

**E-COMMERCE ADOPTION AND PERFORMANCE OF SMALL AND MEDIUM SIZED  
ENTERPRISES IN UGANDA: A CASE STUDY OF NATETE TRADING CENTRE, LUBAGA  
DIVISION**

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**ABSTRACT**

The purpose of the study was to assess the relationship between e-commerce adoption and performance of Small and Medium sized enterprises in Uganda, a case study of Natete Trading Centre. The study was based on three objectives that is, to determine the relationship between mobile money payment and the performance of SMEs, to examine the relationship between e-tax payment and the performance of SMEs and to findout the relationship between e-shopping and performance of SMEs in Uganda, a case study of Natete Trading Centre. The study adopted descriptive correlational design and employed both qualitative and quantitative methods of data collection. Both questionnaire and interviewing were the main methods of data collection. Simple random and purposive sampling techniques were used to select respondents. Correlation results revealed a very strong significant positive relationship between E-commerce adoption and performance of SMEs ( $r=.967$ , sig. 0.000), implying that e-commerce will have an impact on performance of SMEs. It's significant because the significant level is above the stated significant of 0.000 hence making e-commerce a great attribute towards Performance of SMEs. The study recommends that SMEs should put emphasis on mobile payments in order to make business to business transfer when making purchases from suppliers, customer to the business transfers when customers buy goods from the business and for debt collection for credit sales so as to ensure improved performance and growth. More still, the tax authority like Uganda Revenue Authority (URA) must to implement more programs aimed at raising taxpayer awareness of electronic taxes by supplying them with comprehensive information about the technology, along with details on its advantages and disadvantages. It is suggested that the practice of online buying platforms is on the rise for business owners. Hence, suggesting a market niche where in-store and online options coexist without appreciable differences in preferences.

**Key words:** Ecommerce Adoption and Performance Of SMEs, E-commerce, Performance and SMEs

## **BACKGROUND OF THE STUDY**

This study was undertaken to investigate the impact of e-commerce adaptation and performance of small and medium size enterprises in Uganda using Natete Trading Centre as a case study. The background to the study is presented based on the historical, theoretical conceptual and contextual perspectives as suggested by (Amin, 2005).

### **Historical Background of the Study**

Globally, crucial activities that are characteristic of e-commerce involve: - procurement, order entry, transaction processing, payment for goods and services, authentication, inventory control, order fulfillment, and customer support. A good example of e-commerce in practice is when a consumer pays for online goods and services rendered using a credit card. Almost any product or service can be offered via e-commerce. These products and services range from books, music, financial services, ticketing services and entertainment services. Noteworthy is the fact that the successful adoption of electronic money (e-money) is one of the fundamental factors that has greatly revolutionized e-commerce in Uganda. Electronic money primarily involves the use of internet; computer networks and the digitally stored value to pay for online transactions hence sustain e-commerce. Examples of e-money are payment processors, digital currencies, bank deposits, direct deposits and electronic funds transfer (EFT) (Dillon, 2011).

E-commerce is categorized into four main business models. The Business to Business (B2B), Business to Consumer (B2C), Consumer to Consumer (C2C) and Consumer to Business (C2B) business models. Other business models are the Government to Customers and Customers to Government (Kalakota, 1997). Contrary to traditional consumer purchasing of goods and services which is the offsite transactions, e-commerce has some notable differences, such as the distance and impersonal nature of the online environment. E-commerce has brought ease in how information can be collected, data mined and used by multiple parties. In addition, there is a concern about the reliability of the underlying Internet and related infrastructure that Web retailers employ to interface with consumers (Salisbury et al., 2011).

E-commerce has a lot of its benefits to the developing countries. Some of which are: increase in sales, increase in customers, ability to operate in 24 hours seven days a week, instant processing of transactions, increased business reach, globalization, better price comparisons, improved delivery processes and ease of collecting recurring payments. The bottom line here is that e-commerce is beneficial not only to large and medium businesses but also to micro and small businesses. In addition, e-commerce improves small firm's ability to compete with larger companies and operate on an international scale. It is significantly easy to set up and the benefits come in almost instantly. Moving to e-commerce would be among the best decisions made in the small and macro businesses in Uganda. For this to happen, a number of factors need to be considered. These factors determine the fate and growth of the business (Turban et al., 2015).

### **Theoretical background**

The study was guided by Unified Theory of Acceptance and Use of technology, Perceived E-Readiness Model and Technology Acceptance Model Theory. This is because, according to the study, they are good to identify of the impact of ecommerce at which the SMEs performance is existing and they can be.

**Technology Acceptance Theory:** Davis (1989) coined the term Technology Acceptance Model (TAM) to describe how people in organizations adopt new technologies. According to Davis' TAM model, the two most important factors of technology adoption are perceived usefulness (PU) and perceived ease of use (PEOU). Many studies on the adoption of information systems (IS) have relied on the TAM (Lee et al. 2003; Nyoro et al. 2015). The model defines perceived usefulness as the degree to which an individual will be certain that using a particular system on a regular basis will improve his or her job performance. While perceived ease of use is the degree to which an individual believes that utilizing a specific system would be free of physical and mental effort (Turner et al. 2010).

**Perceived E-Readiness Model:** The model was developed by Licker and Molla (Mutua, Oteyo

Njeru, 2013). The interactionism paradigm inspired the theoretical foundation of the Perceived E-Readiness Model (PERM). Molla and Licker proposed that a multi-perspective assessment of managerial, internal organizational and external contextual elements might provide a useful predictor of electronic commerce adoption in developing nations, based on this approach. For the context of developing economies. The model considers the internal factors in the organisation called perceived organisational e-readiness (POER) and external factors called perceived e-readiness (PEER) as vital for the adoption of e-commerce. According to Lip-Sam & Hock-Eam, (2011), POER entails the following elements: the organisation's awareness, understanding, and forecast of e-commerce and its possible risks and benefits (imperative innovation attributes), its managers' engagement, and vital organisational elements such as personnel, procedures, and business infrastructure.

**Unified Theory of Acceptance and Use of technology:** Venkatesh and other scholars created the theory. The theory aims to explain users' intentions to utilise information systems and users' successive behaviour. The main idea behind the theory is that there are four main concepts called; facilitating conditions, social influence, effort expectancy and performance expectancy. Experience, gender, and age and the willingness to volunteer of the users are suggested to control the effect of the four major constructs on usage and behaviour (Ramanathan, Ramanathan, & Hsiao, 2012).

## **Conceptual Background**

The independent variable in this study is the impact ecommerce which is the purchasing and selling of goods or services over electronic platforms like computer works and the internet (Akanb & Akintund, 2018). Electronic commerce is characterised as using a variety of technology, including electronic funds transfer, Internet marketing, supply chain management, online processing of transactions, inventory

management systems, electronic data interchange (EDI), and automated systems of collecting data. Modern e-commerce often employs the World Wide Web (WWW) at some point during the transaction's life cycle, though it can often employ other technology such as mobile devices, e-mail, and telephones. Turban et al. (2008) differentiate between offline and online e-commerce, the latter of which involves purchasing and paying for services or goods using. For instance, a smart card via vending machines and transactions conducted over networks like local area networks (LANs), single computerised devices, or even intranets.

According to Mwewa (2013), SMEs are an essential part of the Ugandan economy, as they are in many other developing countries since they hire 85 per cent of the Ugandan workforce directly.

The dependent variable in this study as the performance SMEs and are found in a wide array of business activities, ranging from the coffee shop at the corner, the internet café in a small town to a small sophisticated engineering or software firm selling in overseas markets. The SMEs could be in the formal or the informal economy. According to (Badrinath, 1997) the definition of SMEs varies from country to country. Small and medium-sized business owners, it has been stated, face significant challenges in adopting electronic commerce. Limited resources and technological skills, the size and affordability of information technology, and the ease of implementation within increasingly increasing and evolving organisations are some of the challenges they face (Raisinghani et al., 2005; Wanjau et al., 2012). Standard solutions designed for large, stable, and globally focused businesses do not work well for small, dynamic, and locally-based firms that are popular in developing countries (Wang and Cheung, 2004). SMEs contribute to employment and income generation. Nevertheless, there is need to get the potential in SMES in order to reduce poverty and develop the country. The SMEs therefore need to address some of the challenges such as having limited resources in terms of personal, finances, and knowledge pertaining to management, commercialization, or information technology.

## **Contextual background**

According to Mwewa (2013), SMEs are an essential part of the Ugandan economy, as they are in many other developing countries since they hire 85 per cent of the Ugandan workforce directly. In Uganda, most businesses are owner-managed or primarily owned and operated as a family company, with a small capital base and technical skills and capacity of those in charge. The majority of businesses in Natete Trading Centre are small and medium-sized enterprises (SMEs). They are dispersed across the county, with a high percentage of sole proprietorships and family-run corporations (Karanja, 2012). The socio-economic importance of small and medium enterprises (SMEs) is certainly unquestionable. SMEs are generally considered to be the mainstay of healthy economies and particularly the developing countries. SMEs comprise more than 40% of businesses globally and essentially serve as the main engine of job growth, often contributing 20-90% of employment (Kiraka, Kobia & Katwalo, 2013). In Uganda, it is estimated that SMEs employ over 80% of the population (Nangoli, Turinawe, Kituyi, Kusemererwa & Jaaza et. al, 2013), constitute up to 90 percent of the private sector, contribute over 70% to total gross domestic product (Asiimwe, 2017, p. 1) and contribute over 80% of manufactured goods output (Turyahikayo, 2015, p. 23). In spite of their contribution to economic growth, the survival rate of SMEs in Uganda remains very low (Asiimwe, 2017, p. 1; Turyakira, 2012, p. 1).

## **STATEMENT OF THE PROBLEM**



Over the past few years e-commerce has emerged as an important component of business in various developing countries this is seen by the significant benefits it has. Many large organizations have embraced these and hence maintained a competitive advantage over the Micro and Small Enterprises (Kshertri, 2010). SMES are becoming important because they cover a large percentage of the business population in developing countries. The development of SMEs is on the program of many countries and nations across the globe this is because SMEs play a critical role in the economic development (Turban, 2006). Underlying this is the fact that most SMEs in developing countries cater for local markets and therefore rely heavily on local content and information (Badrinath, 1997).

Despite the rapid growth of e-commerce worldwide, small and medium-sized enterprises (SMEs) in Uganda are lagging in their adoption and utilization of digital platforms for business operations and sales. This discrepancy is concerning given that SMEs are crucial for economic development, job creation, and innovation in the country. Several factors, including infrastructure limitations, digital literacy, regulatory challenges, and access to financial resources, hinder the effective integration of e-commerce into their business models. Consequently, many SMEs are unable to leverage the potential benefits of e-commerce, such as increased market reach, improved customer engagement, and enhanced operational efficiency. This study seeks to examine the current state of e-commerce adoption among SMEs in Uganda, identify the barriers to effective implementation, and assess the impact of e-commerce on their overall performance and competitiveness. Understanding these dynamics is essential for policymakers and stakeholders aiming to enhance the digital transformation of Uganda's SME sector and foster sustainable economic growth.

## **PURPOSE OF THE STUDY**

The purpose of this study was to establish the relationship between ecommerce adaptation and performance of small and medium sized enterprises in Uganda, a case study of Natete Trading Centre

## **SPECIFIC OBJECTIVE OF THE STUDY**

The objectives of the research are:

- i. To examine the relationship between mobile money payment and performance of Small and Medium sized enterprises in Nateete trading Centre
- ii. To determine the relationship between E-tax payment and of performance of small and medium sized enterprises in Nateete Trading Centre
- iii. To find out the relationship between E-shopping and the performance of small and medium sized enterprises in Nateete Trading Centre

## **RESEARCH QUESTIONS**

- i. What is the relationship between mobile money payment and performance of Small and Medium sized enterprises in Natete trading Centre?
- i. What is the relationship between E-tax payment and of performance of small and medium sized enterprises in Natetete Trading Centre?
- ii. What is the relationship between E-shopping and the performance of small and medium sized enterprises in Natete Trading Centre?

## **LITERATURE REVIEW**

The review of related literature used to conceptualize the research theme. It involves examining documents such as books, magazines, journals, scholarly articles and dissertations that have a bearing on the study objectives.

### **THEORETICAL REVIEW**

This study was guided by several theories that exist to explain how technology like e-commerce has been adopted and the different factors that affect its adoption along with the potential benefits in SMEs, including; Technology Acceptance Model (TAM), Perceived Organisational E-Readiness (POER), and Unified Theory of Acceptance and Use of Technology (UTAUT).

#### **Technology Acceptance Theory**

This study was guided by the Technology acceptance theory by Davis (1989) who coined the term Technology Acceptance Model (TAM) to describe how people in organizations adopt new technologies. According to Davis' TAM model, the two most important factors of technology adoption are perceived usefulness (PU) and perceived ease of use (PEOU). Many studies on the adoption of information systems (IS) have relied on the TAM (Lee et al. 2003; Nyoro et al. 2015). The model defines perceived usefulness as the degree to which an individual will be certain that using a particular system on a regular basis will improve his or her job performance. While perceived ease of use is the degree to which an individual believes that utilizing a specific system would be free of physical and mental effort (Turner et al. 2010).

The theory is the oldest and regarded as among the first theories for covering Information Technology (IT) adoption. The theory provides the basis behind understanding the effects of the external variables while adopting e-commerce, with its primary assumption being made on

attitudinal, economical and practical grounds. Many of the theory's supporters argue that perceived usefulness is affected by the perceived ease of use, and the two can easily predict people's attitudes (Ramanathan, Ramanathan & Hsiao, 2012).

TAM has been utilized as a framework for understanding e-commerce adoption in firms, including SMEs, by a number of e-commerce academics. TAM, for instance, was used to analyze the utility and ease of adopting e-commerce amongst SMEs in the industrial and service sectors in Singapore, Malaysia, and Thailand (Nezakati et al. 2012). TAM has also been utilized to evaluate the impact of perceived system risk on tourism firms' intentions to use e-commerce in Algeria (Belkhamza and Wafa, 2009). TAM was praised in both tests as a valuable paradigm for understanding and explaining a customer's intention to utilize e-commerce.

TAM is a significant paradigm that has been used to analyse the use, behavior, as well as attitude toward e-commerce adoption in various SME studies (McCloskey, 2004; Belkhamza & Wafa, 2009; Johar and Awalludin, 2011; Nezakati et al. 2012). Notwithstanding its prominent position in information systems research, particularly e-commerce adoption, the model has a number of flaws. Thus according to Nistor et al. (2014), TAM relies on perceived usefulness as one of the most important acceptance signal, ignoring actual technological use. This is problematic since Nistor et al. (2012) claim that the association between a person's reported purpose and actual usage behavior is non - significant.

The Theory of TAM states that people's behavioural intentions towards adopting specific technological ideas and applications depend on the people's attitude towards the technology's use. At the same time, perspective is determined by eliminating the vulnerable risks referred to as barriers in this research. The theory of TAM suggests that beliefs or perceptions about innovation are essential when creating attitudes that will eventually lead to the behaviour exhibited towards utilising the system (Bertrand & Bouchard, 2008).

The level to which an individual assumes that using e-commerce can them attain performance gains is called performance expectancy. In contrast, effort expectancy refers to the effort that the consumer is expected to put into learning and running e-commerce is called effort expectancy. The degree to which a person believes that essential others believe that he or she can use e-commerce, on the other hand, is known as social influence. Finally, enabling requirements to

apply to the provision of assistance to users in terms of computer hardware and software required for e-commerce operations (Kholoud, 2009; Venkatesh et al., 2003).

Customers' attitudes toward M-banking use were significantly affected by apparent ease of use, perceived utility, perceived self-efficacy, and supposed reputation, according to their application of TAM to research adoption of M-banking in Kenya. However, there was no statistically significant connection between perceived usefulness and adoption attitudes. TAM is applicable and relevant in this research because e-commerce adoption in SMEs can be impacted by the perceived ease of use and perceived usefulness. TAM is applicable as it considerably impacts aspects like external control perceptions, image, and computer anxiety, which all affect e-commerce adoption (Lip-Sam & Hock-Eam, 2011).

### **Perceived E-Readiness Model**

The model was developed by Licker and Molla (Mutua, Oteyo & Njeru, 2013). The interactionism paradigm inspired the theoretical foundation of the Perceived E-Readiness Model (PERM). Molla and Licker proposed that a multi-perspective assessment of managerial, internal organizational, and external contextual elements might provide a useful predictor of electronic commerce adoption in developing nations, based on this approach. For the context of developing economies. The model considers the internal factors in the organisation called perceived organisational e-readiness (POER) and external factors called perceived e-readiness (PEER) as vital for the adoption of e-commerce. According to Lip-Sam & Hock-Eam, (2011), POER entails the following elements: the organisation's awareness, understanding, and forecast of e-

commerce and its possible risks and benefits (imperative innovation attributes), its managers' engagement, and vital organisational elements such as personnel, procedures, and business infrastructure.

The PEER represents a company's evaluation and assessment of the factors in the external environment like the e-readiness of governments, e-readiness for market forces, and e-readiness for support industries. According to Lawrence & Tar (2010), PERM can help companies in the developing economies point out, measure, and manage the risks existing in the activities of e-commerce adoption (Lawrence & Tar, 2010).

Studies conducted in China validated and tested the perception of the e-Readiness Model. They realised that most problems associated with B2B e-commerce are related to the perception of

social-cultural factors and Organisational e-readiness (Aljifri et al., 2003). PERM addresses e-commerce institutionalisation and includes detailed external environmental and internal organisational concerns, thus is more comprehensive than previous models. It is more critical to the environment of developing countries than earlier models since it was created explicitly to take into account contextual variables in developing countries (Tan et al., 2007).

Few models have covered e-commerce institutionalisation, so PERM is well recognised for including it. However, one of PERM's weaknesses is that it leaves out essential industry features like sector and firm scale. Furthermore, when applying for PERM, the failure to capture employees' educational backgrounds is a problem. According to PERM, individual factors have little impact on e-commerce adoption, which emphasises organisational characteristics as essential to e-commerce in the organisation. Slight firm peculiarities are also missed by PERM (Parker & Castleman, 2009; Drew, 2003). Perceived e-readiness Model that explains how people perceive new technology, their rate of adoption and this is related to the research as it would explain the factors and adoption of e-commerce in Natete Trading Centre and how it affects the performance of SMEs (Mutua, Oteyo & Njeru, 2013). Basing from the discussion, the PERM theory depicts how information storage has been adopted in e-commerce by various enterprises across Murang'a county.

### **Unified Theory of Acceptance and Use of technology**

Venkatesh and other scholars created the theory. The theory aims to explain users' intentions to utilise information systems and users' successive behaviour. The main idea behind the theory is that there are four main concepts called; facilitating conditions, social influence, effort expectancy and performance expectancy. Experience, gender, and age and the willingness to volunteer of the users are suggested to control the effect of the four major constructs on usage and behaviour (Ramanathan, Ramanathan, & Hsiao, 2012).

UTAUT has been used or modified to better understand the uptake of e-commerce in poor nations. Ndayizigamiye (2012), for example, used UTAUT to investigate the factors that influence e-commerce adoption in South Africa, employing a sample of 180 SME's. Wachama et al. (2014) praised the UTAUT

model for its ability to explain more than 70% of technological acceptance behavior compared to other models that only explain 40%, as well as its ability to

predict the adoption of impending new technology. The figure below illustrates key features of UTAUT;

## CONCEPTUAL REVIEW

### E-commerce Adoption

E-commerce is the purchasing and selling of goods or services over electronic platforms like computer works and the internet (Akanb & Akintund, 2018). Electronic commerce is characterised as using a variety of technology, including electronic funds transfer, Internet marketing, supply chain management, online processing of transactions, inventory management systems, electronic data interchange (EDI), and automated systems of collecting data. Modern e-commerce often employs the World Wide Web (WWW) at some point during the transaction's life cycle, though it can often employ other technology such as mobile devices, e-mail, and telephones. Turban et al. (2008) differentiate between offline and online e-commerce, the latter of which involves purchasing and paying for services or goods using. For instance, a smart card via vending machines and transactions conducted over networks like local area networks (LANs), single computerised devices, or even intranets.

Turban (2010) notes that e-commerce technology is widely acknowledged and has several potential benefits for entrepreneurs. Some of the main benefits uncovered by the existing e-commerce literature are; reduced costs, increased efficiency, increased revenue, expanded consumer scope, reduced time processing, and increased customer loyalty. The benefits of e-commerce are presumed to be amongst the reasons that have made it famous among companies, as shown by the dramatic increase in e-commerce users' year over year.

According to a study by IDC (2011), 624 million users of the internet purchased products online in 2009, generating approximately \$8 trillion in earnings; by the end of 2013, that figure was expected to have risen to more than \$16 trillion in transactions. Asia is also experiencing tremendous growth. The number of internet users rose significantly between 2000 and 2015, according to data published by The Internet World Statistics (2015). In June 2015, 1.56 billion people in Asia used the internet, compared to 114 million in 2000. Scholars like Govindaraju et al. (2015); Alam et al. (2011); Chiliya et al., (2011) point out that large corporations, on the other hand, are driving the increased use of e-commerce by enterprises. The adoption of e-commerce by SMEs lags behind that of more giant corporations. **Performance of SMEs**

Njau and Karugu (2014) surveyed the impact of electronic marketing on the Output of SMEs in Uganda. The analysis used a survey research template and a simple random sampling method to select a sample that matched the entire population to obtain data from respondents. SEO marketing, blog marketing, mail marketing, and the use of online ads all had a positive effect on the success of SMEs in Uganda, according to the results of the study. On the other hand, the research did not consider other E-commerce elements,

including user skills, computing infrastructure, e-commerce service, and e-commerce information, that this study did.

Musa et al. (2016) focused on social media marketing and the success of online small and medium businesses from Ugandan, Indians and Chinese small and medium enterprises. The study used a descriptive research design with quantitative data as the basis for interpretation. The study looked at how SME performance is influenced by brand recognition and image, consumer engagement, and customer brand attitudes. The study's findings revealed that using social media platforms for online marketing has boosted SME success in Uganda. However, the study was carried out among Ugandan, Indians and Chinese SMEs, while the current study only looks at SMEs in Natete Trading Centre.

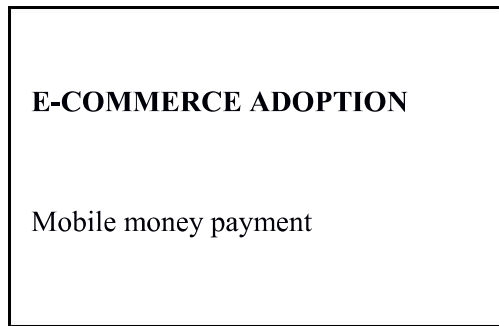
Sheikh, Shahzad, and Ishaq (2017) investigated the growth of e-marketing in the business-to-business industries and its impact on business performance in Pakistan. Cross-sectional data from 257 manufacturing firms in Pakistan was used in the study. The normality test found a statistically significant relationship amongst innovation strategy, managerial support, e-marketing use, and firm performance in Pakistan. The previous analysis used secondary data from marketing studies, while this used a combination of primary and secondary data.

The fast growth of the Internet has resulted in an upsurge in the adoption of e-commerce business models by businesses worldwide. Improvements in operating productivity, increased sales, and the ability to use e-commerce as a platform to gain competitive advantage are all possible benefits of SMEs embracing e-commerce (Dan, 2014). In today's global economy, SMEs are a critical market. SMEs account for more than 95 per cent of all businesses globally, contribute roughly 50 per cent of GDP and recruit 60 per cent to 70 per cent of the workforce (International Trade Centre, 2015).

Small and medium-sized business owners, it has been stated, face significant challenges in adopting electronic commerce. Limited resources and technological skills, the size and affordability of information technology, and the ease of implementation within increasingly increasing and evolving organisations are some of the challenges they face (Raisinghani et al., 2005; Wanjau et al., 2012). Standard solutions designed for large, stable, and globally focused businesses do not work well for small, dynamic, and locally-based firms that are popular in developing countries (Wang and Cheung, 2004).

## CONCEPTUAL FRAMEWORKS

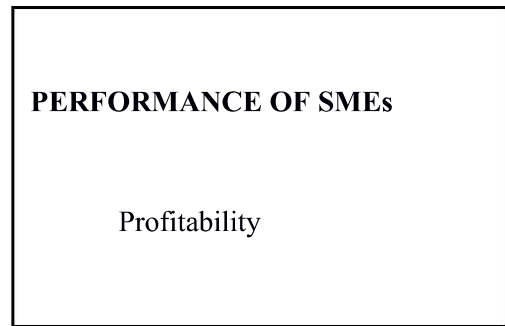
### Independent variable



E-shopping

E-tax payment

### Dependent Variable



Market share

liquidity



**Source: Developed by the Researcher 2024**

The conceptual framework in figure fig1 presents the relationship between the Independent variable (E-Commerce) and the dependent variable (performance of SMEs). The illustration depicts that Ecommerce models such E-commerce is the main factor we're looking at. It includes: Mobile Money Payment, Using mobile phones to make financial transactions, E-Shopping, E-Tax Payment which Paying taxes online which could perhaps influence the performance of an organization as the dependent variable which includes Profitability, Market Share and Liquidity.

## METHODOLOGY



This study employed a descriptive survey research design. Lavrakas (2008) describes a descriptive survey research design as a systematic research method for collecting data from a representative sample of individuals using instruments composed of closed ended and/or open-ended questions, observations, and interviews. It is one of the most widely used non-experimental research designs across disciplines to collect large amounts of survey data from a representative sample of individuals sampled from the targeted population.

The study was conducted at Natete Trading Centre in Kampala, Uganda. The researcher chooses this area of study because it is the good for SMEs business activities amongst the very many operators in the country.

The target population comprised of 200 SMEs business operators and their clients as well. The sample size was 132 and was broken into different categories of respondents that is to say, top management made up 4, SMEs employees 36, customers 62 and the ecommerce service provider made up 30. The above date is based on the information provided by Nateete Business Centre. The sample size above was determined by the Krejcie and Morgan Table. The researcher used primary data which was found directly from the response of the clients and the employees of business enterprises from Natete Trading Centre. The secondary data was also used for existing information about the study variables was done in the text books, newspapers, journals and other hand written materials to find out the required information about the variables by the researcher.

## FINDINGS

**Table 1 Correlations between E-commerce adoption and performance of SMEs**

|                     |                     | E-commerce adoption | Performance SMEs |
|---------------------|---------------------|---------------------|------------------|
| E-commerce adoption | Pearson Correlation | 1                   | .967**           |
|                     | Sig. (2-tailed)     |                     | .000             |
|                     | N                   | 132                 | 132              |
| Performance of SMEs | Pearson Correlation | .967**              | 1                |
|                     | Sig. (2-tailed)     | .000                |                  |
|                     | N                   | 132                 | 132              |

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

*Source: Output from SPSS*

In Table 1, the study revealed a very strong significant positive relationship between E-commerce adoption and performance of SMEs ( $r=.967$ , sig. 0.000), implying that e-commerce will have an impact on performance of SMEs. It's significant because the significant level is above the stated significant of 0.000 hence making e-commerce a great attribute towards Performance of SMEs.

**Table 4.2 Correlations between mobile money payments and performance of SMEs**

|                                  |                     | Impacts of mobile money payments | Performance of SMEs |
|----------------------------------|---------------------|----------------------------------|---------------------|
| Impacts of mobile money payments | Pearson Correlation | 1                                | .889**              |
|                                  | Sig. (2-tailed)     |                                  | .000                |
|                                  | N                   | 132                              | 132                 |
| Performance of SMEs              | Pearson Correlation | .889**                           | 1                   |
|                                  | Sig. (2-tailed)     | .000                             |                     |
|                                  | N                   | 132                              | 132                 |

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

*Source: Output from SPSS*

Table 4.2, the correlation results shows a very strong positive relationship between mobile money payments and performance of SMEs ( $p\text{-value}=0.889$  & sig. at 0.000) since the Pearson value is positive. This means that mobile money payment impacts the performance of SMEs.

**Table 4.3 Pearson correlations on e-tax payment and performance of SMEs**

|                           |                     | Effects of e-tax payments | Performance of SMEs |
|---------------------------|---------------------|---------------------------|---------------------|
| Effects of e-tax payments | Pearson Correlation | 1                         | .878**              |
|                           | Sig. (2-tailed)     |                           | .000                |
|                           | N                   | 132                       | 132                 |
| Performance of SMEs       | Pearson Correlation | .878**                    | 1                   |
|                           | Sig. (2-tailed)     | .000                      |                     |
|                           | N                   | 132                       | 132                 |

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

**Source: Output from SPSS**

From table 4.3 above, A correlation analysis was carried out where findings in the table 4.14 indicate a very positive relationship of  $r=0.878^{**}$ ,  $P=0.05$  between e-tax payment and performance of SMEs.

**Table 4.4 Correlations between E-shopping factors and performance of SMEs**

|                     |                     | E-shopping | Performance SMEs |
|---------------------|---------------------|------------|------------------|
| E-shopping          | Pearson Correlation | 1          | .967**           |
|                     | Sig. (2-tailed)     |            | .000             |
|                     | N                   | 132        | 132              |
| Performance of SMEs | Pearson Correlation | .967**     | 1                |
|                     | Sig. (2-tailed)     | .000       |                  |
|                     | N                   | 132        | 132              |

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

***Source: Output from SPSS***

In Table 4.4, the study revealed a very strong significant positive relationship between E-shopping and performance of SMEs ( $r=.967$ , sig. 0.000), implying that E-shopping will have an impact on performance of SMEs. It's significant because the significant level is above the stated significant of 0.000 hence making E-shopping a great attribute towards Performance of SMEs.

## **DISCUSSION OF FINDINGS**

### **Mobile money payment and performance of SMEs**

The findings revealed that there is a strong positive relationship between mobile money payment and performance of SMEs. This is in line with Omwansa (2009) who states that, the speed and safety of mobile money payments has enabled quick and easy transfer of money. This has sparked the growth of various economic activities, especially in the rural areas, through increased money circulation boosting local consumption. It is likely that reduced costs and increased efficiency and reliability of the systems have enabled more people to send money to the rural areas increasing economic activities in those places (Zutt, 2010).

### **The effect of e-tax payments on performance of SMEs**

The findings revealed that there is a strong positive relationship between E-tax payment and performance of SMEs. This is in agreement with OECD, 2020, states that one of the primary advantages of e-tax payments is the improvement in compliance rates among SMEs. Traditionally, many small enterprises struggle with tax compliance due to a lack of resources and knowledge regarding tax regulations. E-tax systems streamline the process, offering user-friendly interfaces that simplify tax submissions and payments. This increase benefits enterprise by reducing the penalties and fines associated with late or incorrect filings, thereby distilling a sense of financial security.

### **The impact of e-shopping on the performance of SMEs**

The findings revealed that there is a strong positive relationship between E-shopping and performance of SMEs. This is in agreement by Berger (2021), while e-shopping improves access to consumers, it also necessitates SMEs to invest in digital marketing strategies to remain competitive. Social media advertising, search engine optimization, and online promotions become critical for visibility. This investment in digital marketing can strain the financial resources of SMEs, which may already be operating on tight margins. Successful SMEs often find innovative ways to leverage low-cost digital tools. For example, a local bakery might use



Instagram to showcase their products and attract customers, which illustrates that with creativity, SMEs can thrive despite the challenges presented by e-shopping dynamics

Furthermore, according to International Trade Centre, 2021 from the related literature review asserts that, E-shopping has expanded market reach for SMEs, allowing them to tap into a global customer base. Prior to the rise of e-commerce, SMEs were often confined to local markets. For instance, a small artisan coffee producer could only sell within their immediate geographical area. However, with the rise of websites and social media platforms, these businesses can now reach customers from across the world.

## **Conclusion**

### **The impact of mobile money payment on performance of SMEs**

This study concludes that mobile money payments have positive influence on the performance of SMEs.

It is concluded that a relationship of networks of social interactions, the need and desire to coordinate financially with friends, relatives and businesses, and progressive desertion of other alternatives like banks and Western Money Union lead to a form of power that acts on all Ugandans both users and non-users of mobile money. Therefore, mobile money significantly impacts on the ability of a household to spread risks as a result of reduced transaction costs compared to households without mobile money who are likely to suffer a drop in consumption when hit by a negative income shock.

It is asserted that, mobile money payments can serve as a tool for economic development, they can improve consumer and producer welfare and larger economic development in developing countries, but the impact of m-money systems on microeconomics and macroeconomics outcomes is a rich area of research. Therefore, it is concluded that and asserted that sending money through mobile phone is much cheaper than using banks and other money transfer channels like securical firms. The lower transaction costs benefit is passed on to consumers

### **The effect of e-tax payment on the performance of SMES**

The study's conclusion, show that taxpayers may quickly obtain tax information through electronic tax systems, which not only reminds them of their tax obligations but also makes it

simpler for them to fulfill their engagement without running into extra problems or costs. Businesses can calculate their required tax payments more quickly and precisely by using an electronic tax system. The technology also provides a more convenient way to make payments online, doing away with the need to visit banks and offices in person. It also provides information to taxpayers on the consequences of not filing taxes on time.

Tax enforcement is made simpler by the use of electronic tax systems. Through the provision of advantageous conditions that lessen tax burdens and improve tax compliance, tax authorities help taxpayers more effectively. In addition to offering the required information, tax authorities also want to facilitate taxpayers' tax filing by setting up a platform that eliminates the need for them to relocate far from their place of residence.

### **The effect of e-shopping on the performance of SMES**

In conclusion, the study asserts that online shopping has transformed lives and is an unusual experience. Therefore it is concluded that, the impact of Online Shopping on Small Malls has made the development of internet shopping and has affected foot traffic and sales in malls. It is concluded in the study that emphasizes how malls have adapted to compete with e-commerce's ease, variety, and affordable prices by using techniques like experiential retail and technology integration.

## **RECOMMENDATIONS**

### **The effect of mobile money payments on the performance of SMEs**

The study recommends that SMEs should put emphasis on mobile payments in order to make business to business transfer when making purchases from suppliers, customer to the business transfers when customers buy goods from the business and for debt collection for credit sales so as to ensure improved performance and growth.

SMEs should use mobile finance services so as to assist them to pay for their insurance premiums, accumulate assets and obtain credit.



SMEs should also use mobile money banking (mm-banking) to undertake financial transaction linked to their account and have access to services such as performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device.

### **The effect of e-tax payments on the performance of SMEs**

Based on the study's findings, certain recommendations can be made to improve performance.

The tax authority like Uganda Revenue Authority (URA) must to implement more programs aimed at raising taxpayer awareness of electronic taxes by supplying them with comprehensive information about the technology, along with details on its advantages and disadvantages. It is recommended that they offer instruction and guidance on the proper adoption and management of the electronic tax system.

To lessen the burden on taxpayers and promote their tax compliance, the tax authority should implement a system that enables them to pay their tax obligations in installments over a certain period of time rather than paying the entire amount at once.

Small and medium-sized firms should receive instruction from the tax authority on how to run the electronic tax system and how it improves overall business performance.

### **The effect of e-shopping on the performance of SMEs**

It is suggested that the practice of online buying platforms is on the rise for business owners. Hence, suggesting a market niche where in-store and online options coexist without appreciable differences in preferences.

Business owners have changed their pricing methods to remain competitive with online merchants, based on the analysis, which shows that they are taking a proactive approach to addressing the issues raised by e-commerce. Therefore, emphasis should be put on how pricing tactics are dynamic in the context of online buying, as companies must adjust to be competitive and relevant in the virtual marketplace.

There is need for small firms need to modify their methods to cultivate client loyalty in the aspect of a changing market influenced by the popularity of online purchasing. This is because, the majority of business owners agree that it is now more challenging for their small firms to retain a loyal consumer base due to internet purchasing. This sentiment is probably a result of how simple it is to use and wide range of options that consumers get through online platforms, which makes it harder for companies to keep clients who may be persuaded by appealing offers and experiences.

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