study (0.05) since the study is at 95% confidence level.

$$\text{Thus Desired Sample } (n) = \{1.96^2 * (0.5 * (1 - 0.5))\} / 0.05^2$$

$$\text{Hence; } n = \frac{(1.96 * 1.96) * (0.5 * 0.5)}{(0.05 * 0.05)}$$

$$(0.05 * 0.05)$$

$$n = 384$$

The researcher further applied finite correction formulae (nf) that is applied together with the Yamane formulae in successive steps as indicated:

$$nf = \frac{n}{1 + n/N}$$

Where: n is the sample size and N is the total target population

$$N = 4,400$$

$$n = 384$$

$$nf = \frac{384}{1+384/4400} = 353 \text{ respondents}$$

The sample respondents for the study will be 353 firms. From each firm the study will select one respondent. To counter for the business that might have closed down the study selected a representative 20% of 353 firms to be utilized in the research. According to Sekaran and Bougie (2011) a sample response of 20%-30% is adequate for statistical analysis. The study thus considered 20% of the sample size; that is $353 * 20\% = 71$ firms. The study relied on the 20% sample in line with World Bank, (2015) who indicated that atleast 80% of SME's fail within 3-years of starting up within developing economies; thus, the study deemed it appropriate to consider the 20% firms that are expected to survive for more than 3-years. The sample size for the study was thus the 71 managers/owners within Nairobi City County.

3.4 Data Collection Methods

Baxter and Jack (2008) define data collection as the precise, systematic gathering of information relevant to the research sub-problems, using methods such as interviews, participant observations, focus group discussion, narratives and case histories. Primary data can be sourced from interaction with the objects or target population of the study. The study relied on primary research data. Primary data was collected from a structured questionnaire.

3.5 Pilot Testing

To test the validity, reliability and internal consistency of the data collection the researcher will undertake a pilot test for the study. A pilot study is carried out for the following reasons: to detect possible flaws in the measurement procedures that may include among others, aspects such as ambiguous instructions or inadequate time limits; to identify unclear or ambiguously formulated items; to notice non-verbal

behaviour on the part of respondents (Welman, Kruger & Mitchell, 2008). The study conducted a pilot test with 10% of the sample population who were not involved in the main research study.

3.5.1 Reliability Tests

Reliability of an instrument is a measure of how consistent the results of a test are (Kombo & Tromp, 2006). In this study, the reliability was carried out by pilot test and computing Cronbach's Alpha. According Sekaran and Bougie (2008) pilot test is necessary for testing the reliability of instruments where the feedback of the pilot study is used to refine the questionnaire to make it reliable during the study. The study applied the Cronbach rule of thumb where alpha scores above 0.7 are considered for the study.

Table 3.1 Reliability Test

E-commerce elements and firm performance				
Variable	Cronbach's Alpha	Number of Items	of	Comment
Firm performance	.770	6		Accepted
Online marketing	.842	5		Accepted
E-procurement	.765	5		Accepted
E-customer management	.740	5		Accepted
Overall Reliability	.835	5		Accepted
Statistics				

Source: Abba Kidenda (2019)

From the results of the study the metrics that were used to measure the firm performance $\alpha = .770$, online marketing $\alpha = .842$, were good as indicated in Table 3.1 above. Findings also revealed that e-procurement $\alpha = .765$, and e-customer management $\alpha = .740$ were acceptable to be utilized in solving the research problem since all the Cronbach Alpha were above 0.7. The overall reliability statistics was 0.835 which was above the threshold of 0.7 hence the constructs was accepted for the study.

3.5.2 Validity Tests

Validation as a process involves collecting and analyzing data to assess the accuracy of an instrument. Validity refers to the extent to which the measures used in the questionnaire are truthfully measuring the intended concept and not something else and include internal validity and external validity (Sekaran & Bougie, 2009). Measuring validity deals with the question of whether a measure can actually provide reality of a concept (Bryman & Bell, 2011). The validity of the research instrument was measured using content and construct validity. For content validity the research sought the expert opinion of the supervisor. Construct validity was adopted through ensuring all the study constructs are utilized in developing the research questionnaire.

3.6 Data Analysis

Quantitative data was analyzed using descriptive analysis and inferential analysis techniques with the help of Statistical Packages for Social Sciences (SPSS Version 23). Descriptive analysis included percentage, frequencies, means, standard deviations on the research variables. Inferential statistics included multiple regression analysis and correlation to estimate the level of association between the research variables. The analyzed data was presented using charts and tables as well as other infographics deemed appropriate. The collected qualitative data was analyzed using content analysis. The study utilized the below regression model;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where: Y = Dependent Variable (Organization performance of fashion firms)

Independent variables, which include:

X1 is online marketing

X2 is e-procurement

X3 is e-customer management

α = the constant

$\beta_1 - 3$ = the regression coefficient or change included in Y by each X

ϵ = error term

The study further undertook statistical tests such as ANOVA to examine the statistical significance of the above regression models.

3.6.1 Diagnostic Tests

3.6.1.1 Multicollinearity

Multicollinearity is a phenomenon where there is inter-correlation among the explanatory variables. Runkle, DeFusco, Anson, Pinto and McLeavey (2013) posit that, multicollinearity occurs in statistics where two or more predictor variables in a multiple regression are highly correlated. Multicollinearity is an unacceptable high level of inter correlation among the independent variables, such that effects of independent variables cannot be separated (Garson, 2012). In multiple regression, the variance inflation factor (VIF) is used as an indicator of multicollinearity. Variance inflation factor (VIF) is a factor by which the variance of the given partial regression coefficient increases due to given variable's extent of correlation with other predictors in the model (Dennis, 2011). As a rule of thumb, lower levels of variance inflation factor (VIF) are desirable as higher levels of VIF are known to affect adversely the results associated with multiple regression analysis.

3.6.1.2 Normality Tests

The assumption of linear regression requires that the data should be normally distributed. Normality tests are used to establish if a data set is well-modeled by a normal distribution and to calculate how probable it is for a random variable governing the data set to be normally distributed (D'Agostino 1986). Normality test was conducted to deduce whether the shape of the sample distribution mirrored the shape of the normal curve. If the sample is normally distributed, the population from which it came from would also be normally shaped and one can assume normality. The study utilized the Shapiro-Wilk tests.

3.7 Ethical Issues in the Research

Before undertaking the study; the researcher sought the approval from the school of business of Strathmore University. Further the study applied for a research permit from NACOSTI. In addition, the researcher will seek clearance from the Dean of

Students Strathmore University before collecting data from the students. The research also ensured that all the research assistants who were utilized in the data collection are debriefed on the objective of the research study. Further the collected data was only be utilized in solving the research problem and the respondents' anonymity was upheld throughout the course of the study.

CHAPTER FOUR

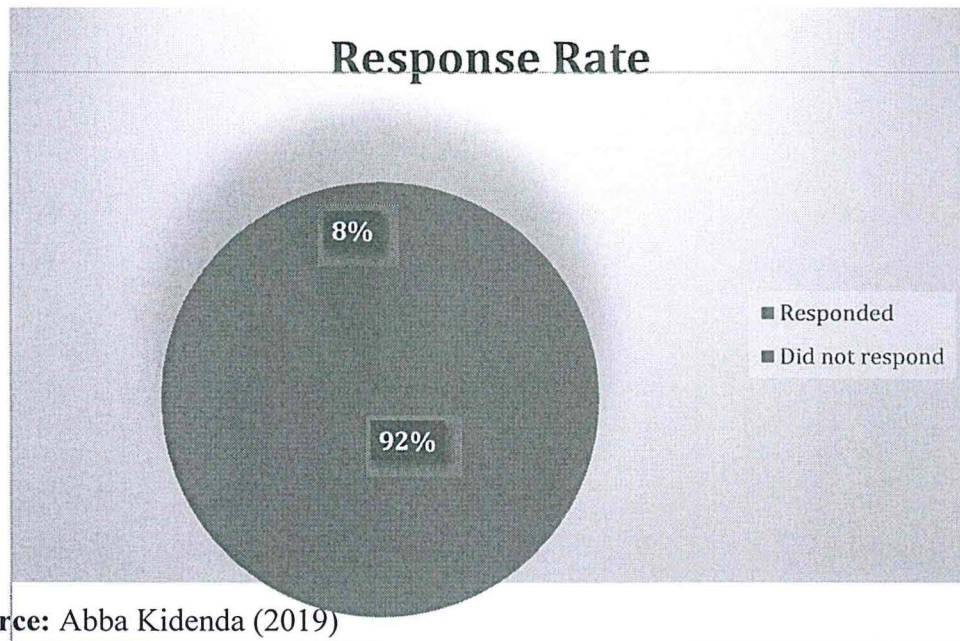
PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

The fourth chapter presents the findings of the research, which was aligned with the research objectives and presented both the descriptive and inferential statistics.

4.2 Response Rate

The study sought to collect research data from fashion business firms within Nairobi City County. The study was able to obtain 92% response rate while only 8% firms did not respond. The study deemed the response more than adequate as determined by Kaplowitz, Hadlock, and Levine (2004) who asserted that any response rate of above 60% is reliable for statistical analysis; making the response received thus far appropriate for analysis.



Source: Abba Kidenda (2019)

Figure 4.1 Response Rate

4.2.1 Age of the Respondents

The research sought to determine the age of the study respondents. The findings are shown in Table 4.1 below;

Table 4.1 Respondents Age

		Frequency	Percent
Valid	Below 25 years	21	32.3
	25-35 years	35	53.8
	36 and above	9	13.8
	Total	65	100.0

Source: Abba Kidenda (2019)

The findings of the study indicated that the majority of the respondents 54% were of the ages 25-35 years, 32% of the respondents were aged below 25 years while only 14% of the respondents were above 36 years and over. This indicates that most of the fashion firms in the county are run by the youth in the country. This conforms to the notion that most small businesses are run by the youth.

4.2.2 Gender of the Respondents

The research further sought to determine the gender of the study respondents. The findings are presented in table 4.2 below;

Table 4.2 Respondents Gender

		Frequency	Percent
Valid	Male	29	44.6
	Female	36	55.4
	Total	65	100.0

Source: Abba Kidenda (2019)

The findings of the study indicated that the majority of the respondents 55% were female respondents while only 45% of the respondents were male. This indicates equality in business ownership within fashion firms in Nairobi City County.

4.2.3 Education Level of Respondents

The study further sought to establish the respondent's education level. The findings are presented in table 4.3 below;

Table 4.3 Respondents Education Level

		Frequency	Percent
Valid	O-Level	9	13.8
	Diploma	34	52.3
	Graduate	22	33.8
	Total	65	100.0

Source: Abba Kidenda (2019)

The results of the study indicated that the majority of the respondents 52% were diploma holders, 34% of the respondents were graduate levels while only 14% of the respondents were O-level graduates. The results indicate that most of the business owners have attained formal education attainment.

4.2.4 Position in the Organization

The research sought to determine the position of the respondents within the organization. The results are presented in table 4.4 below;

Table 4.4 Respondents Position in the Organization

		Frequency	Percent
Valid	Manager	13	20.0
	Employee	52	80.0
	Total	65	100.0

Source: Abba Kidenda (2019)

The findings of the study indicated that 80% of the respondents were employees within the firm while only 20% of the respondents were managers within the firm. This indicates that the respondents had adequate knowledge of the business and their expertise was integral in solving the research questions.

4.2.5 Number of Years in the Organization

The study sought to examine the level of experience of the respondents within the organization. The findings are presented below;

Table 4.5 Respondents Number of Years

		Frequency	Percent
Valid	Less than 2	14	21.5
	2-4	36	55.4
	Over 5	15	23.1
	Total	65	100.0

Source: Abba Kidenda (2019)

The results of the study on table 4.5 below indicates that 55% of the study respondents had served for 2-4 years, 23% of the respondents had worked for over 5 years while only 22% of the respondents had served for less than 2 years. This indicated the respondents had sufficient experience in the fashion business.

4.3 Descriptive Analysis

The study applied descriptive analysis in the tabulation of the responses obtained. The study relied on the means and standard deviation in analysis the Likert scale questions. The following criterion was utilized in interpretation of the means; 0-1.50 being neither agree nor disagree; 1.51-2.50 being strongly disagree; 2.51-3.50 being disagree; 3.51-4.50 being agree and 4.51-5.00 being strongly agree.

4.3.1 Organization Performance

The dependent variable of the research was organization performance. The results of the research are as presented below;

Table 4.6 Organization Performance Descriptive

	N	Mean	Std. Deviation
There is better brand recognition within the firm	65	4.2769	.73967
The business undertakes new product development	65	4.1231	.78078
The firm is posting better profit levels	65	4.2154	.85682
There is higher retention of customers within the firm	65	4.1538	.85203
There is better productivity of the personnel within the firm	65	4.2000	.86963
There is an increase in level of sales within the firm.	65	3.8308	1.06901

Source: Abba Kidenda (2019)

With regard to there is better brand recognition within the firm there was agreement among the respondents as shown by a mean value of 4.2769 and a deviation of .73967. The findings of the research indicated that the business undertakes new product development there was agreement among respondents as shown by a mean of 4.1231 and a deviation of .78078 indicating minimal variation in respondents. The above results are consistent with Richard, Devinney, Yip and Johnson (2009) who acknowledged that product development, brand acceptance and feedback systems were key measures of performance.

Concerning the firm is posting better profit levels there was agreement among the respondents as indicated by a mean of 4.2154. These results are in line with Hubbard (2009) who indicated that cost-cutting measures enhanced the revenue and profit growth within firms. Findings of the study indicated that there is higher retention of customers within the firm there was agreement among the respondents as shown by a mean of 4.1538 and a deviation of .85203. Krishna (2011) also indicated that utilization of new technologies has fostered customer retention and product development.

Concerning there is better productivity of the personnel within the firm there was agreement among the respondents as shown by a mean of 4.2 and a deviation of .86963. The findings of the study also indicated that there is an increase in level of sales within the firm as shown agreement among respondent as indicated by a mean of 3.8308 and a deviation of 1.06901 indicating moderate dispersion in the findings. These results are supported by Bernadine and Russel (2009) who indicated that recording of better financial indicators was a key measure of achievement of firm goals.

4.3.2 Online Marketing

The first independent variable was online marketing. The results were presented using means and standard deviation.

Table 4.7 Online Marketing Descriptive

	N	Mean	Std. Deviation
The firm conducts email marketing regularly	65	3.5385	1.07641
The firm has initiated a digital brand awareness campaign	65	3.6000	1.16994
The firm has launched an online blog on the business products	65	3.4769	1.17404
The firm utilizes search engine marketing initiative	65	3.4462	1.03124
The firm utilizes social media networks for marketing	65	3.8923	.98620

Source: Researcher (2019)

Concerning the firm conducts email marketing regularly there was agreement among the respondents as indicated by a mean of 3.5385 and a deviation of 1.07641 showing moderate dispersion in the responses. The above results are in agreement with Sheikh, Shahzad, and Ishaq (2017) who indicated that e-marketing was highly adopted within small businesses. In regard to the firm has initiated a digital brand awareness campaign there was agreement among the respondents as shown by a

mean of 3.600 and a deviation of 1.16994 indicating high variations in responses. The findings are in agreement with Musa, Rahim, Azmi, Shibghatullah, and Othman (2016) who indicated that use of online marketing enhanced brand reputation, customer engagement and brand engagement.

With regard to the firm has launched an online blog on the business products there was disagreement among the respondents as shown by a mean of 3.4769 and a dispersion of 1.17404. Concerning the firm utilizes search engine marketing initiative there was disagreement among respondents as shown by a mean of 3.4462 and a deviation of 1.03124. Kheng (2018) also indicated that business process management enhanced digital brand awareness through utilization of search engine optimization.

In regard to the firm utilizes social media networks for marketing there was agreement among the respondents as indicated by an agreement of 3.8923 and a deviation of .9862 showing moderate dispersion in findings. The above results are consistent with Adegbuyi, Akinyele, and Akinyele (2015) who indicated that utilization of social media sites enhanced the marketing capacity of small scale businesses.

4.3.3 E-procurement

The second independent variable of the research sought to determine e-procurement within fashion firms.

Table 4.8 E-procurement Descriptive

	N	Mean	Std. Deviation
The firm has digitalized its payment options	65	3.7385	1.20256
The firm sources for its products from online retailers	65	3.0923	1.23394
The firm has digitized its inventory management	65	3.3846	1.23355
The firm has adopted enterprise resource planning systems	65	3.4923	1.23899
The firm conducts e-auctioning of its products on social media networks	65	3.1385	1.35643

Source: Abba Kidenda (2019)

In regard to the firm has digitalized its payment options there was agreement among the respondents as shown by a mean of 3.7385 and a deviation of 1.20256 showing high variation in the responses. These results of the study are consistent with Albano, Antellini, and Zampino (2015) who indicated that adoption of e-procurement channels enhanced the payment process and procurement performance within small businesses. Concerning the firm sources for its products from online retailers there was disagreement among the respondents as shown by a mean of 3.0923. The findings are in line with observations made by Eze and CO (2017) that e-marketing enhanced the invoicing and overall procurement process.

With regard to the firm has digitized its inventory management there was disagreement among the respondents as shown by a mean of 3.3846 and a deviation of 1.2335 indicating high dispersion in the responses. The above findings are consistent with Nurizman and Singla (2017) who indicated that adoption of technology in the procurement process enhanced the supply chain management such as the inventory management and supplier relationship. Concerning the firm has adopted enterprise resource planning systems there was disagreement among the respondents as shown by a mean of 3.4923 and a deviation of 1.23899 indicating high dispersion in the responses.

Concerning the firm conducts e-auctioning of its products on social media networks there was disagreement among respondents as shown by a mean of 3.1385 and a deviation of 1.35643. The findings of the study are consistent with Achieng, Paul, and Mbura (2018) who concluded that automation of the inventory processes enhanced the marketing practices and supply relations.

4.3.4 E-Customer Management

The third independent variable of the research sought to determine e-customer management within fashion firms.

Table 4.9 E-Customer Management Descriptive

	N	Mean	Std. Deviation
The firm engages with customers through online platforms	65	3.8462	.88795
The firm manages customer complaints through an interactive website	65	3.2923	1.15546
The firm reviews its customer analytics by use of digitalized systems	65	3.4000	1.22219
The firm has developed a customer management software to enhance satisfaction levels	65	3.2769	1.16603
The firm maintains an active online presence to tap to new customers and serve the existing customer base	65	3.6154	1.08530

Source: Researcher (2019)

The findings of the study indicated that in regard to firm engages with customers through online platforms there was agreement among the respondents as shown by a mean of 3.8462 and deviation of .88795 indicating minimal dispersion. The above results are supported by Akanbi (2018) who indicated that adoption of e-commerce technologies enhanced customer relationship management within small and medium businesses. In regard to the firm manages customer complaints through an interactive website there was disagreement among respondents as indicated by a mean of 3.2923 and a deviation of 1.15546. Similarly, Negm (2016) indicated that adoption of new technologies in customer management fostered customer experience, segmentation and satisfaction.

Concerning the firm reviews its customer analytics by use of digitalized systems there was disagreement among the respondents as shown by a mean of 3.400 and a standard deviation of 1.22219 showing high dispersion in responses. These findings are supported by Nganga and Monayo (2017) who indicated that utilization of new e-CRM technologies enhanced marketing to customers as a results of better data handling.

With regard to the firm has developed a customer management software to enhance satisfaction levels there was disagreement among the respondents as shown by a mean of 3.2769 with a deviation of 1.66603. The above results are echoed by Wang'anya (2018) who indicated that customer relationship enhanced customer relationship. With regard to the firm maintains an active online presence to tap to new customers and serve the existing customer base there was agreement among the respondents as shown by a mean of 3.6154 and a deviation of 1.0853 showing moderate dispersion in responses obtained. Njuguna (2017) also indicated that utilization of online adverts enhanced feedback system and product awareness.

4.4 Correlation Analysis

The study further sought to determine the association between the study variables. The research applied Pearson Correlation to examine the effect of the e-commerce applications and firm performance.

Table 4.10 Correlation Matrix

E-Commerce Applications		Organization Performance
Online Marketing	Pearson Correlation	.356**
	Sig. (2-tailed)	.004
	N	65
E-procurement	Pearson Correlation	.425**
	Sig. (2-tailed)	.000
	N	65
E-customer management	Pearson Correlation	.327**
	Sig. (2-tailed)	.008
	N	65

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Abba Kidenda (2019)

The first research objective sought to determine the effect of online marketing on the organization performance of fashion firms within Nairobi County, Kenya. The results of the correlation analysis indicated there was positive and significant effect of online marketing on organization performance $P = .365$, $Sig Value = .004 < .05$.

These results are consistent with Wilson and Makau (2018) utilization of online marketin among SMEs' in Kenya enhanced the performance and potential of the firms.

The second research objective sought to determine the effect of e-procurement on the organization performance of fashion firms within Nairobi County, Kenya. The results of the correlation analysis indicated there was positive and significant effect of e-procurement on organization performance $P = .425$, $Sig Value = .004 < .05$. The results are supported by Rotich and Okello (2015) who concluded that e-procurement had a positive effect on the performance of the procurement functions within devolved units.

The third research objective sought to determine the effect of e-customer management on the organization performance of fashion firms within Nairobi County, Kenya. The results of the correlation analysis indicated there was positive and significant effect of e-customer management on organization performance $P = .327$, $Sig Value = .008 < .05$. Sunny and Abolaji (2016) in their study also indicated that electornic customer relationship management had a positive effect on the performance of firms. Similarly, Nganga and Monayo (2017) concluded that ECRM had a positive effect on the organization performance and firm growth.

4.5 Inferential Analysis

The research sought to determine the overall regression effect of e-commerce applications on the organization performance of fashion firms in Nairobi City County. The study conducted tests for linear regression assumptions prior to the regression tests.

4.5.1 Diagnostic Tests

The study utilized both collinearity tests and normality tests.

4.5.1.1 Collinearity Test

Table 4.11 Collinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Online Marketing	.596	1.677
	E-procurement	.341	2.935
	E-customer management	.308	3.248

Source: Abba Kidenda (2019)

The results of the study on table 4.11 indicated that the VIF values are all less than 10 meaning that there was no multicollinearity. The Tolerance value checks on the degree of Collinearity where a tolerance value lower than 0.1 shows that the variable could be considered as a linear combination of other independent *variables*. All the tolerance values for the study were above 0.1 hence no collinearity problems.

4.5.1.2 Normality Tests

The study utilized the Shapiro-Wilk tests in the analysis of the study variables.

Table 4.12 Normality Tests

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Organization performance	.285	65	.200	.785	65	.276
Online marketing	.270	65	.110	.900	65	.352
E-procurement	.268	65	.111*	.890	65	.285
E-customer management	.248	65	.111*	.975	65	.654

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Abba Kidenda (2019)

For the current research, the Shapiro-Wilk test was adopted. The test states that for a normally distributed data, the sig. value should be 0.05 or greater. From the results on Table 4.12 above the significance value for all the predictor variables was above 0.05 hence the research concludes that the data was normally distributed.

4.5.2 Regression Analysis

The research conducted a regression analysis of the e-commerce applications on organization performance. The study relied on the coefficient determination in determining the magnitude of association between the research variables.

Table 4.13 Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.454 ^a	.206	.167	3.74296

a. Predictors: (Constant), E-customer management, Online Marketing, E-procurement

Source: Abba Kidenda (2019)

The above model sought to examine the relationship between e-commerce applications on organization performance. The study results showed a positive association between e-commerce applications on organization performance indicated by coefficient of determination $R^2 = .206$. This indicates that 20.6% changes in organization performance was determined by the e-commerce applications. The findings are in line with observations made by Aduda and Kingoo (2012) indicated that e-technology practices fostered financial performance. Wamuyu and Maharaj (2011) indicated that E-commerce had a positive influence on performance of small enterprises. Njau and Karugu (2014) indicated that adoption of new technologies enhanced organization performance within small and medium enterprises.

4.5.3 ANOVA Model

The study sought to determine the significance of the research model. The results are represented below;

Table 4.14 ANOVA^a Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	221.803	3	73.934	5.277	.003 ^b
	Residual	854.597	61	14.010		
	Total	1076.400	64			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), E-customer management, Online Marketing, E-procurement

Source: Abba Kidenda (2019)

The results also generated a *F-value* of 5.277 which is above the critical value of 2.76 indicating that the entire research model was statistically significant; hence the regression model can be utilized in predicting the relationship between e-commerce applications and organization performance among fashion firms.

4.5.4 Regression Coefficients

The findings of the regression coefficients are presented in Table 4.16 below;

Table 4.15 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	18.028	2.117		8.516	.000
	Online Marketing	.181	.132	.203	1.374	.001
	E-procurement	.348	.161	.423	2.167	.034
	E-customer management	.135	.196	.141	.688	.000

Source: Abba Kidenda (2019)

The resultant regression model was;

$$Y = 18.028 + .181X_1 + .0348X_2 + .135X_3 + 2.117$$

The research further sought to examine the significance of the relationship between e-commerce applications and organization performance among fashion firms, the coefficients of the regression (β), the intercept of the model (α) and the significance of all the coefficients were subjected to further t-tests.

The test results in table 4.16 indicate a constant $\alpha = 18.028$ is significantly different from 0 since the p-value $.000 < .05$. The beta value (β) = $.181$ is significantly different from 0 since the p-value $.001 < .05$. This indicates that there is a statistically significant positive effect of online marketing on organization performance of fashion firms. A unit change in online marketing will result in a $.181$ unit change in the organization performance. These findings are in line with Sheikh, Shahzad, and Ishaq (2017) who concluded that utilization of online marketing enhanced business performance. Adegbuyi, Akinyele, and Akinyele (2015) similarly indicated that social media marketing fostered firm performance.

The test results in table 4.16 indicate a constant $\alpha = 18.028$ is significantly different from 0 since the p-value $.000 < .05$. The beta value (β) = $.348$ is significantly different from 0 since the p-value $.034 < .05$. This indicates that there is a statistically significant positive effect of e-procurement on organization performance of fashion firms. A unit change in e-procurement will result in a $.348$ unit change in the organization performance. Albano, Antellini, and Zampino (2015) also indicated that e-procurement fostered firm performance.

The test results in table 4.16 indicate a constant $\alpha = 18.028$ is significantly different from 0 since the p-value $.000 < .05$. The beta value (β) = $.135$ is significantly different from 0 since the p-value $.000 < .05$. This indicates that there is a statistically significant positive effect of e-customer management on organization performance of fashion firms. A unit change in e-customer management will result in a $.135$ unit change in the organization performance. The above results are consistent with Negm (2016) who indicated that fostering customer engagement enhanced firm performance. Nganga and Monayo (2017) also indicated that e-CRM had a positive effect on organization performance.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The fifth chapter of the study presents the discussion, conclusions and recommendations in the study. The chapter is arranged in line with the objectives of the study as presented in the data analysis section previously.

5.2 Summary

The study adopted a descriptive research design focusing on small fashion businesses within Nairobi County. The study relied on a quantitative methodology with both descriptive and inferential analysis. The reliability tests indicated that the research instrument was reliable to be utilized in the research study. The study was able to obtain a 92% response rate. The majority of the research respondents 54% were between 25-35 years.

The research findings also indicated that the majority of the respondents were female business owners/managers. The findings of the study indicated that the majority of the respondents had attained formal education as indicated by the attainment of diploma and graduate level qualifications. The results of the study indicated that the majority of the respondents had more than 3-years' experience running the businesses.

5.3 Discussion

5.3.1 Organization Performance

The dependent variable for the study was organization performance. The findings of the study indicated that most organizations had attained better brand recognition, had fostered new product development and enhanced their profit levels. The findings of the research further indicated that most small business had attained high customer retention, fostered personnel productivity within the firm as well as increased level of sales within the firm. Ngugi, McOrege and Muiro (2013) in their study indicate that most of the local small business have enhanced there product provision through creating market awareness and segmenting their customer bases. Njogu (2014)

further indicates that most small business have fostered their profit margins as result of strengthened sales, price reductions and cost-cutting measures.

5.3.2 Online Marketing and Organization Performance

Concerning the adoption and utilization of online marketing the findings of the study indicated that most firms had adopted email marketing, initiated digital brand awareness campaigns as well as launched online business product blogs. The results further indicated that firms had adopted search engine marketing and utilize social media networks for their marketing. Kithinji (2014) concluded that increased proliferation of internet marketing in small business has enhanced their market outreach, efficiency and fostered overall performance of the businesses. Kamunge, Njeru and Tirimba (2014) further indicated that integration of online marketing strategies enhanced the customer satisfaction and service delivery within firms.

5.3.3 E-procurement and Organization Performance

With regard to employing e-procurement within small fashion firms the findings of the study indicated that most small business had digitalized their payments, firms source products from online retailers, there was digitization of inventory management, adoption of enterprise resource planning systems as well as conducting e-auctioning within social media networks. Mulure (2013) findings are consistent with the research findings in that digitization of the supply chain enhances inventory management and supply planning within firms. Okeyo, Gathungu and K'Obonyo (2014) are of the view the developing new technologies to improve the procurement process is vital to fostering the organization growth and profitability.

5.3.4 E-customer Management and Organization Performance

Concerning e-customer management the results of the study showed that the firm generally engages with customers through online platforms, adopted interactive websites, utilized digitalized systems to conduct customer analytics. Findings of the study also showed that firms had enhanced their customer management as well as have an active online presence for targeting new customers. Gure and Karugu (2018) indicated that the success of the organization is tied to the management of the customers through engaging customers and offering elaborate feedback systems. Irungu and Arasa (2017) posit that engaging customers through an elaborate

customer relationship management systems enhances the retention of the customers and the competitiveness of the business.

5.4 Conclusions

5.4.1 Organization Performance

The study concludes that small business has adopted new product development, brand image awareness, customer retention and brand recognition and design which will be integral in fostering organization performance.

5.4.2 Online Marketing

The study concludes that small businesses should leverage on the increasing internet penetration which will enhance the marketing capacity of the firm. The research further concludes that small business should adopt social media channels in marketing of their products. The study further concludes that creation of brand awareness through utilization of interactive websites will foster the performance of the small businesses.

5.4.3 E-procurement

The research further concludes that utilization of digitalized payments is essential in small businesses. The study further concludes that adoption of digitalized procurement systems has enabled the firms to achieve better inventory management and supplier relationship. The research further concludes that adoption of interactive websites and online platforms fosters the customer feedback and value creation within small businesses.

5.4.4 E-customer Management

The research concludes that having an online marketing team enhances customer satisfaction for small business. The study further concludes that interactive websites enhance customer feedback among small businesses. The research further concludes that utilization of customer analytics is key to fostering customer retention and satisfaction among small business.

5.4.5 Business Regulation

The study concludes that stiff licensing requirements have stifled the growth of small businesses within the county. Further numerous and complicated business

registration requirements have limited the setting up of new small business. The study further concludes that a rigid and high taxation regime has negatively affected the performance of small businesses. Further lack of adequate government incentives has limited small businesses growth.

5.5 Recommendations

The study recommends that small business should adopt new metrics to measure organization performance. This can be fostered by adopting better record keeping which will help the small business to track sales, profit levels and available stock. The research further recommends that small businesses should foster the utilization of new online marketing tool as well as search engine optimization in marketing of new products.

The study also recommends that small business should adopt new e-procurement processes that will foster the supplier relationship management. The research further recommends that the firm should digitize their inventory management as this will ensure that stock movement is in line with the demand within the firm. In regard to e-customer relationship management the study recommends that the firm should enhance their utilization of new social media channels in fostering customer awareness and feedback systems.

The firm should further develop smartphones applications that will foster customer service delivery. The study further recommends that the county government should relax its licensing and business regulation requirements. The research further recommends that the government should come up with a better tax regime that is supportive of small businesses as well as offer SME's increased incentives.

Based on the results of the research technology acceptance model the findings of the study indicated the usefulness of accepting e-commerce technology elements in explaining organization performance. The study contributes to the knowledge on the adaptability of the TAM in research work focusing on e-commerce application within the business. The results of the study have further contributed to the available evidence on how e-commerce elements support organization performance with SME.

5.6 Areas for Further Research

The study noted that most of the small business have adopted poor recording practices. The suggest that study should be taken assessing how financial management practices have affected the performance of small business.

5.7 Limitations of the Study

The study experienced the following limitations;

- i. Respondents were unwilling to participate in the research due to fear of their business anonymity not being upheld.
- ii. Most of the respondents had not familiarized themselves with the numerous emerging technologies hence their knowledge of the same was limited.

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APPENDICES

Appendix I: Questionnaire

PART A: GENERAL INFORMATION

1) Age Bracket

Below 25 years []

25 – 35 years []

36 and above []

2) Gender

Male []

Female []

3) Education Level

O- Level []

Diploma []

Graduate []

Others

(Specify).....

4) Your position in the organization

Manager []

Employee []

5) Number of years in the firm?

Less than 2 []

2-4 []

Over 5 []

PART B: E-commerce Elements and Performance of Fashion Industry Firms in Kenya

Please tick the level of agreement of the following statements.

Please indicate in the table with a tick (√) or a cross (×) with a scale of

5= strongly agree 4= Agree 3= Moderately Agreed 2= Disagree 1= Strongly Disagree

No	Performance of Fashion Firms	5	4	3	2	1
1.	There is better brand recognition within the firm					
2.	The business undertakes new product development					
3.	The firm is posting better profit levels					
4.	There is higher retention of customers within the firm					
5.	There is better productivity of the personnel within the firm					
6.	There is an increase in level of sales within the firm.					

6. From your own understanding of the organization performance; what other metrics does the firm utilize to measure its performance?

.....

No	Online Marketing	5	4	3	2	1
1.	The firm conducts email marketing regularly					
2.	The firm has initiated a digital brand awareness campaign					
3.	The firm has launched an online blog on the business products					
4.	The firm utilizes search engine marketing initiative					
5.	The firm utilizes social media networks for					

marketing					
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7. In what other ways does online marketing affect the organization performance of fashion firms?

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No	E-procurement	5	4	3	2	1
1.	The firm has digitalized its payment options					
2.	The firm sources for its products from online retailers					
3.	The firm has digitized its inventory management					
4.	The firm has adopted enterprise resource planning systems					
5.	The firm conducts e-auctioning of its products on social media networks					

8. In what other ways does e-procurement affect the organization performance of fashion firms?

.....

.....

.....

No	E-customer management	5	4	3	2	1
1.	The firm engages with customers through online platforms					
2.	The firm manages customer complaints through an interactive websites					
3.	The firm reviews its customer analytics by use of digitalized systems					
4.	The firm has developed a customer					

	management software to enhance satisfaction levels					
5.	The firm maintains an active online presence to tap to new customers and serve the existing customer base					

9. In what other ways does e-customer management affect the organization performance of fashion firms?

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.....

.....

Appendix II: Research Authorization



Strathmore
UNIVERSITY

1st April 2019

Kidenda , Abba Arunga
P.O. Box 25379-00603
Nairobi.
abbarunga@gmail.com

Dear Abba,

REF Protocol ID: SU-IERC0354/19

EFFECT OF E-COMMERCE ELEMENTS AND THE ORGANIZATION PERFORMANCE OF SMALL MEDIUM ENTERPRISES: EVIDENCE FROM FASHION FIRMS IN NAIROBI CITY COUNTY

We acknowledge receipt of your application documents to the Strathmore University Institutional Ethics Review Committee (SU-IERC) which includes:

1. Study Protocol submitted 12 March 2019
2. Cover letter listing all submitted documents 12 March 2019
3. Proposal declaration page signed by supervisors 12 March 2019

The committee has reviewed your application, and your study "EFFECT OF E-COMMERCE ELEMENTS AND THE ORGANIZATION PERFORMANCE OF SMALL MEDIUM ENTERPRISES: EVIDENCE FROM FASHION FIRMS IN NAIROBI CITY COUNTY" has been granted approval.

This approval is valid for one year beginning **1st April 2019** until **1st April 2020**

In case the study extends beyond one year, you are required to seek an extension of the Ethics approval prior to its expiry. You are required to submit any proposed changes to this proposal to SU-IERC for review and approval prior to implementation of any change.

SU-IERC should be notified when your study is complete.

Thank you

Sincerely,

Prof. Florence Oloo
Secretary

Strathmore University Institutional Ethics Review Committee

