

**INFLUENCE OF E- COMMERCE STRATEGY ON PERFORMANCE OF
BEAUTY PRODUCTS BUSINESSES IN NAIVASHA TOWN, NAKURU
COUNTY, KENYA**

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DECLARATION

This research report is my original work and has not been presented for any award in any other University.

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DEDICATION

This research project is dedicated to my daughter, Laurine Njambi who has been a source of joy and encouragement in my life. It is also dedicated to my loving father and mother, Mr. David Nderitu and Mrs. Agnes Nderitu, you have always been a shoulder to lean on throughout my life and will forever be indebted to you.

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ABBREVIATIONS AND ACRONYMS

| | |
|----------------|----------------------------------------------------------|
| IDT | Innovation Diffusion Theory |
| MMA | Midlands Meander Association |
| NACOSTI | National Commission of Science Technology and Innovation |
| SPSS | Statistical Package for Social Sciences |

ABSTRACT

The purpose of this study was to investigate the influence of e-commerce strategy on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya. The study was guided by four research objectives. Objective one sought to establish the influence of E payment on performance of beauty products businesses; objective two aimed at determining the influence of E-procurement on performance of beauty products businesses, objective three sought to establish influence of E-selling on performance of beauty products businesses while research objective four aimed at establishing the influence of E-banking on performance of beauty products businesses in Naivasha town. The study used descriptive survey design. The target population consisted of all the 65 registered beauty products shops in Naivasha town. The sample was 65 respondents which was selected using census. The study used a questionnaire and interview schedule to collect data. Data was analysed using descriptive statistics such as frequencies and percentages and person's correlation coefficient. Findings on the influence of E-payment on performance of beauty products businesses revealed that there was a significant and positive relationship between e-payment and business performance. This was shown by a Pearson's correlation coefficient of r , was 0.71, $n = 44$ which was statistically significant ($p = 0.01$). It was revealed that 43 (69.4%) used E-payment. Findings also revealed that 45 (72.6%) indicated that their businesses requested customer to pay on their page. It was also revealed that 42 (67.7%) had advertised online. Findings revealed that there is a relationship between e-procurement with business performance among beauty shops in Naivasha town. ($r = 0.784$). It was also revealed by 40 (64.5%) that the adoption of E-payment made getting more customer easy. Findings also revealed that there was a significant and positive relationship between E-selling and business performance. Majority 43 (69/4%) indicated that adoption of E-sales eased service delivery and operating systems in their business. Findings also revealed that E-banking had an influence on performance of beauty products businesses ($r = 0.711$). Majority 37 (59%) indicated that E-banking had increased performance. Based on the findings, the study concluded that E-payment influenced performance of beauty products businesses. The correlation was strong and positive relationship in both e-payment and business performance. The study also concluded that E-selling influenced business performance of beauty products businesses. Majority indicated that e-sales had influenced timely delivery of goods and services. The study also concluded that E-banking influenced performance of beauty products businesses. Majority indicated that E-banking had increased performance. Data on the rating of the extent of e-banking on business performance showed that the respondents indicated that e-purchase had influenced business performance to a moderate extent. E banking was rated as the highest mode of transacting business both for the customers and for the business owners. E banking was very efficient in transacting business and had really improved their business. The study concluded that e-commerce strategy on performance of beauty products businesses in Naivasha town, Nakuru County. The study recommended business owners should invest more on E-payment on performance of beauty products businesses. It was also recommended that since E procurement had an influence on business performance, the business owners should encourage their customers to make payments online.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Trading of goods and services for other goods or for money is central to the concept of human socialization (McMillan, 2002). The existence of market places in human society has a long history from before the Agora of Ancient Greece to the online trading places of the 21st century (McMillan, 2002). The 1990s have seen an explosive performance of networks and information systems that cross organizational boundaries, these systems can bring together buyers and sellers in a market. The result is electronic commerce or e-commerce (Bakos 2008; Malone 2010).

Electronic commerce (e-commerce) can be defined as any business transaction which includes the process of buying, selling, transferring or exchanging products, services, or information using electronic data transmission via the Internet (Grandon & Pearson, 2004). 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. 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 Kenya. Electronic money primarily involves the use of internet; computer networks and the digitally stored value to pay for online transitions hence sustain e-commerce. Examples of e-money are payment processors, digital

currencies, bank deposits, direct deposits and Electronic Funds Transfer (EFT) (Dillon, 2001).

The internet which is the main e-commerce tool has been recognized as a key business resource and is increasingly being used and integrated into firm's commerce activities. Brodie *et al* (2007) found that adoption of e-commerce is positively associated with commerce performance and more so on customer acquisition and retention. An analysis of e-commerce performance in the beauty and personal care products reveals that sales acceleration is apparently driven by consumer demand. This is a product of the increasingly sophisticated supply-side activity that are able to evolve their digital capabilities to overcome barriers to adoption (Hakala, Svensson & Vince, 2012).

E-commerce refers to the application of commerce principles and techniques via electronic media and more specifically the internet (Ball and Duval, 2001). It is a management process whose aim is to establish and maintain long-term relationship with customers. E-Commerce is similar to the traditional ways of commerce but entirely electronic, it involves the building of a strategy that enables a business to create awareness for its products and services and channel its communication almost instantaneously to the right audience. It consists of all activities and processes with the aim of finding, winning, attracting and retaining customers. What has changed is its wider scope and options as compared to the usual commerce methods.

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 on performance of beauty products businesses in Kenya. For this to happen, a number of factors need to be considered. These factors determine the fate and performance of the business (Turban et al., 2005).

Coviello, Milley, and Marcolin (2001) suggest that E-commerce in beauty products as an innovative technology-based activity, has been considered as one of the main aspects of commerce practice that involves using the internet and other interactive technologies to create and mediate dialogue between the firm and its customers. A survey of 800 American women who shop online for beauty products explored their purchasing behavior in the context of in-store versus online purchasing. Fifty five percent of respondents were very comfortable shopping for most of their beauty needs online. More importantly, they shared their views and purchasing experiences on social networks (Higgins, & Scholer, 2009). Motivated by the ability to compare prices, take advantage of special promotions and discover new beauty products, these shoppers report buying more online than a year before. In the same study, 36 percent of respondents also researched on beauty and personal care products online, but they generally preferred shopping in a store (Kivetz & Simonson, 2000).

Effective e-commerce can enable the firm to obtain competitive intelligence and organizational capabilities that facilitate effective commerce decisions for proper

positioning in the industry (Olalekan, 2009). Consumer of beauty products trust and loyalty are crucial and major components of beauty and fashion commerce. The adoption of e-commerce such as use of the social media in the fashion industry has given the average person access to breaking trends and speeds faster than ever before. At the same time consumers feel entitled. E-commerce in beauty shops business is used to reduce transaction costs associated with conducting business, such as providing information about products and services. In addition, companies can use the worldwide web to offer a wider variety of products to a larger audience at lower prices compared to products found in a physical setting (Couclelis, 2004).

A study carried out by Kiprotich (2012) on the relationship of e-commerce practices and performance of microfinance institutions in Kenya, found that e-commerce is the most effective and efficient commerce strategy of modern firms regardless of its challenges of adoption in the organization. Ondati (2011) conducted a study to establish influence of technology on the performance in manufacturing industries in Kenya. He found that technology is the only strategy companies can use to enter global markets and outsmart their competitors while Nyaanga (2007) carried out a research on e-commerce adoption and business process management in commercial banks in Kenya. Wataku (2007) on the other hand studied on the extent to which the adoption of e-commerce has facilitated business clearing and forwarding firms in Nairobi while Kiyeng (2003) did a survey of the impact and challenges of business e-commerce in Kenya, and focused on e-sokoni. The findings indicated that network and customers not having the required type of phones were the main challenges. The adoption of e-commerce may give a great opportunity to expand sales and increase the customer base for the beauty products business. Its application in

beauty products businesses would benefit the enterprises in the way they communicate, and how they achieve their commerce objectives thus improving efficiency of their operations.

1.2 Statement of the Problem

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). The application of theory to the understanding of performance of products, e-commerce environments is still lacking especially in developing countries. According to (Castleman, 2009) the theory that explains e-commerce adoption, the performance of beauty products must embrace the e-commerce. To address this gap, the study aims to advance the understanding of e-commerce adoption from the 'inside' of a business to bring to light the issues that can explain e-commerce adoption by the beauty products business. Given the high competition on beauty products businesses, it is not known of any other research that has been carried out on e-commerce and the e-commerce strategy on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya. They are about 65 beauty shops in Naivasha town who are not fully using e-commerce. This study therefore aimed at establishing the influence of e-commerce strategy on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya.

1.3 Purpose of the study

This study sought to investigate the influence of e-commerce strategy on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya.

1.4 Research objectives

The study was guided by the following objectives:

- i. To establish the influence of E payment on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya
- ii. To determine the influence of E-procurement on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya
- iii. To establish influence of E-selling on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya
- iv. To establish the influence of E-banking on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya

1.5 Research questions

The study aimed at answering the following research questions

- i. What is the influence of E payment on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya?
- ii. How does E-Procurement influence performance of beauty products businesses in Naivasha town, Nakuru County, Kenya
- iii. To establish influence of E-Sales on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya?
- iv. How does E-Banking influence performance of beauty products businesses in Naivasha town, Nakuru County, Kenya?

1.6 Significance of the study

Findings of this study would be significant to a number of people and institutions. First, the findings may be important to the entrepreneurs since they might use the findings of the study to improve their commerce strategy using the e-commerce. The findings may also be important to other business people who will realize the advantages of e-commerce and hence embrace it to their advantages. The findings may also be important to service providers who provide internet service to improve and make online platform more efficient to the advantage of entrepreneurs. The findings may guide other business organizations and management about the underlying factors that prevent incorporating online commerce practices into their business operations. In addition, this study may contribute to the limited body of knowledge that exists on production and e-commerce adoption. Lastly the findings maybe important to students who would wish to conduct studies in this area since the findings of the study will be a source of information.

1.7 Delimitations of the study

According to Mugenda and Mugenda (2003), delimitations are the boundaries of the study. The study was carried out to establish the influence of e-commerce strategy on performance of beauty products businesses in Naivasha Town centre, Nakuru County targeting only the registered beauty products shops. Although there are many advantages of e-commerce, the study was delimited to the influence of on customer base, sales volume, increased profits and timely delivery of goods and services. The study was delimited to beauty products businesses in Naivasha town, Nakuru County, Kenya.

1.8 Limitations on the study

Limitations of a study are the conditions that may affect the study and who's the researcher has no control over (Best and Khan, 1998). In this study, one of the limitations is that the researcher was not able to control the attitudes and perceptions of the respondents on the study. This is because at times the respondents may provide what is called socially acceptable responses in a bid to please the researcher. To minimize this limitation, the researcher in this study requested the respondents to be honest in the way they responded to the questionnaire items. The researcher also assured the respondents that their identities would remain confidential.

1.9 Assumptions of the study

Several assumptions were made in this study. First, study assumed that the respondents in the study had the knowledge of the E commerce and are using the various strategies. Secondly, it was assumed that rapid establishment of beauty and care shops has necessitated use of new methods of marketing which includes E-commerce. The study----- assumed that the respondents who would fill the questionnaires and give true and honest responses. Lastly the study assumed that all respondents would co-operate and honestly respond to all questions.

1.10 Definition of significant terms

Customer base refers to the group of customers who repeatedly purchase the beauty products of beauty products businesses

E-commerce refers to use of technology in doing business. It is the sale of goods and services over computer networks by methods specifically designed for receiving or placing of orders

Performance a stage where the beauty products businesses reach the point for expansion and seeks additional options to generate more profit.

Profits refers to a financial gain, especially the difference between the amount earned and the amount spent in buying, operating among the beauty products businesses

Sales volume refers to the quantity or number of products sold or services provided by beauty products businesses in a particular period of time

Timely delivery of goods refers to delivering beauty products to the customers at the time they require them

1.11 Organisation of the study

This study is organized into five chapters. Chapter one of the study presents the background to the study, five chapters. Chapter One consists of the background of the study, the statement of the problem, purpose of the study, objectives of the study, research questions, significance of the study, limitations of the study, delimitations of the study, basic assumptions and definitions of significant terms. Chapter two covers literature review based on the objectives, theoretical framework, conceptual framework, gaps in reviewed literature and summary of literature. Chapter Three presents the research methodology which has aspects of the research design, target populations, sample and sampling techniques, research instrumentation, validity and reliability of the research instruments, data collection procedures data analysis techniques and ethical considerations. Chapter Four focusses on data analysis and presentation of findings, while Chapter Five focusses on summary and discussion of findings, conclusions and recommendations. Suggestions for further study are also presented.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review. The chapter focuses on the concept of E-commerce, the influence of E payment on performance of beauty products businesses, the influence of E-Procurement on performance of beauty products businesses, the influence of E-Purchase on performance of beauty products businesses, influence of E-Sales on performance of beauty products businesses and the influence of E-Banking on performance of beauty products businesses. The chapter also presents the theoretical framework and conceptual framework for the study. Lastly the chapter presents research gaps and summary of literature review.

2.2 Concept of E-commerce

The internet is a vast and beautiful entity that allows unprecedented access to information, the likes of which we have never seen before. Never has one had as much access to knowledge as today, and that's thanks to the internet. Not only is the internet a giant repository of information, it is also a vast marketplace. Never has the world's market been so easily accessible to individuals and businesses all over the world. The internet has changed the way we do business forever. These days, e-commerce has become as common place as watching television. It's something that many people do every single day and probably couldn't imagine their lives without. There are lots of people that started out with small local business who have used e-commerce to boost sales and make up a large part of their income. It's exciting to see that this entirely new system of doing business only came

into existence a few decades ago. It's amazing to see how far it's come, and even more exciting to speculate how it will advance in the future (Sheng-Wei & Hsin-Pin, 2012).

Initially, the term e-commerce was the process of execution of commercial transactions electronically with the help of the leading technologies such as Electronic Funds Transfer (EFT) and Electronic Data Interchange (EDI). These technologies gave an opportunity for users to exchange business information and do various electronic transactions. These abilities came up in the 1970's which then allowed business companies and organizations to send documentation electronically. Although the Internet began to advance in popularity among the public in 1994, it took approximately four years to develop the security protocols (for example, HTTP) and DSL which allowed rapid access and a persistent connection to the Internet. In 2000, a great number of business companies in the United States and Western Europe represented their services in the World Wide Web. Now, the meaning of the word e-commerce was changed.

People began to define the term e-commerce as the process of purchasing of available goods and services over the Internet using secure connections and electronic payment services. Although the dot-com collapse in 2000 led to unfortunate results and many of e-commerce companies disappeared, the "brick and mortar" retailers recognized the advantages of electronic commerce and began to add such capabilities to their websites (e.g., after the online grocery store Webvan came to ruin, two supermarket chains, Albertsons and Safeway, began to use e-commerce to enable their customers to buy groceries online). By the end of 2001, the largest form of e-commerce, Business-to-Business (B2B) model, had around \$700 billion in transactions (Schaupp & Weiguo, 2008).

The commencement of E commerce takes us back to the 1960s, shortly after that, almost all innovative electronic applications was introduced just about the late 70s (Turban, King, Lee, & Viehland, 2004). An additional improvement which was later introduced known as the Electronic Data Interchange (EDI), made it possible for businesses to conduct transactions such as purchase orders and invoices to be transferred between two or more organizations using standard procedures and documents (Papazoglou & Ribbers, 2006). The internet was started by the US Government in the late 1960s to assist scientific researches and matters of academia (Senn, 2004).

E commerce is the process of buying, selling, transferring or exchanging products, services and information based on conditions such as ease of internet and e-mail availability and the use of World Wide Web to enhance business activity (Turban, King, Lee, 2008). E-commerce allows enterprises to sell products, advertise, purchase supplies, reducing the expenses, time, distance and space in carrying out business activities which leads to better customer service, increased efficiency, improved products and high profits for the enterprises. Through its use, many enterprises are able to gain a competitive advantage by selling their goods and services directly as well as for communicating with suppliers, customers, creditors, partners, shareholders, clients and competitors around the world (Lee & Viehland, 2008).

Coviello, Milley, and Marcolin (2001) suggest that E-commerce as an innovative technology-based activity, has been considered as one of the main aspects of commerce practice that involves using the internet and other interactive technologies to create and mediate dialogue between the firm and its customers. E-commerce provides customers access to information while the use of interactive technologies allows these customers to

provide information to the business (Brodie, Winklhofer, Coviello and Johnston, 2007). E-commerce tool has been recognized as a key business resource and is increasingly being used and integrated into business commerce activities. Brodie *et al* (2007) found that adoption of e-commerce is positively associated with commerce performance and more so on increasing customer base and organization performance. Effective e-commerce can enable the business to obtain competitive intelligence and organizational capabilities that facilitate effective commerce decisions for proper positioning in the industry (Olalekan, 2009).

E – Commerce has several advantages over the traditional commerce. For instance, it is very economical and fast way to promote products while traditional commerce is very expensive and takes more time to promote product. E- Commerce is very useful in promoting products globally without any additional cost unlike traditional commerce which is very expensive and time consuming. In e- commerce, an organization can also work with fewer employees while in traditional commerce the organization needs more employees with more man power translating to spending more money. Low annual budget to ICT investments, cultural deficiencies, lack of cooperation and trust between organization, lack of relevancy of adoption to the organization and design of e- commerce are considered barriers in North America, Britain, Italy, North Ireland and Netherlands (Shiels et al 2006).

2.3 E-payment and performance of beauty products businesses

In electronic payment system is a process that describes how value (usually money) is exchanged for goods, services or information. There are many ways to pay for goods electronically, such as by using credit cards, e-cash, e-cheques and stored value cards. The most popular form of payment over the internet is via credit card. Banks all over the world have invested in magnetic strip card technology to ensure that processing credit cards and cheques is done efficiently, securely and quickly.

E-commerce has become a rapidly growing market today. With the proliferation of tablets and smartphones, the use of electronic payment of beauty products methods has grown up to 21% in 2012 (Rau, 2013). The use of credit cards was the major international means of E- payment that dominated in a variety of beauty products transaction markets. It was estimated that 95% of all e-commerce transactions in the United States are performed using credit cards (Abrazhevich, 2004). Other widely used E- payment alternatives are debit cards (with rising number of users worldwide) and online payment systems of beauty products like Paypal, Stripe or Skrill. With the availability of a variety of electronic payment means including mobile payments, mediating services and electronic currency, an appropriate option can be chosen for a particular type of transaction (Paunov and Vickery, 2006).

In the year 1990, the advent of electronic commerce (e-commerce) introduced a unique way of doing beauty products business to the consumer and business world. Since then, e-commerce has grown and changed incredibly with producing extraordinary benefits for customers and business all around the world. With a large number of beauty products organizations conducting business this way, it has become evident that the field of e-

commerce has a promising future ahead and businesses are going to obtain maximum benefit from it (Abrazhevich, 2004). Most of the popularity gained by e-commerce is due to its online perspective of doing business. It enables buying and selling of goods online, provision of various services and information on the internet and instant exchange of money between transacting parties. Using e-commerce, E- payment have taken the form of exchanging money electronically and are called as electronic payments.

The electronic payment system is considered as the backbone of e-commerce and one of its most crucial aspects of beauty products. It can be defined as a payment service that utilizes the information and communication technologies including integrated circuit (IC) card, cryptography, and telecommunication networks' (Raja et. al., 2008). An efficient electronic payment system lessens the cost of trading and is thought to be essential for the functioning of capital and inter-bank markets. With the advancement of technology, electronic payment system has taken many forms including credit cards, debit cards, electronic cash and check systems, smart cards, digital wallets contactless payment methods and mobile payments and so on (Abrazhevich, 2004)..

Electronic payment systems can vary from simple transactions using magnetic-stripe cards, in which customers details are exchanged for goods or services and an account is sent, to more complex systems where an online purchasing system can debit existing bank accounts of the purchaser and credit bank accounts of the seller. This new form of purchasing has reduced the importance of cash or money as the only form of transaction or exchange of value.

E- payment systems have been in operation such the 1960s and have been expanding rapidly as well as growing in complexity. However, in most of the major industrialized

countries, an inverse relationship exists between the volume and the number of transactions handled electronically. Typically, of business payments around 85-90% or more of monetary value will be processed electronically, while less than 5-10% of the total number of payment transactions will be handled in this way (Crede, A., 1996).

Studying various systems of electronic payments of beauty products business, Koponen (2006) explained that there are a wide variety of online payment systems that have been developed in past few years and these systems can be broadly classified into account-based and electronic currency systems. Account-based systems allow managers of beauty products businesses to make payments via their personal bank accounts; whereas the other system allows the payment only if the consumer possesses an adequate amount of electronic currency. These systems offer a number of payment methods that include electronic payment cards (debit, credit and charge cards), e-wallets, Virtual credit cards, mobile payments, loyalty and Smart cards, electronic cash (E-cash) and stored-value card payments (Raja et. al., 2008).

Paunov and Vickery (2006) gives a description of E- payment methods in their report evaluating the online payment systems for e-commerce, a summary of this description is given here to look at various characteristic features of the most commonly used online payment services. According to Mallat (2007), the adoption of mobile payment methods is dependent upon several factors that affect the beauty products consumers' choice and willingness to make use of latest technology for making payments. Reviewing of literature regarding this topic we have identified certain factors that impact the consumer adoption of E- payment methods either positively or negatively. Advantages of mobile payment systems: Prior studies suggest that E- payment methods provide their beauty products

customers with a number of advantages including location-free access (Laukkanen & Lauronen, 2005), a wide variety of purchase possibilities, an easy alternative to cash payments and timely contact with their financial resources. These advantages have attracted beauty products consumers to make their payments via mobile devices. Convenience: Convenience (or compatibility) is explained as the consistency between an advancement and experiences, values, and need of consumers. An important aspect of compatibility for users to adopt E- payment methods is the flexibility of these systems so that they can be easily integrated into beauty products consumers' daily.

Prior to introduction of M-pesa (m-payment), individuals used a mixture of informal and formal channels such as large businesses. These channels underwent processes that were more expensive in comparison to the current M-pesa mode of money transfer. Anuragi, Tyagi and Raddi (2009) describe this mode as an easier form of cash delivery, affordable and cheap to creditors and suppliers. The costs associated with the sending of money using the mobile payment services is also very low as compared to those from the commercial banks and other money transferring companies (Omwansa, 2009). The cost of the mobile payment services should be low than those of the banks and affordable to the micro-enterprises.

Pagan (2004) states that accessibility (Ability to reach goods and services) is one of the main advantages of mobile payment services. Small and micro-businesses are among the greatest beneficiaries of using mobile payment, particularly the M-pesa. The accessibility of this technology has led to this performance of micro enterprises due to the benefits reaped from the service. Kahora and Arunga(2007) argue that sole beauty products business proprietors and small businesses reaped more benefits by using mobile payment

as they could make savings or access many customers and do more services than before. The M-pesa has several advantages that speed up the performance of micro businesses. M-pesa agents are spread throughout the country more than the bank and therefore majority of the people are accessible to mobile payment services. As at 31st March, 2009, there were 8650 M-pesa agents spread through the country offering the mobile payments services (Annual report, 2008/2009).

The beauty products business operators go to the bank less often and spend more time running their business. This can enhance efficiency and effectiveness of the business since more time is saved and allocated to the running of the business. This type of technology has given birth to a new revolution where banking has been simplified and is reaching a wider population of mobile phone users. The users also include the less privileged who had earlier no access to actual bank accounts in the formal bank (Dovi, 2008).

Nevertheless, many unbanked Kenyans can now receive or send money wherever they are in the country (Omwansa, 2009) Therefore, through mobile payment technology the micro business operators are able to reach goods and services on time, access funds on time and do the business transactions instantly and inexpensively due to easy accessibility. This can be perceived as a subset of perceived usefulness and according to previous studies, influences the performance of business positively.

2.4 E-procurement and performance of beauty products businesses

Procurement refers to a variety of means through which public and private organizations are able to acquire the products and services they require for their operations. Procurement is a function that takes place in the upstream part of the supply chain in order to ensure that the required products or services can be availed to customers. Large amount of money is

spent by organizations to acquire various products and services at various stages of production or service provision(Snider and Rendon, 2001).

E-procurement consists of buying and selling of products and services over electronic systems such as the internet and other computer networks (Mahadavan, 2000). Modern electronic commerce typically uses the World Wide Web at some point in the transactions lifecycle, although it can encompass a wide range of technologies such as e-mail. A small percentage of e-procurement is conducted entirely electronically for virtual items such as access to premium content on a website, but most e-procurement eventually involves physical items and their transportation in at least some way.

Various researchers defined e-procurement differently. Parida and Parida (2005) define e-procurement as a technology solution that facilitates corporate buying using the Internet. Essentially an Internet/Intranet based purchasing application or hosted service that streamlines buying, trading partners, maximizes trade efficiency across the entire supply chain, and provides strategic e-commerce capabilities in Internet time; Process which supports the procurement and sourcing activities via Internet technologies and enables an efficient negotiation between buyers and suppliers (Gimenez and Lourenço 2004). E-procurement of goods and services in a firm (Turban and King 2006); The automation of the procurement processes so that the sourcing, vendor selection, procurement processes, shipment status tracking and payments can be made in an online environment (Bhaskar 2005).

Technology can save time and money and eliminate errors, thereby addressing certain issues associated with changing cultural and social trends; it can also minimize direct customer interaction and any associated service value to be gained (Bitner, 2001).

Technology is being used by businesses today to enhance performance and competitiveness (Anyasi and Otubu, 2009).

Organisations are very often developing and coming up with new products that are aimed at maintaining their customers and more so attract more and have relevance to the market. Technology is one of such products. Technology has for example changed the way for shopping malls perform their businesses. This has led to the introduction of new products and services that are aimed at lowering transaction costs and reaching a larger number of beauty products customers (Mari, 2003; Anyasi and Otubu, 2009; Ayo, Adewoye and Oni, 2010). E-procurement has provided increased efficiency of the way payment is done within the financial sector. At the same time, it could make service industry more convenient and cheaper to their beauty products customers (Porteous, 2006).

E-procurement has improved beauty products business operations, the beauty products business operations function is that part of the organization that is concerned with the management of the business process that produces the goods and services supplied to the customer. These processes of order fulfillment and delivery are the heart of every business as they are the means by which an organization satisfies its customers. A beauty products organization can be considered to have e-operations if it uses information technologies (ICT) in the management of its order fulfillment and delivery processes (Fraser and McDonald 2000).

According to Hawking, Stein, Wyld and Forster (2004), procurement of goods and services represents the single largest cost item for any given enterprise since each dollar a company earns on the sale of a beauty products it spends about \$0.50-0.60 on goods and services.

More capital is spent on the procurement of materials and services to support the business's operations than on all other expense items combined (Hawking et al., 2004).

There are some fundamental things the purchasing company aims to achieve when it comes to purchasing. These include reducing the time, increasing volume with a few preferred suppliers to get better pricing, reducing the time employees spend looking for a beauty product, service or suitable supplier, cost of administering purchases, reducing cycle times as well as limiting choices to only a number of pre-qualified suppliers to ensure quality. E-procurement has been advocated as a tool that can improve competence and organizational performance through data transmission, buyer/supplier collaboration, systems management and billing management. Previous research has shown that e-procurement may indeed contribute to improved organizational performance (Croom and Jones, 2007; Hawking et al.2004).

According to a study carried out by Kipyego (2012) on factors affecting implementation of e procurement system in the beauty products business, costs associated with the implementation of e-procurement were found to have a direct impact on the beauty products businesses. The study further established that training of users and management's support has a positive impact on the Implementation of the e-procurement system; Turnover of the employees' required continuous training for the incoming staff; Formal recognition backed by legislation of the electronic procurement transactions should be encouraged to accelerate the' rate of implementation of the system within the public sector; Integration of the Organizations system and those of the suppliers; demonstration of the positive impact of the system and installation of linkages between all governments agencies

should be encouraged for faster implementation of the e-procurement system in the public sector (Kipyego, 2012).

2.5 E-selling and performance of beauty products businesses

The advancement of the internet and the consequent development of electronic commerce have result in a dynamic operating environment where business transactions are conducted over the internet. Internet transactions are a critical element of e-commerce as business transactions such as buying and selling of products and services and communication are conducted over the internet (Janita & Chong, 2013). According to Lawrence & Tar (2010), internet transactions provide great opportunities for businesses in terms of gaining access to markets across the globe and a driver of the economy a developing country such as Kenya. Ghobakhloo, Arias-Aranda and Benitez-Amado (2011) are of the opinion that E selling has in a significant way supported the performance of businesses' operational efficiency. Beauty products businesses have migrated to online transactions in order to benefit from increased efficiency, reduced costs and the ability to operate across the various platforms in real time. One of the major reasons as to why there has been a rapid performance in E-selling is that it has a considerable effect on the productivity and costs of the beauty products business.

Specifically, they have assisted businesses and organizations to reduce the costs associated with marketing, advertising, sales, and other transactions. In addition, E-selling have been useful in terms of assisting beauty products businesses to reach markets across the globe irrespective of the time zones (Terzi, 2011). The adoption of E-selling is expected to enhance beauty products business performance through reduced transaction costs and improved coordination of economic activity among partners in business (Olatukun &

Bankole, 2011). The real effect of E-selling on the economy is that they reduce the costs and prices and make doing business more efficient. Increased productivity of beauty products comes about as a result of reduced costs of production, lower costs of holding inventory, and reduced costs of inputs for the business. This has a considerable influence on the interactions between businesses (Suryani & Subagyo, 2011). Abou-Shouk (2011) summarized the benefits of E-selling in the economy as; expansion of the marketplace to national as well as international markets, reduced costs of information creation, storage, processing and distribution, minimization of delivery delays, and its ability to allow businesses to closely interact with their customers.

MacGregor (2011) argued that some of the economic benefits that can be reaped from E-selling in beauty products include that include an upward increase in sales, productivity of the business. Online transactions of beauty products allow businesses to expand the customer base through the penetration into global markets due to enhanced access to information on an international scale. Through E-selling, beauty products businesses can improve most aspects of their operations and in turn improve their internal efficiency. This in turn results in improved performance of the business while enhancing efficiency in the supply chain.

2.6 E-Banking and performance of beauty products businesses

Financial services industry over time has opened to historic transformation that can be termed as e-developments which is advancing rapidly in all areas of financial intermediation and financial markets such as e-finance, e-money, electronic banking (e-banking), e-brokering, e-insurance, e-exchanges and even e-supervision. In recent years, the adoption of e-banking began to occur quite extensively as a channel of distribution for

financial services due to rapid advances in IT and intensive competitive banking markets (Mahdi and Mehrdad, 2010; Dube, et. al., 2009).

Electronic banking is founded on the employment of innovative tools to provide various banking products to customers. Over the years technology has had a significant impact on how banks operate and formed a bedrock upon which banks individuate their products from competitors. The products are provided through electronic intermediaries such as automated teller machines, cellular devices and the internet.

Banks regularly depend on modern technology for customer service to satisfy their banking needs (Kolodinsky, Hogarth & Hilgert, 2004). Internet banking (e-banking) involves the execution of a wide range of banking related services over the web or network connected to the customer's bank (Steven, 2002). Online banking service is offered by virtually all banks today and enables customers to perform all routine transactions, such as money transfer, e-payment of bills, account balance inquiry and online loan applications. Customers gain access to their accounts at their convenience using a terminal connected to their banking institution. Online banking has significantly improved customer service delivery efficiency. The world over, the banking industry has emphasized on the importance of information systems for ensuring efficient customer services in step with technological advancements.

The driving forces behind the rapid transformation of banks are influential changes in the economic environment include among others innovations in information technology, innovations in financial products, liberalization and consolidation of financial markets, deregulation of financial inter-mediation. The e-banking is transforming the banking and financial industry in terms of the nature of core products /services and the way these are

packaged, proposed, delivered and consumed. It is an invaluable and powerful tool driving development, supporting performance, promoting innovation and enhancing competitiveness (Gupta, 2008; Kamel, 2005). The evolution of banking technology has been driven by changes in distribution channels as evidenced by automated teller machine (ATM), Phone-banking, Tele-banking, PC-banking and most recently internet banking (Chang, 2003; Gallup Consulting, 2008). Some key issues addressed in the recent literature about the e-banking include: customer acceptance and satisfaction, services rendered, value added for consumers and banks, privacy concerns, profitability, operational risks, and competition from non-banking institutions (Boss, et al., 2000).

Mobile-banking, a product of mobile payment technology has become a solution into the problems of the unbanked society. Mobile banking has demonstrated to be an effective way of getting and reaching to millions of people especially in the rural areas. It has been very efficient since it has minimal investment (Kimenyi and Ndung'u, 2009).

Accessibility to financial services has immensely contributed to the performance of micro-business. The micro-enterprises gain efficiency and close proximity to financial infrastructures. The small business holders are able to save, bank and make withdrawals and build progressive financial statements that can be considered by banks and micro-institutions and avail funds to them in form of loans. A study conducted by Kahora and Arunga in the year 2007 found that sole proprietors and small enterprise businesses reaped more benefits by using the mobile payments as they could make savings or access many customers and do more services than before. Accessibility of financial services, accessibility of customers and accessibility of mobile phones since they are cheap makes the micro-enterprises achieve more in their business undertakings.

This technology has given birth to a new revolution where banking has been simplified and is reaching a wider population of mobile phone users. The users also include the less privileged who had earlier no access to actual bank accounts in the formal banks (Dovi, 2008). However, the main idea behind the emergence of this technology was to facilitate money transfers via mobile phones and create financial awareness to the poorer populations in developing countries, who either had no access to formal banks or could not afford to have a bank account due to expensive rates levied by the banks (Mwangi & Njuguna, 2009). The innovations brought liberalization in the cost effectiveness of money transfer.

Micro-enterprises have chosen this technology and the decision to choose has not yet proved them wrong. The micro-enterprises meet financial obligations in time and therefore either increase their sales or earn more profits. The mobile service provider's strategy has focused more on innovations that has created utility in business processes. Since the inception of M-pesa on March, 2007, the Safaricom mobile service provider has been very innovative to meet the customer demands and increase productivity in business sectors.

The banking industry has been tremendously influenced by technological advancements just like the other aspects of life. The emergence of e-banking has significantly redefined and transformed banks' operations (Kolodinsky, Hogarth & Hilgert, 2004). Technology is viewed as the major driving force in firms' performance success. All banks irrespective of whether local or foreign are investing heavily on emerging technologies that assure customer satisfaction in e-banking. Technologies such as mobile banking, electronic funds transfer (EFT), PC banking, online bills payments, online statements, account to account transfer, ATMs and credit cards, and account to account transfer are the banks major services. Agboola (2006) studied Nigeria's banking industry Information and

Communication Technology's (ICT) application in Nigeria. The study's findings established that modern technology was the major driver of competition in the banking sector. In the study an upsurge in the deployment of various e-banking tools was highly evident. The study indicated that the utilization of modern ICT practices significantly improves the bank's reputation and eventually results to foster efficient and effective service delivery. Efficient and effective service delivery in the long run results in reduction in operating costs, attraction of new clientele and this has an impact on the general financial performance of a bank.

2.7 Theoretical framework

This section presents the theoretical framework of the study. The study will be guided by two theories: the Innovation Diffusion Theory (IDT) and the Resource-based Theory .

2.7.1 Innovation Diffusion Theory (IDT)

The study will be guided by the Innovation Diffusion Theory (IDT). The process of adopting new innovations has been studied for over 30 years. Research from a broad variety of disciplines has used the model as a framework. Dooley (1999) and Stuart (2000) mentioned several of these disciplines as political science, public health, communications, history, economics, technology, and education, and defined Rogers' theory as a widely used theoretical framework in the area of technology diffusion and adoption. Rogers' diffusion of innovations theory is the most appropriate for investigating the adoption of technology in higher education and educational environments (Medlin, 2001; Parisot, 1995).

2.7.2 Resource-based Theory

The Resource-based Theory was proposed by Jay Barney. According to resource-based Theory, Internet technology could not be as a source of sustainable competitive advantage, because Internet is imitable and it is not rare. Therefore, companies must identify their competitive advantage and then develop an Internet commerce strategy for success in the Internet markets. The authors believe that companies should understand their core competencies in the Internet markets then develop their internet commerce strategies. Internet is a tool for commerce and creating competencies, and it could not be a competency or source of sustaining competitive advantage itself.

2.8 Conceptual framework

The conceptual framework for the study has presented the diagrammatic representation of the interrelationships in the study. The figure shows that the independent variables are E-payment, E-sourcing, E-sales and E-banking while the dependent variables is the performance of beauty products businesses which is indicated by customer base, sales volume, increase of profits and timely delivery of goods and services. These variables are moderated by the location of the business and taxation while the intervening variables are social economic status of the entrepreneurs and network connections.

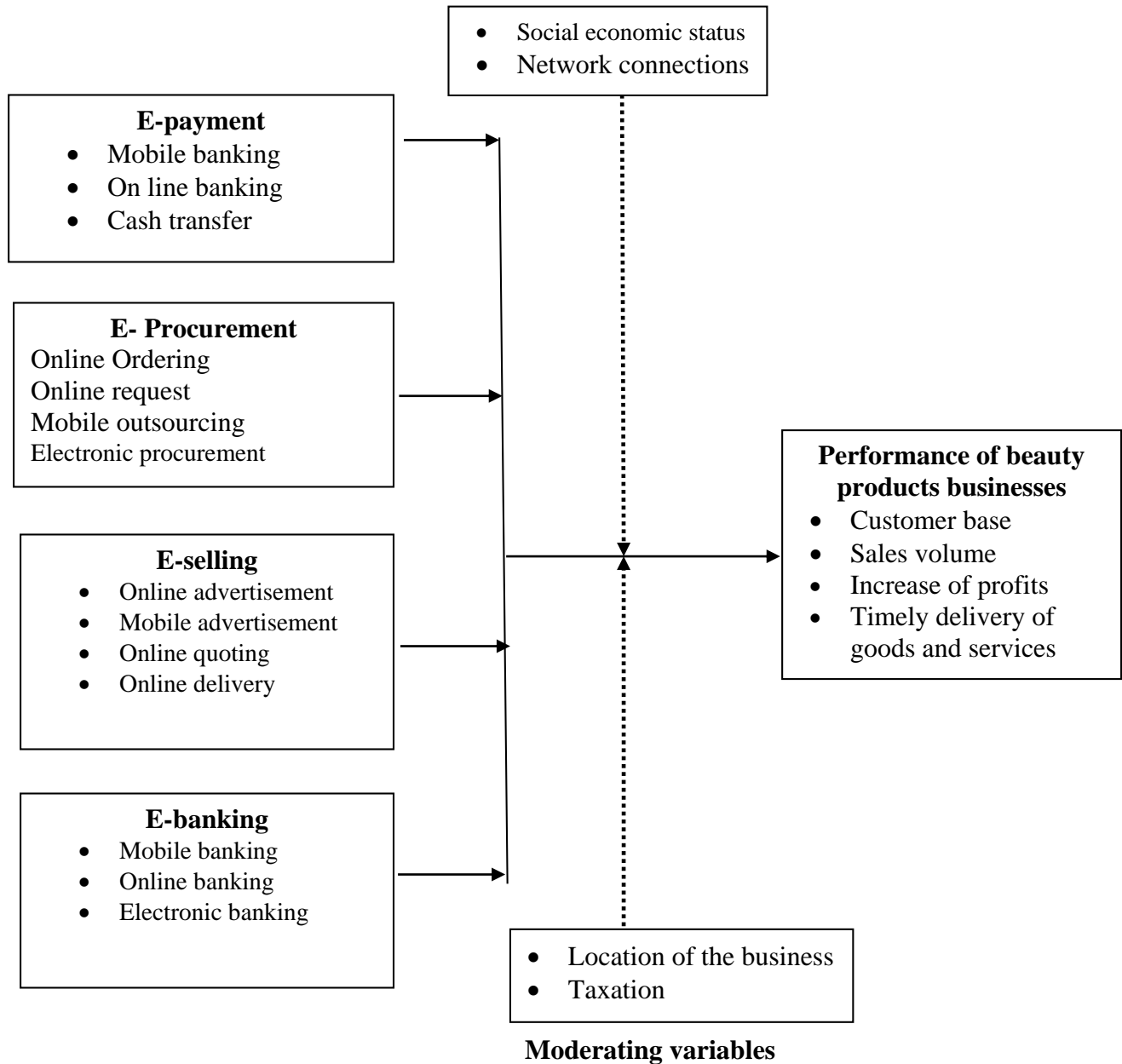
Conceptual Framework

The conceptual framework is presented in Figure 1

Independent variables

Intervening variable

Dependent variable



2.9 Research gaps

Table 2.1 presents the research gaps for the study

Table 2. 2: Research gaps

| Variable | Source of literature | Findings | Knowledge gap |
|------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| E payment | Rau, (2013). | The use of credit cards was the major international means of E- payment that dominated in a variety of beauty products transaction markets. It was estimated that 95% of all e-commerce transactions in the United States are performed using credit cards. | The study was conducted in another setting and not in Kenya hence the current study fills in the gap |
| | Abrazhevich, (2004) | Widely used E- payment alternatives were debit and online payment systems of beauty products like Paypal, Stripe or Skrill. | The study did not focus on how E payment influences performance of beauty shops hence the study fills in the gap |
| | Paunov and Vickery, (2006) | With the availability of a variety of electronic payment means including mobile payments, mediating services, and electronic currency, an appropriate option can be chosen for a particular type of transaction. | The study was conducted in another setting and not in Kenya hence the current study fills in the gap |
| | Abrazhevich, 2004). | With a large number of beauty products organizations conducting business this way, it has become evident that the field of e-commerce has a promising future ahead and businesses are going to obtain maximum benefit from it | The study did not focus on how E payment influences performance of beauty shops hence the study fills in the gap |

| | | | |
|----------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| | Mallat (2007) | The adoption of mobile payment methods is dependent upon several factors that affect the beauty products consumers' choice and willingness to make use of latest technology for making payments. | The study did not focus on how E payment influences performance of beauty shops hence the study fills in the gap |
| | Kahora and Arunga(2007) | Sole beauty products business proprietors and small businesses reaped more benefits by using mobile payment as they could make savings or access many customers and do more services than before. The M-pesa has several advantages that speed up the performance of micro businesses. | The study did not focus on how E payment influences performance of beauty shops hence the study fills in the gap |
| | Omwansa, (2009) | Through mobile payment technology the micro business operators are able to reach goods and services on time, access funds on time and do the business transactions instantly and inexpensively due to easy accessibility .This can be perceived as a subset of perceived usefulness and according to previous studies, influences the performance of business positively. | The study did not focus on how E payment influences performance of beauty shops hence the study fills in the gap |
| E-Procurement | Snider and Rendon, (2001) | Large amount of money is spent by organizations to acquire various products and services at various stages of production or service provision | The study did not study how E procurements influences business performance hence the gap will be filled by the current study |
| | Parida and Parida (2005) | Essentially an Internet/Intranet based purchasing application or hosted service that | The study did not specifically establish how E procurement influences business |

| | | | |
|--|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| | | streamlines buying, trading partners, maximizes trade efficiency across the entire supply chain, and provides strategic e-commerce capabilities in Internet time. | performance hence the current study fills in the gap |
| | Bhaskar (2005) | The automation of the procurement processes so that the sourcing, vendor selection, procurement processes, shipment status tracking and payments can be made in an online environment | The study did not study how E procurements influences business performance hence the gap will be filled by the current study |
| | Bitner, (2001) | Technology can save time and money and eliminate errors, thereby addressing certain issues associated with changing cultural and social trends; it can also minimize direct customer interaction and any associated service value to be gained. ++++++ | The study did not specifically establish how E procurement influences business performance hence the current study fills in the gap |
| | Porteous, (2006). | E-procurement has provided the possibility of increasing efficient in payment system. | The study did not study how E procurements influences business performance hence the gap will be filled by the current study |
| | Fraser and McDonald (2000) | E-procurement has improved beauty products business operations, the beauty products business operations function is that part of the organization that is concerned with the management of the business process that produces the goods and services supplied to the customer. | The study did not specifically establish how E procurement influences business performance hence the current study fills in the gap |
| | Kipyego (2012) | Costs associated with the implementation of e- | The study did not establish the direct |

| | | | |
|------------------|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| | | procurement were found to have a direct impact on the beauty products businesses. | influence of E procurement to performance of businesses, hence the current study will fill in the gap |
| E-Selling | Janita and Chong, (2013) | The advancement of the internet and the consequent development of electronic commerce have result in a dynamic operating environment where business transactions are conducted over the internet. | The study did not establish how E selling affected performance of beauty products business hence the current study will fill in the gap |
| | Ghobakhloo, Arias-Aranda and Benitez-Amado (2011) | The adoption of E-selling has significantly supported the performance of businesses of beauty products businesses which have migrated to online transactions in order to benefit from increased efficiency, reduced costs, and the ability to operate across the various platforms in real time. | The study was carried out in another setting. The current study will be carried out in Naivasha town |
| | Olatukun and Bankole, (2011). | The adoption of E-selling is expected to enhance beauty products business performance through reduced transaction costs and improved coordination of economic activity among partners in business. | The study did not establish how E selling affected performance of beauty products business hence the current study will fill in the gap |
| | Suryani and Subagyo, (2011). | Increased productivity of beauty products comes about as a result of reduced costs of production, lower costs of holding inventory, and reduced costs of inputs for the business. This has a considerable influence on the interactions between businesses. | The study did not establish how E selling affected performance of beauty products business hence the current study will fill in the gap |

| | | | |
|------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| | MacGregor (2011) | E-selling has economic benefits in beauty products which include but not limited to increased sales, increased productivity. | The study did not establish how E selling affected performance of beauty products business hence the current study will fill in the gap |
| E-Banking | Mahdi and Mehrdad, 2010; Dube, et. al., (2009). | Electronic banking is founded on the employment of innovative tools to provide various banking products to customers. | The study did not establish the influence of E-banking on performance of beauty products, the current study will fill in the gap |
| | Gupta, 2008; Kamel, (2005) | The e-banking is transforming the banking and financial industry in terms of the nature of core products /services and the way these are packaged, proposed, delivered and consumed. It is an invaluable and powerful tool driving development, supporting performance, promoting innovation and enhancing competitiveness. | The study was carried out in a different setting while the current study will be carried out in Naivasha in Kenya |
| | Kimenyi and Ndung'u, (2009) | Availability of finances is crucial to economic performance of beauty products businesses. | The study did not establish the influence of E banking on the performance of beauty products businesses hence the gap will be filled by the current study |
| | Kahora and Arunga (2007) | Beauty products sole proprietors and small enterprise businesses reaped more benefits by using the mobile payments as they could make savings or access many customers and do more services than before. | The study was carried out in a different setting while the current study will be carried out in Naivasha in Kenya |

| | | | |
|--|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Mwangi and Njuguna, (2009) | E – banking has facilitated money transfers via mobile phones and create financial awareness to the poorer populations in developing countries, who either had no access to formal banks or could not afford to have a bank account due to expensive rates levied by the banks. | The study did not establish the influence of E banking on the performance of beauty products businesses hence the gap will be filled by the current study |
| | Agboola (2006) | The utilization of modern ICT practices significantly improves the bank’s reputation and eventually results to foster efficient and effective service delivery. | The study did not focus on how E banking influences performance of businesses hence the current study will fill in the gap |

2.10 Summary of the chapter

This chapter has presented the literature review for the study. The chapter has focused on the concept of E-commerce, the influence of E payment on performance of beauty products businesses, the influence of E-procurement on performance of beauty products businesses, the influence of E-purchase on performance of beauty products businesses, influence of E-sales on performance of beauty products businesses and the influence of E-banking on performance of beauty products businesses. The chapter has also presented the theoretical framework and conceptual framework for the study. Lastly the chapter presented research gaps and summary of literature review.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology of the study. The chapter highlights on the research design, the target population, sample size and sampling procedures, research instruments, piloting and reliability of research instruments, validity of research instruments, data collection procedures, methods of data analysis, ethical considerations and operationalization of variables.

3.2 Research design

Research design is the blue print that the researcher intends to use while carrying out the study. As stated by Kothari (2004) research design is the organisations of the conditions that are put down in collecting and analyzing data. The study used descriptive survey design. Borg and Gall, (2000) note that descriptive survey research is intended to produce statistical information about aspects of education that interest policy makers and educators. The purpose of the descriptive survey was to describe existing conditions, identify the standards against which existing conditions can be compared, and investigate the relationships that may exist between events. The survey design enabled the researcher to collect data without manipulating the variables. The design was deemed appropriate for the study since it would assist the researcher in obtaining information on the influence of e-commerce on performance of women owned beauty products businesses in Naivasha Town, Nakuru County, Kenya.

3.3 Target population

A target population is defined as a group, which the researcher was interested in gaining information upon which generalization and conclusions can be drawn subsequently (Creswell, 2009). The target population consisted of all the 65 registered beauty products shops in Naivasha town (County Government of Nakuru, 2017).

3.4 Sample size and sampling procedures

A sample is a unit of a population obtained from the accessible population Mugenda and Mugenda (2003), Best and Kahn (2004) define a sample as a small portion of the population that is selected for observation and analysis. Kothari (2004) suggests that if the population for the study is below 100, then the whole population is taken. The researcher used census sampling and pick all the 65 women owned beauty shops business owners in the town. The sample was therefore 65 respondents. The sample was arrived at by use of census.

3.5 Research instruments

The researcher used 65 questionnaires and interview schedule to collect data. The questionnaire enabled the researcher to collect both qualitative and quantitative data for research (Wiersema, 2009). In addition, using a questionnaire, respondents feel free and frank to answer to the items that may seem sensitive. Interview is one of the most common methods of collecting information from individuals. These include structured, semi-structured and unstructured interviews. Structured interviews: These are more or less like questionnaires since they consist of closed ended items. The choice of the interview was based on the fact that Interviews consist of collecting data by asking questions. Data can

be collected by listening to individuals, recording, filming their responses, or a combination of methods. The interview was semi structured and focused on the objectives of the study.

3.6 Validity of the instruments

Validity refers to the capacity of a research instrument in measuring what it aims at measuring. (Mugenda & Mugenda, 2003). The study ensured instruments validity by checking on the responses from the questionnaires, to see if they would give the intended answers to the research questions. The researcher used content validity to check for representation of the objectives in the questionnaire. The research instruments were appraised by the supervisor. The experts accessed the face content validity to see whether the instruments measured what they were expected to measure. The experts helped the researcher assess the extent to which the items in the questionnaire are related to the study topic. The researcher implemented the suggestions given by the supervisor.

3.7 Reliability of the instruments

Reliability is the measure or the degree at which the instrument gives consistent responses after repeated administration Mugenda and Mugenda (2013). This study used test retest method to check for the reliability of the questions. This method involved administering the instruments to the respondents, and then re-administering them after a duration of two weeks and then checking for the correlation of the scores of the two administrations. The scores were then computed to establish the correlation of the scores of the two parts (Macmillan, 2004). Cronbach's Alpha Co-efficient was used to compute reliability of the instrument. The reliability realised an alpha of 0.721. According to Field (2009), a

questionnaire with a α of 0.7 and above is considered reliable. A correlation coefficient of 0.721 was realized and hence the instruments were deemed reliable.

3.8 Piloting of the instruments

Piloting of the instruments was done among shop owners in Nakuru town. Six shop owners were used in the pilot study.

3.9 Data collection procedures

The researcher first obtained an introduction letter from the department of Extra Mural studies, University of Nairobi. A research permit was sought from the National Commission of Science Technology and Innovation (NACOSTI). The researcher thereafter visited the selected beauty shops, created rapport with the shop owners and then proceed to collect data and conduct the interviews. The filled in questionnaires were collected immediately. The interviews were conducted after the questionnaires had been filled.

3.10 Methods of data analysis

Analysis of data started with editing in order to identify errors made by the respondents such as spelling mistakes and any other wrongly answered or un- responded to items. Data on the questionnaires was then edited by inspecting the data pieces before coding them. The process helped in identifying those items which were not well responded to, and blank spaces left by the respondents. Quantitative data was coded to facilitate data entry into the computer to allow for statistical analysis. The researcher used Statistical Package for Social Sciences (SPSS) version 21.0. The data analysis was based on the research questions. Data on the questionnaires were checked by inspecting the data pieces before coding them. The process helped in identifying those items which were wrongly

responded to and blank spaces left by the respondents. The data was then coded to facilitate data entry into the computer to allow for statistical analysis. This study used a mixture of descriptive and inferential data analysis techniques in both data collection and analysis. Descriptive statistics such as frequencies and percentages were used while Pearson product-moment correlation coefficient was used as a measure of the strength and direction of association that exists between independent and dependent variables. A Pearson's correlation attempts to draw a line of best fit through the data of two variables, and the Pearson correlation coefficient, r , indicates how far away all these data points are from this line of best fit. The variables were correlated with sales. Pearson product-moment correlation coefficient was also be used as a measure of the strength and direction of association that existed between independent and dependent variables. A Pearson's correlation attempts to draw a line of best fit through the data of two variables, and the Pearson correlation coefficient, r , indicates how far away all these data points are from this line of best fit. The variables correlated with performance were e commerce and against the dependent variables. Data was presented in form on tables. Data from the interview were analysed thematically and were presented in prose form.

3.11 Ethical considerations

Although there are many ethical issues in research, Kothari (2004) highlights the major ones. Using Kothari's idea, the researcher made the respondents aware of the purpose of the study. The researcher also ensured that data which was collected was analyzed professionally and that it was not be forced to conform to a predetermined opinion. Further, in order to protect the respondents' identities, data which was reported as a block instead of highlighting individual cases. Further, the study did not insist on the identity of the

respondents as a condition for participating in the study. The researcher ensured confidentiality of identity of those that participate in the study.

3.12 Operationalization of variables

The operationalization of variables is given in Table 3.1

Table 3.1: Operationalization of variables

| Research objectives | Independent variable | Dependent variables | Measurement Scale | Tools of analysis | Type of analysis |
|---------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| To establish the influence of E-payment on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya | E-payment | Performance of beauty products businesses | Nominal and Ratio | <ul style="list-style-type: none"> • Percentages • Frequencies • Pearson's Moment Correlation | Descriptive and inferential statistics |
| To determine the influence of E-Procurement on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya | E-payment | Performance of beauty products businesses | Nominal and Ratio | <ul style="list-style-type: none"> • Percentages • Frequencies • Pearson's Moment Correlation | Descriptive and inferential statistics |
| To assess the influence of E-Purchase on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya | E-Purchase | Performance of beauty products businesses | Nominal and Ratio | <ul style="list-style-type: none"> • Percentages • Frequencies • Pearson's Moment Correlation | Descriptive and inferential statistics |
| To establish influence of E-Sales on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya | E-Sales | Performance of beauty products businesses | Nominal and Ratio | <ul style="list-style-type: none"> • Percentages • Frequencies • Pearson's Moment Correlation | Descriptive and inferential statistics |
| To establish the influence of E-Banking on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya | E-Banking | Performance of beauty products businesses | Nominal and Ratio | <ul style="list-style-type: none"> • Percentages • Frequencies • Pearson's Moment Correlation | Descriptive and inferential statistics |

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION AND OF FINDINGS

4.1 Introduction

This chapter highlights on the data analysis and interpretation. The chapter focuses on questionnaire return rate, demographic data of the respondents and the analysis of the data based on the research objectives. The objectives were to establish the influence of E payment on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya; to determine the influence of E-procurement on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya; to establish influence of E- selling on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya and lastly to establish the influence of E-banking on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya.

4.2 Questionnaire return rate

Questionnaire return rate refers to the number of questionnaires that are returned by the respondents after administration. The questionnaire return rate is presented in the following table

| Questionnaires administered | Questionnaires returned | Percentage return rate |
|------------------------------------|--------------------------------|-------------------------------|
| 65 | 62 | 95.3% |

In this study, out of 65 questionnaires administered to the beauty shop owners 62 (95.3%) returned the questionnaires. This return rate were deemed high and hence adequate for data

analysis and drawing of conclusions. According to Creswel (2007) a return rate of 80 % and above is adequate for social sciences research.

4.3 Demographic information of the respondents

Demographic information of the respondents refers to the personal characteristics of the population under study that the researcher intends to study. This section presents the demographic information of the beauty shop owners in Naivasha town. The demographic information was based on age, highest academic qualification, how long they had been in the beauty product business in Naivasha and how long they had operated in the town.

To establish the age of the respondents, the respondents were requested to indicate the same. The data is presented in Table 4.1.

Table 4.1 Distribution of respondents by age

| Age | F | Percent |
|--------------------|-----------|----------------|
| 20-29 years | 16 | 25.8 |
| 30- 39 years | 30 | 48.4 |
| 40-49 years | 11 | 17.7 |
| 50 years and above | 5 | 8.1 |
| Total | 62 | 100.0 |

Data on the age of the respondents as presented in Table 4.1 shows that 16 (25.8%) were aged between 20 and 39 years, while almost half of them, (48.5%) were aged between 30 and 39 years. Those between 40 and 49 years were 11 (17.7%). Only a small number were aged 50 years and above. The researcher also sought to establish the highest academic qualification of the respondents in the study. The data is presented in Table 4.2.

Table 4.2 Distribution of respondents by highest academic qualification

| Highest academic qualification | F | Percentage |
|---------------------------------------|-----------|-------------------|
| Certificate | 25 | 40.3 |
| Diploma | 31 | 50.0 |
| Degree | 6 | 9.7 |
| Total | 62 | 100.0 |

As shown in table 4.2, 25 (40.3%) of the respondents were certificate holders, 31 (50%) were diploma holders while only 6 (9.7%) were holders of a degree. The data show that Majority of the shop operators had the basic education while enabled them be able to use E marketing in their businesses. The study also sought to establish how long the respondents had been in the beauty product business in Naivasha. The data is presented in Table 4.3.

Table 4.3 Duration of operation in the town

| Duration | F | Percentage |
|--------------------|-----------|-------------------|
| Less than 1 year | 23 | 37.1 |
| 1-5 years | 28 | 45.2 |
| 6-10 years | 9 | 14.5 |
| 11-15 years | 2 | 3.2 |
| 16 years and above | 3 | 4.8 |
| Total | 62 | 100.0 |

Data on how long the operators had been in the town indicated that 28 (45.2%) had been operating the business for between 1 and 5 years, 9 (14.5%) had been in the business for between 6 and 10 years while 23 (37.1%) had been operating the business for less than 1 year.

Asked to indicate their profit margin, the respondents responded as presented in table 4.4.

Table 4.4 Profit margins

| Profit (Ksh) margin per year | F | Percentage |
|-------------------------------------|-----------|-------------------|
| Less than 250000 | 29 | 46.8 |
| 250000 - 500000 | 25 | 40.3 |
| 500000 -750000 | 4 | 6.5 |
| 750000 - 1000000 | 3 | 4.8 |
| Above 1000000 | 1 | 1.6 |
| Total | 62 | 100.0 |

Data on the profit margins indicated that 29 (46.8%) had a profit margin on less than 250000, 25 (40.3%) had a profit margin of between 250,000 - 500,000, while 4 (6.5%), 3 (4.8%) and 1 (1.6%) had profit margins of 500,000 -750,000, 750,000 -1,000,000 and above 1,000,000 respectfully. The respondents were further asked to indicate whether they had received any training in the use of E-portal. Responses indicated that 46 (74.2%) had received against 16 (25.8%) who had not received.

4.4 Influence of E-payment on performance of beauty products businesses

Asked whether they used E-payment, 43 (69.4%) indicated that they did against 19 (30.6%) who indicated that they did not use. Asked whether E-payment had increased the number

of customers, 44 (71.0%) indicated that it had while 18 (29.0%) indicated that it had not. The researcher asked the respondents to rate the use of E payment in your business. The responses are presented in Table 4.5.

Table 4.5 Rating of the use of E payment in business

| Rate the use of E payment | F | Percentage |
|----------------------------------|-----------|-------------------|
| Excellent | 2 | 4.5 |
| Good | 15 | 34.1 |
| Average | 21 | 47.8 |
| Fair | 6 | 13.6 |
| Total | 44 | 100.0 |

The responses are also asked to indicate the extent to which e- payment had influenced customer base of their business. The data is presented in Table 4.6.

Table 4.6 Influence of E-payment on customer base

| E- payment and customer base | F | Percentage |
|-------------------------------------|-----------|-------------------|
| Very low extent | 2 | 3.2 |
| Low extent | 9 | 14.5 |
| Moderate extent | 28 | 45.2 |
| Great extent | 20 | 32.3 |
| Very great extent | 3 | 4.8 |
| Total | 62 | 100.0 |

Data revealed that almost half of the shop owners indicated that E payment had influenced customer base to a moderate extent, 20 (32.3%) indicate to a great extent and 3 (4.8%) indicated that it had influence to a very great extent. The data shows that it was the opinion of the respondents that e payment was important in increasing customer base. The respondents were further asked to indicate whether their businesses requested customer to pay on their page. Data generated from their responses indicated that 45 (72.6%) did against 17 (27.4%) who did not.

Asked to what extent such registration had influenced your customer base, they responded as presented in Table 4.7.

Table 4.7 Influence of registration on customer base

| Response | F | Percentage |
|-------------------|-----------|-------------------|
| Very low extent | 10 | 16.1 |
| Low extent | 27 | 43.5 |
| Moderate extent | 19 | 30.6 |
| Great extent | 3 | 4.8 |
| Very great extent | 3 | 4.8 |
| Total | 62 | 100.0 |

Data shows that 27 (43.5%) indicated that it had influenced to a low extent, 19 (30.6%) to a moderate extent while 6 (4.8%) indicate that it had influenced to a great and very great extent. Asked whether their businesses had advertised using any form of e-payment, 42 (67.7%) indicated it had against 20 (32.3%) who indicated that it had not. They were further

asked to indicate whether E payment had influenced their customer base. Their responses are presented in Table 4.8.

Table 4.8 Extent of influence of E payment on customer base

| E payment and customer base | F | Percentage |
|------------------------------------|-----------|-------------------|
| Very low extent | 2 | 3.2 |
| Low extent | 5 | 8.1 |
| Moderate extent | 12 | 19.4 |
| Great extent | 19 | 30.6 |
| Very great extent | 24 | 38.7 |
| Total | 62 | 100.0 |

Data revealed that E payment had influenced customer base to a very great extent as indicated by 24 (38.7%) and to great extent as indicated by 19 (30.6%) while 12 (19.4%) indicated that it had influence to a moderate extent.

To establish the correlation between e payment and business performance, Pearson's correlation coefficient was carried out. The data is presented in Table 4.9.

Table 4.8 Pearson’s correlation between E payment and business performance

| Variables | | E-payment | Business |
|---------------------|---------------------|------------------|--------------------|
| relationship | | | performance |
| E-payment | Pearson Correlation | 1 | 0.722 ** |
| | Sig. (2-tailed) | | 000 |
| | N | 62 | 62 |
| Business | Pearson Correlation | 0.722 ** | 1 |
| | Sig. (2-tailed) | 0.000 | |
| | N | 62 | 62 |

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

In this table the results showed that the Pearson correlation coefficient, r , was 0.71, $n = 44$ and that it is statistically significant ($p = 0.01$). The results as presented in table 4.8 revealed that there was a significant and positive relationship between e-payment and business performance. The correlation was strong and positive relationship in both e-payment and business performance.

Responses of the respondents in the interview on the influence of E payment on performance of beauty products payments. Unlike in the past where payment was by cash or bank, the interviewees were of the opinion that making payments electronically had increased and had improved performance of their businesses. They further indicated that customers could pay for the products and have them delivered within a short time. It was also revealed that the businesses owners were able to pay for goods from wherever the goods were and could be delivered to them. From the interviews, it was clear that e payment had improved business.

4.5 Influence of E-procurement on performance of beauty products businesses

The study also sought to establish the influence of E-Procurement on performance of beauty products businesses. The respondents were asked to indicate whether the adoption of E- payment made getting more customer easy. Data indicated that 40 (64.5%) said it had against 22 (35.5%) who had different opinion. Further asked whether E- procurement had increased sales volume in the business, 33 (53.2%) indicated that it had while 29 (46.8%) indicated that it had not.

The researcher further sought to rate the efficiency on E procurement in increasing your sales. The data is presented in Table 4.10.

Table 4.10 Rating of the efficiency on E procurement in increasing your sales

| Response | F | Percentage |
|-----------------|-----------|-------------------|
| Excellent | 1 | 1.6 |
| Good | 37 | 59.0 |
| Average | 18 | 29.7 |
| Fair | 4 | 6.5 |
| Poor | 2 | 3.2 |
| Total | 62 | 100.0 |

Data on the efficiency on E procurement in increasing your sales indicated that 37 (59%) indicated that it was good while 18 (29.7%) indicated that it was average. Asked To what extent does e- procurement influence sales volume of their businesses, the respondents indicated as shown in Table 4.11.

Table 4.11 Response of whether e- procurement influence sales volume of the business

| Response | F | Percentage |
|-------------------|-----------|-------------------|
| Very low extent | 6 | 9.7 |
| Low extent | 5 | 8.1 |
| Moderate extent | 23 | 37.1 |
| Great extent | 25 | 40.1 |
| Very great extent | 3 | 4.8 |
| Total | 62 | 100.0 |

Data on whether e- procurement influence sales volume of the business indicated that 23 (37.1%) had influence to a moderate extent while 25 (40.1%) indicated that it had influence to a great extent. The researcher also sought to establish the extent to which whether e- procurement had influenced sales volume of their business. The data is presented in Table 4.12.

Table 4.12 Response on influence of E-procurement on sales volume

| Response | F | Percentage |
|-------------------|-----------|-------------------|
| Very low extent | 2 | 3.2 |
| Low extent | 3 | 4.8 |
| Moderate extent | 24 | 38.7 |
| Great extent | 29 | 46.8 |
| Very great extent | 4 | 6.5 |
| Total | 62 | 100.0 |

Responses on the influence of e- procurement on sales volume of businesses showed that 24 (38.7%) of the respondents indicated that it had influenced to a moderate extent while 29 (46.8%) responded that it had influence to a great extent. Further the researcher sought to establish whether their business placed price tags of their products using E procurement. In this item, half the number of respondents indicated that they had while the same number of respondents indicated that they had not.

Further the respondents were asked to indicate to what extent had E- procurement influenced their sales. The data is presented in table 4.13

Table 4.13 Influence of E procurement on sales

| Extent of influence | F | Percentage |
|----------------------------|-----------|-------------------|
| Very low extent | 3 | 4.8 |
| Low extent | 3 | 4.8 |
| Moderate extent | 18 | 29.0 |
| Great extent | 29 | 46.8 |
| Very great extent | 9 | 14.8 |
| Total | 62 | 100.0 |

Data on the extent to what E- procurement had influenced sales showed that almost half of the respondents (46.8%) indicated that it had influence to a great extent while 18 (29%) indicated that it had influence to a moderate extent. Asked whether adoption of E- procurement had made an increase of their sales, 44 (71.0%) indicated that it had while 18 (29%) indicated that it had not. Further, majority of the respondents 45 (72.6%) indicated that E-commerce had increased profits in their business as opposed to 17(27/4%) who indicated it had not.

The study also sought to rate the use of E purchase in increasing their profit. The data is presented in Table 4.14.

Table 4.14 Rating of use of E purchase in increasing profit

| Rating | F | Percentage |
|---------------|-----------|-------------------|
| Excellent | 15 | 24.2 |
| Good | 15 | 24.2 |
| Average | 26 | 41.9 |
| Fair | 4 | 6.5 |
| Poor | 2 | 3.2 |
| Total | 62 | 100.0 |

Findings on the use of E purchase in increasing profit 15 (24.2%) indicated that it was excellent,, the same number of respondents indicated it was good while 26 (41.9%) indicated that it was average. Asked to indicate to what extent does E- purchase influence profits of your business, the respondents responded as shown in Table 4.15.

Table 4.15 Rating of the extent of e- purchase on profits

| Rating | F | Percentage |
|-------------------|-----------|-------------------|
| Very low extent | 4 | 6.5 |
| Low extent | 4 | 6.5 |
| Moderate extent | 19 | 30.6 |
| Great extent | 18 | 29.0 |
| Very great extent | 17 | 27.4 |
| Total | 62 | 100.0 |

Data in Table 4.14 showed that 19 (30.6%) of the respondents indicated that e- purchase had influenced profits to a moderate extent, 18 (29.0%) to a great extent while 17 (27/4%) indicated that it had influence to a very great extent. Asked whether their businesses requested customers to accept purchase on its page, 42 (67/7%) indicated to the affirmative. Further asked whether the profits of their businesses had increased since they started using E purchase, majority 41 (66/1%) indicated that it had.

To establish the correlation between e-procurement and business performance, Pearson’s correlation coefficient was carried out. The data is presented in Table 4.16.

Table 4.16 Pearson’s correlation between –procurement and business performance

| Variables | | E-procurement | Business |
|----------------------|---------------------|----------------------|--------------------|
| relationship | | | performance |
| E-procurement | Pearson Correlation | 1 | 0.774 ** |
| | Sig. (2-tailed) | | 000 |
| | N | 62 | 62 |
| Business performance | Pearson Correlation | 0.784 ** | 1 |
| | Sig. (2-tailed) | 0.000 | |
| | N | 62 | 62 |

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

As shown in Table 4.15, A Pearson correlation analysis was conducted to examine whether there is a relationship between e-procurement with business performance among beauty shops in Naivasha town. In this, we can see that the Pearson correlation coefficient, r , is 0.784, and that it is statistically significant ($p = 0.01$). This results revealed that there was a significant and positive relationship between e-procurement and business performance

($r = .774$, $N = 62$). The level of business performance was associated with the level of e procurement. In the case above e-procurement determined the business performance of beauty shop owners.

Analysis of the interview on how E-Procurement had influenced performance of beauty products businesses revealed that the respondents indicated that it was do to business using e procurement, it was revealed that a number of business owners were able to order for products online and hence it took less time than it would if done otherwise. Due to the easy of procuring online, the business owners indicated that their businesses had improved.

4.6 Influence of E-selling on business performance of beauty products businesses

The study also sought to establish the influence of E-selling on performance of beauty products businesses. The researcher asked the respondents whether their businesses offered delivery of goods using e sales. In this item, 22 (35.5%) indicated that they did while majority 40 (64/5%) indicated that they had not. Asked whether adoption of E-sales eased service delivery and operating systems in their business, majority 43 (69/4%) indicate it had against 19 (30.6%) who indicated that it had not.

The respondents were also asked the extent to which on-line service delivery had been influenced to E- sales. The responses are presented in table 4.17.

Table 4.17 Influence of e sales on on-line service delivery

| Response | F | Percentage |
|-----------------|----------|-------------------|
| Very low extent | 4 | 6.5 |
| Low extent | 7 | 11.3 |
| Moderate extent | 23 | 37.1 |

| | | |
|-------------------|-----------|--------------|
| Great extent | 23 | 37.1 |
| Very great extent | 5 | 8.1 |
| Total | 62 | 100.0 |

Data in Table 4.16 on influence of e sales on on-line service delivery indicated that 23 (37.1%) indicating that it had influenced moderately, the same number indicated that it had influenced to a great extent while 5 (8.1%) indicating to a very great extent. Asked whether e- sales had influenced timely delivery of goods and services, majority 47 (75.8%) indicated to the affirmative.

The shop owners were also asked to indicate their satisfaction with the use of E sales in increasing efficient delivery of goods. The responses are presented in Table 4.18.

Table 4.18 Satisfaction on the use of E sales in increasing efficient delivery of goods

| Response | F | Percentage |
|-----------------|-----------|-------------------|
| Excellent | 26 | 41.9 |
| Good | 25 | 40.3 |
| Average | 3 | 4.8 |
| Fair | 7 | 11.3 |
| Poor | 1 | 1.6 |
| Total | 62 | 100.0 |

Data in Table 4.17 on the levels of satisfaction on the use of E sales in increasing efficient delivery of goods indicated that 26 (41/9%) indicated that it was excellent, 25 (40.3%) indicated that it was good. Asked the extent to which e- sales had influenced efficient

delivery of goods in their businesses, the shop owners responded as presented in Table 4.19.

Table 4.19 Influence of e- sales on efficient delivery of goods

| Response | F | Percentage |
|-------------------|-----------|-------------------|
| Very low extent | 6 | 9.7 |
| Low extent | 2 | 3.2 |
| Moderate extent | 7 | 11.3 |
| Great extent | 20 | 32.3 |
| Very great extent | 27 | 43.5 |
| Total | 62 | 100.0 |

Responses in Table 4.18 showed that 20 (32.3%) indicated that it had influence to a great extent while 27 (43.5%) indicated that it had influenced to a very great extent.

To establish the correlation between E-selling and business performance, Pearson's correlation coefficient was carried out. The data is presented in Table 4.20.

Table 4.20 Pearson’s correlation between e-selling and business performance

| Variables relationship | | E-selling | Business performance |
|-------------------------------|---------------------|------------------|-----------------------------|
| E-selling | Pearson Correlation | 1 | 0.712 ** |
| | Sig. (2-tailed) | | 000 |
| | N | 62 | 62 |
| Business performance | Pearson Correlation | 0.712 ** | 1 |
| | Sig. (2-tailed) | 0.000 | |
| | N | 62 | 62 |

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

In this the results showed that the Pearson correlation coefficient, r , was 0.71, $n = 62$ and that it is statistically significant ($p = 0.01$). The results as presented in table 4.19 revealed that there was a significant and positive relationship between E-selling and business performance. The correlation was strong and positive relationship in both e-selling and business performance.

The responses from the interviewees indicated that not many of them had embraced e selling. They however indicated that they were advertising their products online and this was able to get to many of their to be customers. Due to online advertisement, many people were able to see what they were selling and hence order online. This had improved how they transacted business.

4.7 Influence of E-banking on performance of beauty products businesses

The study also sought to establish the influence of E-Banking on performance of beauty products businesses. The respondents were asked to indicate whether the adoption of E-banking made payment easy. Data indicated that 40 (64.5%) said it had against 22 (35.5%)

who had different opinion. Further asked whether E- banking had increased performance in the business, 33 (53.2%) indicated that it had while 29 (46.8%) indicated that it had not. The respondents were further asked whether e- banking influence performance of the business. The data is presented in Table 4.21.

Table 4.21 Response of whether e- banking influence performance of the business

| Response | F | Percentage |
|-------------------|-----------|-------------------|
| Very low extent | 6 | 9.7 |
| Low extent | 5 | 8.1 |
| Moderate extent | 23 | 37.1 |
| Great extent | 25 | 40.1 |
| Very great extent | 3 | 4.8 |
| Total | 62 | 100.0 |

In table 4.20, data on whether e- banking influence performance of the business indicated that 23 (37.1%) had influence to a moderate extent while 25 (40.1%) indicated that it had influence to a great extent.

The researcher also sought to establish the extent to which whether e- banking had influenced performance of their business. The data is presented in Table 4.22.

Table 4.22 Response on influence of E-banking on sales volume

| Response | F | Percentage |
|-------------------|-----------|-------------------|
| Very low extent | 2 | 3.2 |
| Low extent | 3 | 4.8 |
| Moderate extent | 24 | 38.7 |
| Great extent | 29 | 46.8 |
| Very great extent | 4 | 6.5 |
| Total | 62 | 100.0 |

Responses in Table 4.22 on the influence of e- banking on performance of businesses showed that 24 (38.7%) of the respondents indicated that it had influenced to a moderate extent while 29 (46.8%) responded that it had influence to a great extent. The researcher further sought to rate the efficiency on introduction of the card system in increasing performance. The data is presented in Table 4.23.

Table 4.23 Rating of the efficiency on introduction of the card system in increasing performance

| Response | F | Percentage |
|-----------------|-----------|-------------------|
| Excellent | 1 | 1.6 |
| Good | 37 | 59.0 |
| Average | 18 | 29.7 |
| Fair | 4 | 6.5 |
| Poor | 2 | 3.2 |
| Total | 62 | 100.0 |

Data on the efficiency on E- banking in increasing performance as presented in Table 4.23 indicated that 37 (59%) indicated that it was good while 18 (29.7%) indicated that it was average. The study also sought to rate the use of E purchase in increasing business performance. The data is presented in Table 4.24.

Table 4.24 Rating of use of E purchase in increasing profit

| Rating | F | Percentage |
|---------------|-----------|-------------------|
| Excellent | 15 | 24.2 |
| Good | 15 | 24.2 |
| Average | 26 | 41.9 |
| Fair | 4 | 6.5 |
| Poor | 2 | 3.2 |
| Total | 62 | 100.0 |

Findings in Table 4.24 on the use of E purchase in increasing business performance 15 (24.2%) indicated that it was excellent,, the same number of respondents indicated it was good while 26 (41.9%) indicated that it was average. Asked to indicate to what extent does e- purchase influence business performance of their business, the respondents responded as shown in Table 4.25.

Table 4.25 Rating of the extent of e- banking on business performance

| Rating | F | Percentage |
|-------------------|-----------|-------------------|
| Very low extent | 4 | 6.5 |
| Low extent | 4 | 6.5 |
| Moderate extent | 19 | 30.6 |
| Great extent | 18 | 29.0 |
| Very great extent | 17 | 27.4 |
| Total | 62 | 100.0 |

Data showed that 19 (30.6%) of the respondents indicated that e- purchase had influenced business performance to a moderate extent, 18 (29.0%) to a great extent while 17 (27/4%) indicated that it had influence to a very great extent. Further the respondents were asked to indicate to what extent had E- banking influenced business performance. The data is presented in table 4.26

Table 4.26 Influence of E banking on business performance

| Extent of influence | F | Percentage |
|----------------------------|-----------|-------------------|
| Very low extent | 3 | 4.8 |
| Low extent | 3 | 4.8 |
| Moderate extent | 18 | 29.0 |
| Great extent | 29 | 46.8 |
| Very great extent | 9 | 14.8 |
| Total | 62 | 100.0 |

Data on the extent to what E- banking had influenced business performance showed that almost half of the respondents (46.8%) indicated that it had influence to a great extent while 18 (29%) indicated that it had influence to a moderate extent. Asked whether adoption of E- banking had made an increase of their sales, 62 (71.0%) indicated that it had while 18 (29%) indicated that it had not. Further asked whether the profits of their businesses had increased business performance since they started using E banking, majority 41 (66/1%) indicated that it had.

To establish the correlation between e banking and business performance, Pearson’s correlation coefficient was carried out. The data is presented in Table 4.27.

Table 4.27 Pearson’s correlation between e-banking and business performance

| Variables relationship | | E-banking | Use of HMIS |
|-------------------------------|---------------------|------------------|--------------------|
| E-banking | Pearson Correlation | 1 | 0.711 ** |
| | Sig. (2-tailed) | | 000 |
| | N | 62 | 62 |
| Business performance | Pearson Correlation | 0.711 ** | 1 |
| | Sig. (2-tailed) | 0.000 | |
| | N | 62 | 62 |

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

From the table above, it can be seen that there was a significant and positive relationship between e banking and business performance. In the table above, we can see that the Pearson correlation coefficient, r , is 0.711, $n = 62$ and that it is statistically significant ($p =$

0.01). The correlation was strong and positive relationship in both e banking and business performance.

The e-banking since its inception has gradually witnessed development milestones and adopted value addition services. The results on the introduction of the card system which is the debit and the credit majority of the respondents agreed connoting that it also played a major role in increasing the customer base. The introduction of the internet banking has the majority of the respondents agreed implying that there was increase in the customer base with this introduction.

Responses from the interviewees indicated that e banking was one of the most used platform. Almost all the respondents indicated that they did their banking online which they said was very effective. E banking was rated as the highest mode of transacting business both for the customers and for the business owners. E banking was very efficient in transacting business and had really improved their business.

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary conclusions and recommendations. The chapter also presents the recommendations and suggestions for further studies.

5.2 Summary of the study

The purpose of this study was to investigate the influence of e-commerce strategy on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya. The study was guided by four research objectives. Research objective one sought to establish the influence of E payment on performance of beauty products businesses in Naivasha town, Nakuru County; research objective two sought to determine the influence of E-procurement on performance of beauty products businesses in Naivasha town, Nakuru County; research objective three sought to establish influence of E-selling on performance of beauty products businesses in Naivasha town, Nakuru County; while research objective four sought to establish the influence of E-banking on performance of beauty products businesses in Naivasha town, Nakuru County. The study used descriptive survey design. The target population will consist of all the 65 registered beauty products shops in Naivasha town. The sample was 65 respondents. The study used questionnaires and interview to collect data. The findings are summarized in the subsequent sections.

5.2.1 Influence of E-payment on performance of beauty products businesses

Findings on the influence of E-payment on performance of beauty products businesses revealed that there was a significant and positive relationship between e-payment and business performance. This was shown by a Pearson's correlation coefficient of r , was

0.71, $n = 44$ which is statistically significant ($p = 0.01$). This implied that there was a significant and positive relationship between e-payment and business performance. The correlation was strong and positive relationship in both e-payment and business performance. It was revealed that 43 (69.4%) used E-payment. It was also revealed that 44 (71.0%) indicated that E-payment had increased the number of customers.

Findings also revealed that 45 (72.6%) indicated that their businesses requested customer to pay on their page. It was also revealed that 42 (67.7%) had advertised online. Responses of the respondents in the interview on the influence of E payment on performance of beauty products payments. Unlike in the past where payment was by cash or bank, the interviewees were of the opinion that making payments electronically had increased and had improved performance of their businesses. They further indicated that customers could pay for the products and have them delivered within a short time. It was also revealed that the businesses owners were able to pay for goods from where ever the goods were and could be delivered to them. From the interviews, it was clear that e payment had improved business.

The findings are in line with Paunov and Vickery, (2006) who found that with the availability of a variety of electronic payment means including mobile payments, mediating services, and electronic currency, an appropriate option can be chosen for a particular type of transaction. The findings further concur with Abrazhevich, (2004) who revealed that With a large number of beauty products organizations conducting business this way, it has become evident that the field of e-commerce has a promising future ahead and businesses are going to obtain maximum benefit from it. Further the findings of the study are in line with Kahora and Arunga(2007) who found that sole beauty products

business proprietors and small businesses reaped more benefits by using mobile payment as they could make savings or access many customers and do more services than before.

The M-pesa has several advantages that speed up the performance of micro businesses

5.2.2 Influence of E-procurement on performance of beauty products businesses

Findings on the influence of E-procurement on performance of beauty products businesses revealed that there is a relationship between e-procurement with business performance among beauty shops in Naivasha town. This was shown by a Pearson correlation coefficient, r , of 0.784 Hence the level of business performance was associated with the level of e procurement. In the case above e-procurement determined the business performance of beauty shop owners. The study also sought to establish the influence of E-Procurement on performance of beauty products businesses. It was also revealed by 40 (64.5%) that the adoption of E- payment made getting more customer easy. Data indicated that said it had against 22 (35.5%) who had different opinion. Further 33 (53.2%) indicated that E- procurement had increased sales volume in the business.

It was revealed that 37 (59%) indicated that there was efficiency on E procurement in increasing the sales. Analysis of the interview on how E-Procurement had influenced performance of beauty products businesses revealed that the respondents indicated that it was due to business using e procurement, it was revealed that a number of business owners were able to order for products online and hence it took less time than it would if done otherwise. Due to the easy of procuring online, the business owners indicated that their businesses had improved.

The above findings concur with Snider and Rendon, (2001) who found that large amount of money is spent by organizations to acquire various products and services at various stages of production or service provision. The researcher's findings agree with Bhaskar (2005) who found that the automation of the procurement processes so that the sourcing, vendor selection, procurement processes, shipment status tracking and payments can be made in an online environment. The findings are also in line with Porteous, (2006) who revealed that E-procurement provides the potential of increasing efficiency of payments system and expanding access to formal financial services by those who presently lack it. Further the findings agree with Fraser and McDonald (2000) who noted that E-procurement has improved beauty products business operations, the beauty products business operations function is that part of the organization that is concerned with the management of the business process that produces the goods and services supplied to the customer.

5.2.3 Influence of E-selling on business performance of beauty products businesses

Data on the influence of E-selling on business performance of beauty products businesses revealed that there was a significant and positive relationship between E-selling and business performance. The correlation was strong and positive relationship in both e-selling and business performance. This was shown by the Pearson correlation coefficient, r , of 0.71, $n = 62$ and that it was statistically significant ($p = 0.01$). The results as presented in table 4.19 revealed that

Majority 43 (69.4%) indicated that adoption of E-sales eased service delivery and operating systems in their business. Majority 47 (75.8%) indicated that e-sales had influenced timely delivery of goods and services. The responses from the interviewees

indicated that not many of them had embraced e selling. They however indicated that they were advertising their products online and this was able to get to many of their to be customers. Due to online advertisement, many people were able to see what they were selling and hence order on line. This had improved how they transacted business.

The above findings agree with Janita and Chong, (2013) who found that the advancement of the internet and the consequent development of electronic commerce have result in a dynamic operating environment where business transactions are conducted over the internet. The results are also in line with Ghobakhloo, Arias-Aranda and Benitez-Amado (2011) who found that the adoption of E-selling has significantly supported the performance of businesses of beauty products businesses which have migrated to online transactions in order to benefit from increased efficiency, reduced costs, and the ability to operate across the various platforms in real time. Findings of Olatukun and Bankole, (2011) revealed that the adoption of E-selling is expected to enhance beauty products business performance through reduced transaction costs and improved coordination of economic activity among partners in business.

5.2.4 Influence of E-banking on performance of beauty products businesses

Findings on the influence of E-banking on performance of beauty products businesses revealed that the Pearson correlation coefficient, r , was 0.711 which was statistically significant ($p = 0.01$). The correlation was strong and positive relationship in both e banking and business performance. The data revealed that 40 (64.5%) indicated that adoption of E- banking made payment easy. A further 29 (46.8%) indicated that E- banking had increased performance in the business. It was also revealed that 25 (40.1%) indicated that e- banking influenced performance of the business. Data on the influence of e- banking on performance of businesses showed that 24 (38.7%) of the respondents indicated that it

had influenced to a moderate extent while 29 (46.8%) responded that it had influence to a great extent. Majority 37 (59%) indicated that E- banking had increased performance.

Data on the rating of the extent of e- banking on business performance showed that 19 (30.6%) of the respondents indicated that e- purchase had influenced business performance to a moderate extent, 18 (29.0%) to a great extent while 17 (27/4%) indicated that it had influence to a very great extent. Data on the extent to what E- banking had influenced business performance showed that almost half of the respondents (46.8%) indicated that it had influence to a great extent while 18 (29%) indicated that it had influence to a moderate extent.

Responses from the interviewees indicated that e banking was one of the most used platform. Almost all the respondents indicated that they did their banking online which they said was very effective. E banking was rated as the highest mode of transacting business both for the customers and for the business owners. E banking was very efficient in transacting business and had really improved their business.

The above findings are similar to those of Gupta, 2008; Kamel, (2005) who found that the e-banking is transforming the banking and financial industry in terms of the nature of core products /services and the way these are packaged, proposed, delivered and consumed. It is an invaluable and powerful tool driving development, supporting performance, promoting innovation and enhancing competitiveness. The findings also agree with Kimenyi and Ndung'u, (2009) who found that E banking had led to access to financial services, and indeed overall financial development, is crucial to economic performance of beauty products businesses. The findings cocur with Mwangi and Njuguna, (2009) who revealed that E – banking has facilitated money transfers via mobile phones and create financial awareness to the poorer populations in developing countries,

who either had no access to formal banks or could not afford to have a bank account due to expensive rates levied by the banks

5.3 Conclusions of the study

The study findings led to several conclusions. It was concluded that E-payment influenced performance of beauty products businesses. This was shown by a significant and positive relationship between e-payment and business performance. The correlation was strong and positive relationship in both e-payment and business performance. Majority of the beauty shop owners used E-payment. Majority of the respondents indicated that E-payment had increased the number of customers. It was also concluded majority of the respondents advertised online. They were in agreement that making payments electronically had increased and had improved performance of their businesses. It was also revealed that the businesses owners were able to pay for goods from where ever the goods were and could be delivered to them. From the interviews, it was clear that e payment had improved business.

The study concluded that E-procurement influenced performance of beauty products businesses. This conclusion was made on the basis that there was a relationship between e-procurement with business performance among beauty shops. Majority of the respondents indicated that the adoption of E- payment made getting more customer easy. They also indicated that E- procurement had increased sales volume in the business. It was revealed by a majority that there was efficiency on E procurement in increasing the sales.

The study also concluded that E-selling influenced business performance of beauty products businesses. There was a significant and positive relationship between E-selling and business performance. The correlation was strong and positive relationship in both e-

selling and business performance. Majority indicated that e- sales had influenced timely delivery of goods and services. The responses from the interviewees indicated that not many of them had embraced e selling. They however indicated that they were advertising their products online and this was able to get to many of their to be customers. Due to online advertisement, many people were able to see what they were selling and hence order on line. This had improved how they transacted business.

The study also concluded that E-banking influenced performance of beauty products businesses. Pearson correlation coefficient showed the correlation was strong and positive relationship in both e banking and business performance. Majority indicated that adoption of E- banking mad e payment easy. Majority indicated that E- banking had increased performance. Data on the rating of the extent of e- banking on business performance showed that the respondents indicated that e- purchase had influenced business performance to a moderate extent. Responses from the interviewees indicated that e banking was one of the most used platform. Almost all the respondents indicated that they did their banking online which they said was very effective. E banking was rated as the highest mode of transacting business both for the customers and for the business owners. E banking was very efficient in transacting business and had really improved their business.

5.4 Recommendations of the study

The following were the recommendations of the study:

1. That the business owners should invest more on E-payment on performance of beauty products businesses

2. That since E procurement had an influence on business performance, the business owners should encourage their customers to make payments online.
3. That beauty shop owners should invest more on E-selling since it was had an positive relationship with business performance.
4. That the practice of e banking should be taken up by all the business owners and also customers so as to improve business.

5.5 Suggestions for further research

The following are suggestions for further study

1. Since the study was carried out in one town, another study could be conducted in another town for comparison of results
2. Since the study focused on a few variables such as E-payment, E procurement, E-selling and E banking, another study focusing on other e commerce variables should be conducted to establish what influence they have on business performance.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

Anne Nderitu
University of Nairobi
Department of Extra Mural
studies
16th March, 2018

To

The Administrator

_____ Beauty shop

Dear Sir/Madam

RE: COLLECTION OF DATA

I am a student at the University of Nairobi, taking a Master of Arts degree in project planning and management. I'm undertaking a research project on the influence of e-commerce on performance of women owned beauty products businesses in Naivasha Town, Nakuru County, Kenya. I have attached a designed questionnaire to determine, **the influence of E- Commerce strategy on performance of beauty products businesses in Naivasha town, Nakuru County, Kenya**. Kindly, spend some time and respond to all the questions. Please note that your identity will be treated confidentially. The information you provide will only be used for the purpose of the study. Do not therefore, write your name anywhere on the questionnaire.

Thank you for your co-operation.

Yours faithfully,

Anne Nderitu

L50/76025/2014

APPENDIX 2: QUESTIONNAIRE FOR BEAUTY SHOP OWNERS

Instructions

Please fill in the questionnaire by ticking(√) in the relevant brackets and spaces. Please answer all the questions as honestly as possible and to the best of your knowledge.

Section A; Demographic data

1 What is your age?

20 – 30 years [] 30 – 40 years []

40 – 50 years [] 50 – 60 years []

2 What is your highest academic qualification?

Certificate [] Diploma [] Degree []

Others (specify) _____

3 How long have you been in the beauty products business in Naivasha?

Less than [] 1 year 1 – 5 years [] 6 – 10 years []

11 – 15 years [] 16 years and above []

4 How long have you been in this town?

Less than [] 1 year 1 – 5 years [] 6 – 10 years []

11 – 15 years [] 16 years and above []

5. What is your profit margin per year?

Less than 2500, 000 [] 250,000 – 500,000 []

500,000 – 750,000 [] 750,000 – 1000,000 []

Above 1,000,000 []

6. Have you received training in the use of E portal?

Yes [] No []

Check may be whether they have trained in the use of e- commerce or not

Section B: Influence of E payment on performance of beauty products businesses

6. Does your business use E payment?

Yes [] No []

7. Has the E- payment increased the number of customers?

Yes [] No []

8. How would you rate the use of E payment in your business?

Excellent [] Good [] Average []

Fair [] Poor []

10. To what extent does e- payment influence customer base of your business?

Very low extent [] Great extent []

Low extent [] Very great extent []

Moderate extent []

11. Does your business request customers to pay on its page?

Yes [] No []

12. To what extent has such registration influenced your customer base?

Very low extent [] Great extent []

Low extent [] Very great extent []

Moderate extent []

13. Does your business advertise use any form of E payment?

Yes [] No []

14. To what extent has E payment influenced your customer base?

Very low extent [] Great extent []
Low extent [] Very great extent []
Moderate extent []

15. Does adoption of E- payment ease getting more customers?

Yes [] No []

Section C: Influence of E-Procurement on performance of beauty products businesses

16. Has the E- procurement increased sales volume in your business?

Yes [] No []

17. How would you rate the efficiency on E procurement in increasing your sales?

Excellent [] Good [] Average []
Fair [] Poor []

18. To what extent does e- procurement influence sales volume of your business?

Very low extent [] Great extent []
Low extent [] Very great extent []
Moderate extent []

20. To what extent has E-procurement influenced sales volume?

Very low extent [] Great extent []
Low extent [] Very great extent []
Moderate extent []

21. Does your business place price tags of your products using E procurement?

Yes [] No []

22. To what extent has E- procurement influenced your sales?

Very low extent [] Great extent []

Low extent [] Very great extent []
Moderate extent []

23. Does adoption of E- procurement make your sales increase?

Yes [] No []

24. Has the E-commerce increased profits in your business?

Yes [] No []

25. How satisfied are you in the use of E purchase in increasing your profit?

Excellent [] Good [] Average []
Fair [] Poor []

26. To what extent does e- purchase influence profits of your business?

Very low extent [] Great extent []
Low extent [] Very great extent []
Moderate extent []

27. Does your business request customers to accept purchase on its page?

Yes [] No []

28. Have the profits of your business increased since you started using E purchase?

Yes [] No []

29. To what extent has purchase influenced profit?

Very low extent [] Great extent []
Low extent [] Very great extent []
Moderate extent []

30. To what extent has e-purchase influenced profit?

Very low extent [] Great extent []

Low extent [] Very great extent []
Moderate extent []

31. Does adoption of E- purchase make your profit increase?

Yes [] No []

Section D: Influence of E-Selling on performance of beauty products businesses

32. Does your business offer delivery of goods using E-sales?

Yes [] No []

33. Does adoption of E-sales ease service delivery and operating systems in your business?

Yes [] No []

34. To what extent has on-line service delivery been influenced by E- sales?

Very low extent [] Great extent []
Low extent [] Very great extent []
Moderate extent []

35. Has e- sales influenced timely delivery of goods and services?

Yes [] No []

36. To what extent has e- sales influenced timely delivery of goods and services in your business?

Very low extent [] Great extent []
Low extent [] Very great extent []
Moderate extent []

37. How satisfied are you in the use of E sales in increasing efficient delivery of goods?

Excellent [] Good [] Average []

Fair [] Poor []

38. To what extent does e- sales influence efficient delivery of goods in your business?

Very low extent [] Great extent []

Low extent [] Very great extent []

Moderate extent []

40.i) To what extent has sales influenced delivery of goods?

Very low extent [] Great extent []

Low extent [] Very great extent []

Moderate extent []

Section E: influence of E-Banking on performance of beauty products businesses

41. Has the adoption of E- banking made payment easy?

Yes [] No []

42. To what extent has E- banking increased performance

Very low extent [] Great extent []

Low extent [] Very great extent []

Moderate extent []

43. To what extent has e- banking influenced performance of the business?

Very low extent [] Great extent []

Low extent [] Very great extent []

Moderate extent []

44. Has e- banking influenced performance of their business

Yes [] No []

45. Rate the efficiency on E banking in increasing performance.
Excellent [] Good [] Average []
Fair [] Poor []

46. Rate the use of E purchase in increasing business performance
Excellent [] Good [] Average []
Fair [] Poor []

47. To what extent does e- banking influence business performance?
Very low extent [] Great extent []
Low extent [] Very great extent []
Moderate extent []

48. Has the adoption of E- banking made an increased business performance?
Yes [] No []

49. Has the profits of their businesses had increased business performance since they started using E banking
Yes [] No []

APPENDIX 3: INTERVEIW SCHEDULE FOR THE SHOP OWNERS

1. What is the influence of E payment on performance of beauty products businesses?
2. What is the influence of E-Procurement on performance of beauty products businesses?
3. What is the influence of E-Selling on performance of beauty products businesses?
4. What is the influence of E-Banking on performance of beauty products businesses?