

**EFFECT OF E-BUSINESS STRATEGY ON PERFORMANCE OF SELECTED
SUPERMARKETS IN KISUMU CITY, KENYA**

BY

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DECLARATION

Declaration by Student

This project is my original work and has not been submitted for examination to any other institution of higher learning. No part of this research should be re-produced without my consent or that of Maseno University.

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DEDICATION

I dedicate this project to my husband Patrick Kiruri and my dear daughter Natalie Wairimu. You are the driving forces in my life and a constant reminder that happiness is self-made. Your presences and support encouraged me to carry on even when I felt like giving up.

.

ABSTRACT

A number of firms in the retail sector in Kenya have embraced electronic business strategies in an attempt to improve their profitability, sales turn over and efficiency. A report by Cytonn indicated that despite adoption of electronic business strategies, regional retailers are able to yield up to only 11.7% returns. African Consumer Insights report that the market penetration rate of retail chains is still low at a figure between 25% - 30%. Various challenges on supermarkets have also been reported despite the adaption of e-business for instance Uchumi supermarket has experienced frequent stock outs and operational challenges. Tusky's supermarket has also in a number of times experienced operational inconsistencies and some have also been shut down like Nakumatt supermarket mega plaza, Yattin supermarket, Ukwala and Pramukh supermarket just to mention a few. Kisumu is considered as one of the best towns to invest in, with the revival of the Kisumu ports the retailing market is expected to increase due to the access of imports and export within the region thus the study on retailing market specifically supermarket for evaluation of their survival in the market with the influence of e-business too. The existing research has not provided a clear link between adoption of electronic business strategy and performance of supermarkets hence this study sought to determine the effect of e-businesses strategy adoption and performance of supermarkets with specific focus on selected supermarkets operating within Kisumu city. The specific objectives of the study were to examine the relationship among e-payment, e-procurement, e-marketing and e-retailing on performance of supermarkets in Kisumu city. The study adopted the diffusion of innovation and socio-technical systems theories. The study used census with a target population of 100 but only 60 responded. The study obtained a reliability index of .775 thus the research instrument was considered reliable and valid. The study concluded that e-business strategies had effect on performance ($R^2 = .930$; $p < .$). The study revealed that dimensions of e-payment ($\beta = 0.232$, $\rho = 0.000$) e-procurement ($\beta = 0.257$, $\rho = 0.000$) e-marketing ($\beta = 0.209$, $\rho = 0.001$) and e-retailing ($\beta = 0.190$, $\rho = 0.008$) all have positive significant influence on performance of supermarkets in Kisumu city. The study concludes that e-payment, e-procurement e-marketing and e-retailing are critical elements of performance in supermarkets. The study therefore recommends the supermarkets to employ emphasis in adopting and use of e-business strategies to enable productive performance of the supermarket. The management of the supermarkets should ensure the adoption of right e-business strategies to improve their performance.

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ABBREVIATIONS AND ACCRONYMS

EDI	Electronic Data Interchange
EBP	Enterprise Business Planning
PWC	Price Water Coopers
STS	Socio-Technical Systems Theory
MSE	Micro and Small Enterprises
ATM	Automated Teller Machine
ERP	Enterprise Resource Planning
B2B	Business to Business
C2C	Consumer to consumera
B2C	Business to Consumer
SPSS	Statistical Package for Social Sciences
SD	Standard Deviation
M	Mean
N	Number

OPERATIONAL DEFINITION OF TERMS

- E-payment:** This is the payment for goods and services using paperless means which may be through use of mobile device or use of credit cards.
- E-procurement:** This is the use of electronic applications in the whole process of procurement especially from the point of supplier selection, qualification, e- tendering, e-ordering and e-evaluation
- E-marketing:** It's the use of electronic marketing strategies by means of electronic media and especially use of the Internet.
- E-retailing:** This is the use of online stores to enable customers to be able to compare order and buy goods from online sellers from the e-web stores of e-shops through a mobile or computer optimized website.
- Performance:** it's the end result of a business activity which may be measured in terms of Profitability, efficiency, effectiveness, turnover in sales or through market dominance

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CHAPTER ONE

INTRODUCTION

This section contains the background information, statement of the problem, objectives of the study, research questions, significance of the study, limitations of the study and scope of the study.

1.1 Background to the Study

Across the globe, industries and other small firms have adopted e-business initiatives to better manage their internal business processes as well as their interfaces with the environment. Sawhney and Zabin (2010) defined e-business strategy as the use of electronic networks and associated technologies to enable, improve, enhance, transform or invent a business process or business system to create superior value for current or potential customers. It is the adoption of electronic system that helps in building and managing relationships with customers, suppliers, employees and partners. E-business can potentially transform a firm into a networked entity with seamless supply chains and value creation processes (Sawhney and Zabin 2010). Correspondingly, e-business has a pervasive impact across the entire span of the organization's structure and across a range of its business processes.

Studies by Doherty (2013) , Groznik and Manfreda (2015) on e-procurement shows that use of e-procurement has helped many governments and firms in cost cutting therefore increasing efficiency on procurement process. The study by Hedberg (2007) on the influence of e-business on customer relationships, suppliers, and internal operations throughout the whole organization whether in the front office that is, those areas that involve contact with customers or in the back office that is, areas with no customer contact improves relationship within the organization which leads to better performance.

The study on e-marketing carried by Kotler (2007) found that retail firms can run the same promotion and advertising campaigns used in the home market or alter them for every local market in communication adaptation. This study revealed that the manner in which a product was advertised had a significant effect on performance. The study by Dinda (2010) on Kenya's online companies established that such strategies have helped many companies to grow their sales revenues.

The analysis of the literature review clearly reveals that e-business strategy does show an impact on the performance of organizations. However, no research has been done to show the relationship between e-business strategies and performance of supermarkets in Kenya. This study therefore will be conducted to bring out a clear relationship between e-business strategy and performance of the supermarkets using the profitability, sales turn over and efficiency as specific variables of measure.

Despite the e-business variables in this study there are other intervening variables that affect the performance of e-business. These include technological factors and Regulatory factors. Technological factors are variables that are being used to evaluate available alternatives with respect to technological capabilities. It involves the changes in technology and advancement of the technology in various supermarkets. It is an important factor to consider in this study since e-business itself is a form of technology. According to a report by (Agrawal 2017) Contributor founder of Verma Media states that the impact of technology on e-commerce is not just stronger than ever but faster than ever. As technology changes business to consumer transactions, new opportunities for both sides of the sphere are emerging.

Regulatory factors are the legal factors affecting the business. E-commerce has experienced tremendous growth in recent years especially in developed countries. However the sector is still nascent in developing countries like Kenya where it is encumbered by the lack of an e-commerce culture and trust in such transactions. This problem is compounded by the lack of comprehensive legal and tax provisions in Kenyan laws addressing e-commerce (Musau, 2018). Regulatory factors are so key in any business and therefore when studying effects of e-business its and important intervening variable to consider.

1.1.1 Global view of Retail Industry

The current global transformation of the retail industry is accelerating rapidly due to the formation of new businesses not encumbered by the limitations of traditional organizational and structural models. According to Zabin, (2010), retail businesses can reinvent their value propositions within weeks, work outside traditional pricing and profit margins, and offer customers complete access to competitors' prices and product information. This kind of competition completely changes how this industry does business, reducing a traditional

retailer's ability to influence purchasing behavior by presenting customers with less reason to visit a local store and upending the traditional value proposition offered to consumers.

According to Shortell, (2013), over the next few years, retail executives who understand the macro and micro dimensions of this revolution will be the most successful in implementing the fundamental electronic business strategies necessary to remain competitive in the market. This shift is already under way, as many retailers are making significant investments with time in technology, money and intellectual capital to adapt to the changing environment.

The emergence and tremendous growth of the new economy has unleashed powerful forces that are reshaping the retail industry at an unprecedented rate. Everything from customer relationships to branding to supply chain management is impacted by this revolution. Given the dynamics at work in the new economy, retailers are struggling to strike a balance between maintaining operational excellence and implementing necessary changes. Keys to a business's successful transformation include understanding its position in the marketplace, reevaluating business models to accommodate new customer demands and opportunities and defining a real-world roadmap of change. It also requires establishing a nonlinear strategy, overcoming operational challenges and building on core opportunities (Estphal, Gulati, & Shortell, 2013)

According to Hoffman, Novak, and Schlosser, (2008), most retailers are adopting electronic business models in trying to seek to maintain their individual market positions and to maintain or increase their competitive edge. It is expected that those retailers who understand and change to such business strategies in order to make a more substantial exploration of horizontal partnerships end up performing well in the future. A few e-business pioneers already have found that new customers are willing to engage with multiple product and service providers for greater convenience and economies of scale online.

In Africa, the lasting impact of electronic business strategy adoption has been rapidly enhancing the coordination and integration of the entities within the supply chain. Many retail outlets in the region welcomed the use of the electronic business systems platform as core component of their day-to-day business operations (Walton & Marucheck, 2007).

Nigeria has the largest retail businesses in the African continent by the virtue that it has the largest population and also the largest Gross Domestic Product (Economist, 2015). The Nigerian retail sector greatly welcomed the incorporation of EBP systems as part of their strategic initiatives (Economist, 2015). The integration of electronic business strategy has enabled Nigerian supermarkets' operations to be lean resulting in efficiency in terms of service delivery.

According to Johnson (2012), over 100 firms both Nigerian and foreign have shown greater interest in the sector alleged to worth over \$50 billion annually. Electronic business strategies have increased the percentage of local consumption in products and services as well as increased utilization of local capacity (Johnson, 2012). Tunde (2014) also noted that online retail market in Nigeria has significantly impacted nation's economy.

1.1.2 Retail Sector in Kenya

In Kenya, retail stores range from well-established retail chains to independent one store supermarkets. The retail industry contributes to the economy of Kenya to the tune of up to 10% of the total gross domestic product (Cytonn, 2017). The report on local retail businesses showed that supermarket chains operate with considerable amount of information flow in all fronts from financial transactions to the supply chain processes. Kithinji (2015) pointed that in the recent past, there has been an increase in adoption of the electronic business strategies in the sector.

A number of firms in the retail sector in Kenya have embraced electronic business strategies in an attempt to address the performance issue (Otiso, Chelangat & Bonuke, 2012). These strategies have the potential of improving firm performance. Researchers further argue from companies in service industry that implemented electronic business strategies in Kenya, 70% claimed to save money and 25% had improved their performance hence the application of e-business strategies cannot be ignored.

In Kisumu, many customers can now order or purchase goods without having to physically visit their supermarket of choice. Several supermarkets like Tumaini supermarkets have created online platforms like facebook and personalized whatsapp groups where customers

can order and pay for goods and services at the comfort of their homes. New technologies are also constantly under development making access to virtual shops even easier for customers to compare different products in terms of quality, prices and brand without necessarily visiting the supermarkets (Cytton, 2017)

In future, small businesses are likely to grow to large retail entities that will structurally bypass the traditional models and generate completely new e-market place business strategies. As retailers graduate from one set of challenges to another and move through the waves of evolution of electronic businesses and related strategies, a few supermarkets in Kenya are dramatically changing how value is created for the customer (PWC, 2015).

1.2 Statement of the Problem

Globally, retailer businesses managers strive to achieve true e-business transformation in the current changing business environment. Most managers will need to think differently about how their business works and its influence on growth and performance of their businesses. They must first recognize the limitations inherent in their business model and then quickly transition from traditional, linear thinking which views the new economy as merely an evolution of the traditional business model toward a broader perspective, which may require a revised value proposition, enhanced technological capabilities and a revolution of the traditional business model to the new strategies of growing their businesses. Previous studies show that there is a lot of expectations in regards to adoption of e-business and e-business models and efficiency of businesses small firms in the retail industry. A report by Cytton indicated that despite adoption of electronic business strategies, regional retailers are able to yield up to only 11.7% returns. African Consumer Insights report that the market penetration rate of retail chains is still low at a figure between 25% - 30%. Various challenges on supermarkets have also been reported despite the adaption of e-business for instance Uchumi supermarket has experienced frequent stock outs and operational challenges. Tuskys supermarket has also in a number of times experienced operational inconsistencies and some have also been shut down like Nakumatt supermarket mega plaza, Yattin supermarket, Ukwala and Pramukh supermarket just to mention a few. Kisumu is considered as one of the best towns to invest in, with the revival of the Kisumu Port the retailing market is expected to increase due to the access of imports and export within the region thus the study on retailing

market specifically supermarket for evaluation of their survival in the market with the influence of e-business too. The previous studies on supermarkets concentrate on product or brand loyalty and the ambience of the supermarket to attract customers. The extent to which e-business is adopted by many businesses is raising more worry to future existence of the supermarkets, in this regards the study therefore sought to determine the effect of e-business on performance of supermarkets. There is no link on how e-business influences the performance of supermarkets hence little is known on e-payment, e-procurement, e-marketing and e-retailing on performance of supermarkets. Therefore this study sought to determine the effect of e-business strategies on performance of supermarkets within Kisumu.

1.2.1 General Objective

The main objective of the study was to study the effect of e-businesses strategy on performance of supermarkets in Kisumu city

1.2.2 Specific Objectives

The study was guided by the following specific objectives;

- i. To establish the effect of e-payment on performance of major supermarkets in Kisumu city
- ii. To determine the effect of e-procurement on performance of major supermarkets in Kisumu city
- iii. To establish the effect of e-marketing on performance of major supermarkets in Kisumu city
- iv. To determine the effect of e-retail on performance of major supermarkets in Kisumu city

1.3 Research Hypothesis

Ho: E-payment does not have significant effect on performance of supermarkets in Kisumu city.

Ho: E-procurement does not have significant effect on performance of supermarkets in Kisumu city.

Ho: E-marketing does not have significant effect on performance of supermarkets in Kisumu city.

Ho: E-retailing does not have significant effect on performance of supermarkets in Kisumu city.

1.4 Significance of the Study

The study is significance to the managers in the retail industry specifically supermarkets in Kisumu city as they will be able to gain some insights on the impact of implementation of e-business strategy on performance of their businesses.

This study will also add more literature and background information to the current body of literature for future scholars and researchers who may be interested in doing a related study in the future.

1.5 Scope of the Study

This study is meant to investigate the effect of e-businesses strategy on performance of major supermarkets in Kisumu city. The study was limited to the supermarkets in Kisumu city. Kisumu city lies between a latitude of -0.10221 and a longitude of 34.7617111 in the southern hemisphere. Kisumu city hosts the largest open air market in the East Africa region. With the revival of Kisumu port along Lake Victoria the region has high expectation in the growth of the retail market and thus high competition expected among the retailing market including supermarkets. The study population was 100 derived from specific departments these are managers, cash office stores and sales.

1.6 Conceptual Framework

This is a diagrammatic presentation of both dependent and independent variables of the study.

Independent Variables

E-business strategies

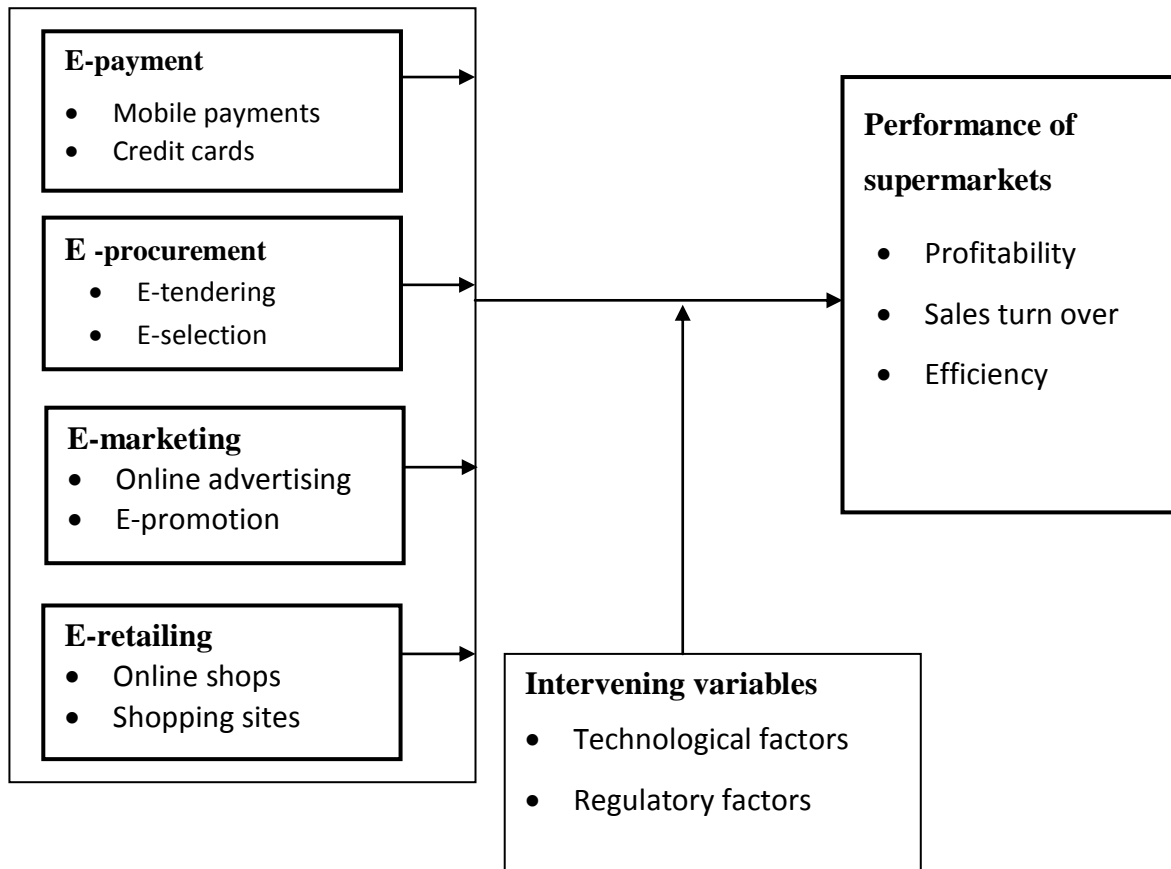


Figure 1.1: Conceptual framework: Effect of e-business strategy on performance of supermarkets in Kisumu city

Source: Researcher (2019)

This conceptual is supported by the diffusion of innovation Theory and socio-technical systems theory. Diffusion of innovation theory was developed by Rogers in 1962; it is one of the oldest social science theories. It explains how over time an idea or product gains momentum and diffuses (spreads) through a specific population or social system. This concept can be used in this study in that the e-business is associated with the new ideas of diffusion of innovation theory and how the e-business has been embraced over time.

Supermarkets have adopted e-business in order to keep up with the world's ever changing and enhanced technology.

Socio-technical system theory is an approach to complex organizational work design that recognizes the interaction between people and technology in work workplaces or it can also be referred to interaction between society's complex infrastructures and human behavior. In this study the e-business is therefore the complex organizational work design which definitely requires the interaction of human (between the supermarket staffs and the customers/suppliers).

CHAPTER TWO

LITERATURE REVIEW

This section reviews the existing research literature on the effect of E-business strategies on performance of supermarkets in Kisumu city. In specific, the section discusses the effect of e-payments, E-procurement, use of e-Marketing and use of e-retailers in selected supermarkets and how they influence performance of supermarkets in Kisumu city

2.1 Theoretical Review

The definition of e-business found in literature is rather broad. Electronic business refers to all value transactions involving the transfer of information, products and services or payments via electronic networks. Electronic business organizations redefine their products, processes and business models by using technology to change the way products are procured, received, marketed and delivered (Kalakota, 2007). It relies heavily on technology such as internet marketing, electronic funds transfer, online transaction processing, supply chain management, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Electronic is generally presumed to indicate a medium or platform that incorporates the use of Information Communication Technologies in business processes such as payment, supplies process, marketing, promotions and online selling. This study will be based on two theories; diffusion of innovation theory and Socio-technical systems theory.

2.1.1 Diffusion of Innovation Theory

Diffusion of innovation theory explains the process by which innovations are adopted by users. The research of innovation diffusion can be traced back to Schumpeter who created innovative theory in the early 20th century, and he studied the “imitation” behavior between individuals (Ying-Li & Sui, 2011). According to Rodgers (1995) Diffusion is the process by which new ideas are communicated to members of a social system over a period of time through different channels. The theory is concerned with the manner in which a new technological idea, technique, or a new use of an old one, migrates from creation to use on more innovated techniques.

Kiggira, Mwirigi and Shale (2015) observed that Diffusion of innovation theory held innovation diffusion as a general process, not bound by the type of innovation studied, by who the adopters are, or by place or culture ,such that the process through which an innovation becomes diffused has universal applications to all fields that develop innovations.

Diffusion process introduces five characteristics that help in consumer approval of innovation including relative advantage, compatibility, complexity, trainability and observability (Rogers 1995; Schiffman & Kanuk, 2010; Armstrong & Kotler, 2003)

The theory guides in understanding the adoption of e-business in supermarkets fits the context as it can increase the efficiency of various activities in the supermarkets such as activating and tracking all the supply chain operations at a single point of entry. The theory therefore supports all the independent variables that is; e-payment systems, e-procurement, e-marketing and e-retailing.

2.1.2 Socio-Technical Systems (STS) Theory

Socio-technical systems (STS) theory provides a suitable foundation to help identify salient ‘strategy variables’ likely to impact performance. Essentially, the underpinnings of STS theory explain why the specific variables we identify (related to planning, executing, and control) need to connect to the firm’s operational environments. In particular, socio-technical systems dictate that: firm objectives are attainable through joint optimization of its technical and social systems, and a firm’s design should cater to the needs of the external environment (Lui, Shah, & Schroeder, 2006). Furthermore, socio-technical systems theory helps account for the intertwining of social and technical aspects of how people work which is central in the planning and execution phases of marketing strategy.

Homburg (2010) noted that people working together can influence the adoption of customer interface technology as a reliable e-business strategy and this will subsequently impact how the firm can use available technology to provide customer solutions to problems. This will not only include technology in terms of personal selling but help the firm better understand the customer.

Making effective use, then, of the firm’s socio-technical system is a critical aspect of understanding the need to coordinate strategy decisions within the firm and thus become

more effective in implementing critical control mechanisms (Kotler and Armstrong, 2010). STS in organizational development is an approach to complex organizational work design that recognizes the interaction between people and technology in workplaces.

When viewed from the perspective of socio-technical systems theory, this makes logical sense given technology and sellers need to interact with the buyers in order to optimize outcomes (Pasmore, Haldeman, & Shani, 2012). Accordingly, the nature (and dynamism) of technology within a firm will have a bearing upon the capacity of the firm to deliver sustainable competitive offerings in all its activities. Technological change is conceptualized as the degree of change with products or selling process and marketing in any particular company. Socio-technical systems theory suggests that firms with appropriate firm designs that link the manner people work can maximize outcomes through adoption of e business strategies by use of technology. Whilst, this is ultimately leads to better firm's performance, and this outcome may also be based on managerial commitment (Kotler, 2010).

2.1.3 E-Payment

The electronic payment system has increasingly grown over the last decades due to the growing spread of internet-based banking and shopping. E-payment is a way of making transactions or payment for goods and services through an electronic medium, without the use of cheques or cash; it's also known as online payment.

According to Maunola (2009) E-Payment is the payment for goods, services or bills using paperless which may be through use of mobile device or use of credit cards. It includes use of electronic funds transfers, e-invoicing and e-receipting. E-payment consists of electronic funds transfers, e-invoicing, e-receipting and use of pay pal. Electronic payment intensity is measured using the number of retail transaction. (Rodgers 1995).

Kenya is one of leading African country in use of mobile money, with Safaricom's M-pesa product being used by majority of citizens for money transfer. As much as M-pesa Product has really boomed in the country many still refrain from it due to the frequent fraud cases reported. There is fear of lack of adequate security. Mbwago(2017) states that e-payment adoption works differently depending on the culture of the organization, the type of organization and above all the training and people development needed in the organization.

Additionally Kumaga (2010) shows that use of electronic payment in most African countries are not common.

2.1.4 E-Procurement

Various researchers defined e-procurement differently: Parida and parida (2005) defined e-procurement as technology solution that facilitates corporate buying using the internet. It is the electronic acquisition of goods and services in a firm according to Turban and King (2006).

According to Mose, Njihia and Magutu, (2013) e-procurement leads to improved procurement performance. It facilitates electronic documentation of the bidding process enhancing accountability and transparency thereby improving procurement performance. Similarly, Abarden Group (2001) points out that e-procurement leads to improved satisfaction of customer demands, improved contract compliance, enhanced supply chain capacity, reduced inventory costs and improved inventory management. Adoption of E-procurement may lead to improved supplier and customer relations and enhance achievement of strategic procurement goals leading to enhanced procurement performance (Martinez, 2008).

2.1.5 E-Marketing

E-marketing is the use of electronic marketing strategies by means of electronic media and especially use of the Internet. It increases marketing effectiveness as well as efficiency in functions and strategies. This change brings about new plans of actions that increase or add value to the profitability of a company.

According to sheth and Sharma (2005) E- marketing is growing at a dramatic pace and significantly impacting customer and business market behaviors therefore resulting to most firms starting to develop the e-marketing strategies. Electronic marketing objective is to identify the important elements of electronic marketing and leveraging strategic issues, organizational and operational efficiency for businesses operating in the e-commerce market.

Belz and Ken 2010 classify e-marketing performances into three parts which are integration e-marketing, brokering intermediary and brokering. Whereby Integration e-marketing

includes sales stages through the sales process by representatives of the company, Brokering intermediary control the needs and demands of customers with production and service delivery capacity and brokering includes the financial sector and foreign playing the mediating role.

The internet has provided an opportunity to MSEs in Kenya, to increase market share by allowing them to communicate efficiently locally and globally (Wandaka, 2009). However, after more than fifteen years from the popularization of the internet, studies reveal that the majority of MSEs do not seem to understand E-Marketing (Fisher, 2007; As a result, many of such MSEs fail to make the most of marketing opportunities that exist online.

2.1.6 E-Retail

E-retail is the use of online stores that are established to enable customers to be able to compare order and buy goods from online sellers from the e-web stores of e-shops through a mobile or computer optimized website. Customers must have internet access and a valid method of payment like credit cards in order to complete payment for the goods.

Technology in Kenya has been received positively; the rate to which Kenyans have adopted the online shopping is forcing the retail shops to up there game. With the existence of Jumia, Kilimall Olx and more online shops, supermarkets are forced to go electronic as a way of business diversification strategy to keep up with the competition.

There is very little study done on e-retailing and its effect on performance in regards to profit, sales turn over and efficiency and therefore this study will find out the adoption of e-retailing in supermarkets and how it affects the profit, sales turn over and efficiency.

2.1.7 Organization Performance

Today, performance measurement is recognized as a vital management tool and is a subject on the agenda of most organizations. Performance is the organizational effectiveness, efficiency, financial viability and relevance Carton & Hofer (2010). Performance is the end results of activity (Leslie, 2013). From this study performance will be measured by profitability, sales turn over and efficiency in the supermarkets.

Profitability is the best measure of performance since profit maximization is said to be the main objective of all firms (Chandra, 2012). Profitability is the degree to which a business or activity yields profit or financial gain. Sales turnover is the total amount of revenue generated by a business during the calculation period, it's important for tracking sales level on a trend line through multiple measurement period in order to spot meaningful changes in activity levels. (Bragg, 2018)

Efficiency is the measure of relationship between input and output or how successfully the inputs have been transformed into output. (Low, 2000). According to Pinprayong and Siengthai (2012) there is a difference between business efficiency and organizational efficiency. Business efficiency reveals the performance of input and output ratio, while organizational efficiency reflects the improvement of internal processes of the organization such as organizational structure, culture and community. Organizational efficiency can improve entities performance in terms of management, productivity, quality and profitability. This study will therefore dwell on organizational efficiency as a guide to measure performance in supermarkets. The fact that e-business application is adopted by most organizations as a key area for business process innovation this research is based to find out if the application of e-business helps organizations to improve their performance.

2.2 Empirical Literature Review

2.2.1 E-Payment and Performance

Groznik and Manfreda (2015) sought to determine the impact of e-payment and e-invoicing through e-government on business processes in Slovenia. The study used census surveys on all registered businesses in Slovenia. The findings of the study revealed that the adoption of electronic invoicing in both government and business enterprises leads to cost cutting due to less operating expenses as a result of lack of paperwork or postal services. This is due to the fact that higher returns were realized as a result of the incorporation of e-invoicing and e-payment of government services. Groznik and Manfreda (2015) appreciates the complex nature of e-business, it points out that successful use of e-business practices is costly and demands a lot of organizational time and resources.

Kimeu (2017) in his research on Adoption and use of e-payment in revenue collection by Machakos town sub-county government for SMEs, the study used close-ended and open-ended questionnaire tools for collecting data. The findings of the study shows that SMEs owners between age 20-44 years embrace adoption e-payment of revenue, and that education is the key factor in the adoption and use of e-payment of revenue by SMEs in Machakos Town. He states that the main barrier to adoption and use of e-payment in revenue collection by Machakos town sub-county government for its SMEs are the fact that one has to physically collect the trade licenses from county offices instead of downloading or accessing them online even after paying for them through available e-payment platforms.

Mbwayo (2017) did the study on Factors influencing Adoption of Electronic payment by commercial banks in Kenya. The study adopted descriptive survey research design. The findings of the study showed that commercial banks have adopted various electronic payment technologies including ATMs, electronic fund transfer, mobile banking applications and bulk cash deposit machines. She found that electronic funds transfer system have been adopted to a very large extent compared to the rest.it was also found that the process of embracing electronic payment by commercial banks is affected by various elements such as information security, infrastructural frameworks by institutions, regulatory frameworks, technology and level of managerial support.

Most organizations have adopted e-payment as from the above literatures, Groznic (2015), Kimeu (2017) and Mbwayo(2017) all did studies on adoption of e-payment. However Groznic (2015) sought to find out the impact e-payment on government and business processes while this study concentrate on the effect of e-payment specifically in supermarket performance, Kimeu (2017) studied adoption of e-payment in revenue collection and Mbwayo (2017) did his study on e-payment in commercial banks in Kenya. From all this studies the researchers did not look into the effect of e-payment on retailing firms in terms of how it influences profitability, sales turn over and efficiency. Therefore this study sought to find out if there is any significance in adoption of e-payment on performance in supermarkets.

2.2.2 E-Procurement and Performance

A research conducted by Rotich, (2015) on the analysis of use of e-procurement on performance of the procurement functions of county government in Kenya, adopted correlation research design. The study used Enterprise resource planning as the independent variable and procurement performance as a dependent variable. The findings of the study stated that implementation of ERP system has improved inventory usage and control in the county government and enabled easy costing of materials in the central store of the county government making it possible to have up to date inventory record keeping in the departments. The study recommends that government should emphasize on ERP needs at every procurement cycle in order to have better procurement performance. The performance measurements in his study were improved product compliance with order placed, timely submission of purchase requisitions for approval, timely approval of requisition, timely bidding process and timely bids evaluation and supplier selection.

The study done by Ng'ang'a (2017) on impact of e-procurement on the operational performance of parastatals in the ministry of energy and petroleum in Kenya. The study used a descriptive survey research design and employed e-requisition, e-supplier selection, e-tendering, e-tender evaluation, e-supplier relationship management and e-procurement record management as the independent variable and operational performance of parastatals as the dependent variable. The study found out that e-requisition, supplier selection; e-tendering, tender evaluation, supplier relationship management and procurement record management on the operational performance of parastatals in energy and petroleum ministry have a positive and statistically significant effect on the operational performance of parastatals in the ministry.

Makali (2015) also did a study on E-procurement and procurement performance of supermarkets in Nairobi. The study employed census survey as the research design. The study also used e-tendering, e-informing, e-sourcing, e-requisitioning, e-approval and e-invoicing as the independent variables and its dependent variable was procurement performances which was measured in terms of lead time, quality supplies, cost and customer satisfaction. The study found that the adoption of e-procurement is still relatively low at 56%

of the supermarkets and that the adoption of e-procurement helps enhance cost efficiency by reducing wastage in the procurement process.

Rotich (2015), Ng'ang'a (2017) and Makali (2015) all did research on e-procurement on procurement process. Rotich (2015) talk about functions, Ng'ang'a (2017) operations and Makali (2015) procurement performance. This studies contrast in the field/areas of studies, Rotich (2015) did his research in the county government of Kenya, Ng'ang'a (2017) in parastatals and Makali (2015) in the supermarkets in Nairobi. Rotich (2015) used Enterprise Resource Planning as the e-business strategy, Ng'ang'a (2017) and Makali (2015) used E-supplier selection and E-tendering among others. Ng'ang'a (2017) did the study in the energy and petroleum ministry contrasting to this study and Makali (2015) did in supermarket though on the procurement performance with the performance measurements being lead time, quality supplies, cost and customer satisfaction. E-procurement success in organization has been measured in terms of lead time and quality supplies whereas this study sought to determine the results of e-procurement in line with the total cost saved on e-procurement resulting to profit and sales turn over.

2.2.3 E-Marketing and Performance

In the Kenyan context a few studies have been carried out on e-marketing, according to (Saillewu, 2001) who did a study on The perception of supermarkets in Nairobi on use of E-marketing, states that supermarkets view or understand e-marketing in a very narrow sense that involves selling and advertising on the internet, they perceive e-marketing as being insecure, complex and costly. He concludes that most supermarkets have not formed a strong and concrete perception about e-marketing and that technology is still new in Kenya and supermarkets need to be educated further about this new marketing tool.

According to the study done by (Kisato, 2014) on utilization of e-marketing tools and influence of micro and small fashion enterprises in Nairobi county Kenya; the study sought to determine which of the E-Marketing tools that are utilized in the fashion enterprises were the most preferred. It was evident from the analysis that Facebook and mobile telephony were the most utilized E-Marketing tools and online banners and search engine optimization were the least popular tools.

A study done by (Njoroge, 2017) on the relationship between E-marketing strategies and brand performance of large bookstores, she used descriptive census research design. The study revealed that most of the bookstores are motivated to use digital marketing strategies due to their efficiency and effectiveness although few of them found digital marketing to be cost effective as compared to traditional marketing.

The studies of Sailewu (2001), Kisato (2014) and Njoronge (2017) all were done on e-marketing however Sailewu (2001) sought to find out the perception of supermarkets on e-marketing in Nairobi. Kisatos' (2014) research established that the most utilized e-marketing tools was use of Facebook and mobile telephony whereas in this study researcher figures out with the use of e-marketing that is e-advertisement and e-promotion regardless of the e-marketing tools the significant on the performance of the supermarkets. Lastly Njoronge (2017) did a study on relationship between e-marketing strategies and brand performance of large bookstores. The fact that internet has received great attention in Kenya most business have adopted e-marketing as a way of creating awareness and with this regards supermarkets are forced to go online too to create awareness rather than wait for customers to walk into their premises. This study sought to find out how the adaption of e-marketing affects the supermarket performance.

2.2.4 E-Retail and Performance

Kariuki (2011) did a study to determine the relationship between the level of technological innovation and financial performance of the online shops in Kenya. The research design used was descriptive. The measures of performance in the study were economic growth, competition position, efficiency higher profitability, service quality and return of equity. The study found that commercial banks employs various technological innovations, which include ATM services, electronic money transfer, mobile phone transactions, internet banking and online account opening. The study revealed that ATM technology is the most available technology in use whereas online account opening is rarely used. The study concludes that online shops have continuously employed various technological innovations which have led to increased financial performance of the companies in Kenya through increased sales and profits.

(Kabura, 2012) On her study of E-commerce and performance of online businesses in Kenya, the study adopted cross-sectional survey design for data collection. The independent variables in this study were B2B e-commerce, B2C e-commerce and C2C e-commerce and the dependent variable was performance of online businesses. The performance was measured by usage (number of visitors, repeat visitors), financial benefit (online sales) and owner's satisfaction (search engine ranking, number of consumers. The findings of the study revealed that some of the challenges affecting the online businesses but to a moderate extent are; potential customers reluctant to shop online due to desire to touch/interact with the product prior to making purchase, lack of personal contact with customers, e-commerce software incompatibility with existing infrastructure, customer distrust regarding privacy of personal data and generally customer distrust for online businesses. There was a positive correlation between e-commerce the C2C e-commerce business model and performance in terms of unique and repeat visitors to websites.

Kariuki (2011) in his study used the descriptive design while Kabuba (2012) used cross sectional survey. Both the studies were done to find out the performance of online businesses. These studies contrasts to this study in that Kariuki (2011) did his study in the financial institution that's bank whereas this study will be done in supermarkets. Kabuba's (2012) study the performance measurements were number of users, financial benefit and owner's satisfaction. There is high competition for the supermarkets from the online shops. The online shops have interfered with the performance of supermarkets, most of online shops tend to operate from home, no cost for rent unlike supermarkets which have to find space for these products. This study sought to find out to what extent does e-retailing affect the performance of supermarkets.

2.3 Summary

In the recent time businesses have gone through unprecedented transformations which have been mainly after the invention of the internet. The creation of new business models such as online companies and introduction of other strategies like e-business strategy has brought significant benefits to businesses, consumers and even the society in general. This study basically will be conducted on supermarkets in Kisumu city.

There are limited studies done on e-business strategies in relation to supermarkets. Though there are number of researches done on supermarkets. (Munyoki 2013) on the research of relationship between corporate social responsibility practices and market share among supermarkets in Kisumu town sought to determine the factors that motivate the practice of corporate social responsibility amongst supermarkets in Kisumu town for the period 2006-2010. The result revealed that there was a relationship between corporate social responsibility and market share.

Another study done on Kisumu supermarkets was on application of the marketing concept and performance of supermarkets. The study found that marketing concept application by supermarkets has significant influence on both non-financial performance and financial performance measures. (Aila, Oginda, Ochieng'2012)

This study will concentrate on e-payment, e-procurement, e-marketing and e-retailing as variables of e-business strategy. From the previous studies on e-business strategies most researchers concentrated on the adoption of e-business in financial government and parastatal institutions whiles this study will major on retail shops, the question being does the adoption of e-business strategy have any significance to the performance of supermarkets in Kisumu?

CHAPTER THREE

METHODOLOGY

This section describes the methods and procedures used to carry out the study. The major issues discussed in this section include; the research design, population and sampling techniques, a description of instruments or tools used to collect data, analysis and presentation techniques.

3.1 Research Design

The study employed a descriptive research design. A research design functions as the research blue print for measurement and analysis of data. Mugenda and Mugenda (2003) define a survey as an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. The study generally tries to ascertain the effect of e-business strategy on performance of supermarkets in Kisumu city. Specifically, the study was to find out the effect of use of e-payment, e-procurement, e-marketing and e-retailers on performance of the selected supermarkets operating in Kisumu city.

3.2 Study Area

The study was conducted in Kisumu city. Kisumu city, Kisumu is the capital city of the former Nyanza province, currently Kisumu county. Kisumu city lies between a latitude of -0.10221 and a longitude of 34.7617111 in the southern hemisphere. Kisumu city hosts the largest open air market in the East Africa region. With the revival of Kisumu port along Lake Victoria the region has high expectation in the growth of the retail market and thus high competition expected among the retailing market including supermarkets.

3.3 Target Population

Pout and Hungler (1999) defines a study population as an aggregate or totality of all the objects, subjects or members that conform to a set of specifications. The study targeted 10 middle level managers and 90 operational staffs from various departments (cash office, stores department and sales department) from 4 selected supermarkets which have embraced e-business in Kisumu City (See Appendix VI) This study therefore targeted a total population of 100 respondents from 4 selected supermarkets. A population consists of a

group that share common characteristics from which units of analysis are then chosen out of the population for the study Orodho (2005). Target population refers to entire group of individuals to which researchers are interested in generalizing the conclusions (Mugenda and Mugenda 2003). The target population in this study was 100.

Table 3.1: Target Population

Department	Target Population				Total
	Tuskys	Chandarana	Naivas	Tumaini	
Managers	3	2	2	3	10
Cash Office	3	2	2	3	10
Store	20	10	10	20	60
Sales	6	4	4	6	20
Total	32	18	18	32	100

Source: Researcher (2019)

3.4 Sample and Sampling Design

The study sampling frame is the list of the study target population, from where the study selected the sample size (Kothari, 2008). The study employed a census sampling technique to sample all the 100 targeted respondents since the population of the study is small and manageable. Aspects to be considered when designing a sample include the level of accuracy required, cost, and the timing.

3.5 Data Collection Methods

3.5.1 Sources of Data

The study implemented primary data. Primary data was collected from the respondents using structured questionnaire. According to Mugenda and Mugenda (2008), primary data is data the researcher collects from the original source and is considered more reliable and up to date.

3.5.2 Data Collection Procedures

A letter from the university was obtained by the researcher. The letter was used to obtain authorization to conduct research from the supermarkets. In receipt of this letter the researcher packed and assembled all the data collection materials and train one principal

research assistant. A prior visit done to the supermarkets for identification of any significant challenges and how to handle them. The purposes for prior visit was to declare intention to serve the research instrument and secure the related appointment.

3.5.3 Data Collection Instrument

The study utilized quantitative data. Quantitative data involves collecting data from a population or from one or more large samples that represent the population, in a form that is easily converted to numerical indices (Leedy Ormrod, 2001). The research instrument will use a semi structured questionnaire (appendix II). The questionnaires were self administered to the respondents. The questionnaire was divided into various sections based on research objectives. The questionnaires was distributed to each of the supermarkets managers in Kisumu City.

3.5.4 Reliability of Research Instruments

According to Mugenda & Mugenda (2004), Reliability is a measure of degree to which research instruments yield consistent results after repeated trials for reliability purposes; a test and retest was done on the questionnaire with different respondents before the actual study. The result of the tests was then compared to the final results of the research to check on the reliability of the questionnaire. Table 3.2 shows the pilot result.

Table 3. 1: Pilot Result

Independent variable	N	Cronbach's Alpha
e-payment	8	.825
e-procurement	8	.750
e-marketing	8	.797
e-retailing	8	.728
Total	8	.775

Source: Pilot Data (2019)

Table 3.2 shows that the Cronbach's Alpha for the reliability test was .775. Since the reliability index of .775 was more than .70, the study instrument was considered to be reliable.

3.5.5 Validity of the Research Instruments

Validity refers to the degree to which the results obtained from the analysis of data actually represent the phenomenon under the study, Mugenda & Mugenda (2003).

Content validity addresses the match between test questions and the content obtained. The study instrument was designed in a way that ensures that this aspect of validity is adequately taken into consideration. Expert opinion from an expert was sought from so as to make sure that the instrument has the right content. Face validity is simply whether the test appears to measure what it claims to. The study instrument was found to be valid for the study since the reliability index was .775.

3.6: Data Analysis and Presentation

All data collected were checked for consistency of responses and cleaned before entry into computer file. The data will be analyzed using statistical methods and the results will be presented using tables. Descriptive statistics mainly frequencies, percentages, and mean will be used to summarize the responses. Collected data will be analyzed with the help of Statistical Package for Social Sciences (SPSS) Version 20.

The researcher used multiple linear regression model to show the relationship between the study variables.

The regression equation shall be of the form:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon \dots\dots\dots \text{Equation 3.1}$$

Where: Y = Performance of supermarkets

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ = Coefficient of determination

X_1 = E-payment; X_2 = E-procurement; X_3 = E-marketing ; X_4 = E-retail

ε = Error term (captures the unexplained variations in the model)

Source: Fairchild & Mackinnon (2009)

In the model, coefficient β_{1-4} will be used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variables.

3.7 Data Presentation

The researcher was careful to avoid causing psychological harm to respondents by asking irrelevant questions, using bad language or making respondents uneasy (Creswell, 2014). The consent of the respondents to participate in the study was sought by informing them of the purpose of the study. Assurance of maintaining confidentiality and anonymity was given to the respondents. This was done by not seeking the personal identity on the questionnaires.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter presents the analysis and interpretation of the findings from the study. Data collection was done by administering questionnaires.. The obtained data was presented in tables. The researcher distributed questionnaires to 100 respondents. The return rate was 60%. According to Mugenda and Mugenda (2008), a response rate 50.0% is acceptable in a survey research. Therefore the above response rate meets the criterion.

4.1 Presentation of Results

The finding of the study was divided into demographic information and the objective related questions. The demographic information included: gender, age, education level, work experience, duration of super market in Kisumu, e-business strategy implementation, and the most implemented e-business strategy.

Table 4.1: Bio data of the respondents

		N	%
Gender	Male	37	62.0
	Female	23	38.0
Age	18-35 years	36	60.0
	36-45 years	9	15.0
	46-50 years	10	17.0
	Over 50 years	5	8.0
Education level	Certificate	15	25.0
	Diploma	30	50.0
	Degree	10	17.0
	Masters	5	8.0
	Doctorate	0	0.0
Years of Experience	Less than 3 years	17	28.3
	3-10 years	32	53.3
	Over 10 years	11	18.3

Source: Survey Data (2019)

The finding of the study in table 3 shows that 37(62.0%) of the respondents were male while 23(38.0%) this implied that there were more males than females in the supermarkets in Kisumu city.

Moreover, the finding shows that 36(60.0%) of the respondents were between age 18-35 years, 9(15.0%) had age 36-45 years, 10(17.0%) had age 46-50 years while 5(8.0%) had over 50 years. This finding shows that majority (75.0%) of the respondents were youthful.

Further, the study reveals that 15(25.0%) of the respondents had certificate education, 30(50.0%) had diploma, 10(17.0%) had degree while only 5(8.0%) of them had masters. The finding shows that the respondents were literate enough to read and write on the questionnaires with minimal assistant from the researcher.

The finding shows that 17(28.3%) of the respondents had worked for less than 3 years in the supermarkets, 32(53.3%) had worked for 3-10 years, 11(18.3%) had worked for over 10 years. This finding indicates that more than half (71.7%) had work experience more than 3 years

The study sought on the supermarket data. The following findings are recorded below.

Table 4.2: Duration of Super market operation in Kisumu

Years	N	%
Less than 1 year	11	18.3
1-2 years	25	41.7
3-4 years	9	15.0
5 years and above	15	25.0
Total	60	100.0

Source: Survey Data (2019)

Table 4.2 shows that 11(18.3%) of the respondents indicated that supermarket had existed for less than 1 year, 25(41.7%) for 1-2 years, 9(15.0%) for 3-4 years while 15(25.0%) for 5 years and above. The finding reveals that about 40.0% of the respondents cited that supermarkets had operated in Kisumu for over 2 years.

Table 4.3: Super market implementing e-business strategy

Response	N	%
Yes	60	100.0
No	0	0.0
Total	60	100.0

Source: Survey Data (2019)

The finding in Table 4.3 shows that all 60 (100.0%) of the respondents said that the supermarkets implemented e-business strategy.

Table 4.4: Most implemented e-business strategy

Most implemented e-business strategy	Response
e-payment	71.4%
e-procurement	100.0%
e-marketing	85.7%
e-retailers	95.0%

Source: Survey Data (2019)

The Table 4.4 shows that 71.4% of the respondents indicated that supermarkets mostly implemented e-business while 100.0% of them said e-procurement. In addition, 85.7% of the respondents pointed out that the supermarkets mostly implemented e-marketing while 95.0% of them said e-retailers.

4.2 E-payment on Performance of Supermarkets

The first objective of the study was to establish the effect of e-payment on performance of supermarkets in Kisumu city. The respondents were asked to evaluate the use of e-business strategies. The responses were guided by the likert scale: 5-strongly agree; 4-agree; 3-neutral; 2-disagree; and 1-strongly disagree. The following findings are shown in the table 4.5.

Table 4.5: Effect of e-payment on performance of supermarkets in Kisumu city

Statement	N	M	SD
The supermarket uses adopted e-payment strategy as a mode of payment for transactions	60	3.98	1.308
e-payment systems like mobile payment and credit cards has fully being adopted by the supermarket	60	4.08	1.357
e-payment strategy is convenient for customers and the supermarket	60	4.35	.547
e-payment is efficient	60	3.97	1.301
Overall score	60	4.1	1.128

Source: Survey Data (2019)

The finding of the study shows that the respondents agreed that: the supermarket uses adopted e-payment strategy as a mode of payment for transactions (M=3.98; SD=1.308), e-payment systems like mobile payment and credit cards have fully being adopted by the supermarket (M=4.08; SD=1.357), e-payment strategy is convenient for customers and the supermarket (M=4.35; SD=.547) and e-payment is efficient (M=3.97; SD=1.301). The overall result shows that respondents agreed that effect of e-payment on performance of supermarkets in Kisumu city (M=4.1; SD=1.128).

4.3 E-procurement on Performance of Supermarkets

The second objective of the study was to determine the effect of e-procurement on performance of supermarkets in Kisumu city. The respondents were asked to evaluate the use of e-procurement. The responses were guided by the likert scale: 5-strongly agree; 4-agree; 3-neutral; 2-disagree; and 1-strongly disagree. The following findings are shown in the table 4.6.

Table 4.6: Effect of e-procurement on performance of supermarkets in Kisumu city

Competitive advantage	N	M	SD
Supermarket has adopted e-procurement to streamline procurement process	60	4.08	1.357
e-procurement helps cut cost in procurement process	60	3.92	.907
E-procurement process like e-tendering and e-selection has been reliable and efficient	60	3.92	.996
Overall Score	60	3.97	1.087

Source: Survey Data (2019)

The finding in Table 4.6 shows that the respondents agreed that: Supermarket has adopted e-procurement to streamline procurement process (M=4.08; SD=1.357), e-procurement helps cut cost in procurement process (M=3.92; SD=.907) and E-procurement process like e-tendering and e-selection has been reliable and efficient (M=3.92; SD=.996). The overall score reveals that respondents accepted that e-procurement had effect on performance of supermarket in Kisumu City (M=3.97; SD=1.087).

4.4 E-marketing on Performance of Supermarkets in Kisumu City

The third objective of the study was to establish the effect of e-marketing on performance of supermarkets in Kisumu city. The respondents were asked to evaluate the use of e-procurement. The responses were guided by the likert scale: 5-strongly agree; 4-agree; 3-neutral; 2-disagree; and 1-strongly disagree. The following findings are shown in the Table 4.7.

Table 4.7: Effect of e-marketing on performance of supermarkets in Kisumu city

Statement	N	M	SD
The supermarket is using e-marketing in driving sales	60	3.95	.928
e-marketing activities like online advertisements and e-promotions are reliable and efficient for the company	60	3.92	.907
Customers compare goods prices online before purchasing them	60	4.35	.547
Overall score	60	4.07	.794

Source: Survey Data (2019)

The finding in Table 4.7 reveals that respondents agreed that: the supermarket is using e-marketing in driving sales (M=3.95; SD=.928) and e-promotions are reliable and efficient for the company (M=3.92; SD=.907). Also respondents agreed that Customers compare goods prices online before purchasing them (M=4.35; SD=.547). The overall result reveals that respondents agreed that e-marketing had effect on performance of supermarkets in Kisumu city (M=4.07; SD=.794).

4.5 E-retailing on Performance of Supermarkets in Kisumu City

The final objective of the study was to determine the effect of e-retail on performance of supermarkets in Kisumu city. The respondents were asked to evaluate the use of e-retailing. The responses were guided by the likert scale: 5-strongly agree; 4-agree; 3-neutral; 2-disagree; and 1-strongly disagree. The following findings are shown in the Table 4.8.

Table 4.8: Effect of e-retail on performance of supermarkets in Kisumu city

Statement	N	M	SD
The supermarket has an online store for selling goods online	60	3.97	1.301
e-retailing is normally used by the supermarket to sell some of its products	60	3.92	.907
e-retailing is efficient way of increasing sales revenue through online sales	60	4.52	.651
Overall score	60	4.14	.953

Source: Survey Data (2019)

Table 4.8 reveals that the respondents agreed that the supermarket has an online store for selling goods online (M=3.97; SD=1.301) and e-retailing is normally used by the supermarket to sell some of its products (M=3.92; SD=.907). In addition, the respondents strongly agreed that e-retailing is efficient way of increasing sales revenue through online sales (M=4.52; SD=.651). The overall score shows that respondents agreed that e-retailing had effect on performance of supermarkets in Kisumu city (M=4.14; SD=.953).

4.6 Effect of E-business on Performance of Supermarkets in Kisumu City

The main objective of the study was to investigate the effect of e-businesses strategy on performance of supermarkets in Kisumu city. The respondents were asked to indicate their level of agreement or disagreement on performance. The following findings are shown in the table below. The responses were guided by the Likert scale : 5-strongly agree; 4-agree; 3-neutral; 2-disagree; and 1-strongly disagree. The following findings are shown in the Table 4.9.

Table 4.9: Effect of e-businesses strategy on profitability of supermarkets in Kisumu city

Statement	N	M	SD
Profit is earned when the financial gain surpass the budgeted cost.	60	4.52	.651
Profit is realized when the total sales for a certain period surpass the total expenses for the same period.	60	4.08	1.357
Expansion of supermarkets by opening new branches proves success and profitability of the supermarket.	60	3.92	.907
Overall score	60	4.17	.972

Source: Survey Data (2019)

The finding of the study in the table 11 shows that respondents indicated that there profit is earned when the financial gain surpass the budgeted cost (M=4.52; SD=.651), profit is realized when the total sales for a certain period surpass the total expenses for the same period (M=4.08; SD=SD=1.357), and expansion of supermarkets by opening new branches proves success and profitability of the supermarket (M=3.92; SD=.907). The overall result shows that e-businesses strategy had effect on profitability of supermarkets in Kisumu city (M=4.17; SD=.972).

Also the respondents were asked to evaluate the effect of e-businesses strategy on sales turn over performance of supermarkets in Kisumu city. The finding is summarized in table 4.10.

Table 4.10: Effect of e-businesses strategy on sales turn over performance of supermarkets in Kisumu city.

Statement	N	M	SD
The supermarket manages to reach its sales target annually.	60	4.52	.651
There is an opportunity for sales growth in supermarkets	60	4.08	1.357
The average purchase value of goods determines the sales	60	3.92	.907
Has the rise of various online shops affected the supermarket sales turnover?	60	4.35	.547
Overall score	60	4.22	.866

Source: Survey Data (2019)

The finding in Table 4.10 shows that the respondents agreed that: There is an opportunity for sales growth in supermarkets (M=4.08; SD=1.357), average purchase value of goods determines the sales (M=3.92; SD=.907) and various online shops affected the supermarket sales turnover (M=4.35; SD=.547). Respondents strongly agreed that supermarket manages to reach its sales target annually (M=4.52; SD=.651). The overall result shows that e-businesses strategy had effect on sales turnover of supermarkets in Kisumu city (M=4.22; SD=.866).

Table 4.11: Effect of e-businesses strategy on efficiency of supermarkets in Kisumu city

Statement	N	M	SD
Efficiency in supermarket is determined by time taken to serve customer.	60	3.92	.907
Easy identification of products and location of the product in supermarket by customers proves efficiency.	60	4.08	1.357
Supermarkets achieve operational efficiency through increasing service quality in communication within the business.	60	4.50	.873
Overall score	60	4.17	1.046

Source: Survey Data (2019)

Table 4.11 shows that the respondents agreed that: Efficiency in supermarket is determined by time taken to serve customer (M=3.92; SD=.907) and Easy identification of products and location of the product in supermarket by customers proves efficiency (M=4.08; SD=1.3570). The study finding indicated strong agreement on Supermarkets achieving operational efficiency through increasing service quality in communication within the business (M=4.50; SD=.873). The overall result shows that e-businesses strategy had effect on sales turnover of supermarkets in Kisumu city (M=4.17; SD=1.046).

To actualize the study objectives regression analysis was applied to establish the statistical significant relationship between the independent variable and dependent variables namely e-payment, e-procurement, e-marketing and e-retailing on performance of major supermarkets in Kisumu City was undertaken. The regression analysis results were presented using regression model summary table analysis of variance (ANOVA) table and beta coefficients table whose findings were presented as below tables, which are Table 4.12, Table 4.13 and Table 4.14.

Table 4.12 Model summary of e-business strategy and performance of supermarkets in Kisumu city

Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.965 ^a	.930	.925	.16677

a. Predictors: (Constant), e-payment, e-procurement, e-marketing, e-retailing

Source: Survey Data (2019)

The Table 4.12 shows that r square is .930, which implies that 93.0% of the performance is predicted by the independent variable (e-business strategy) while the 7.0% is affected by other factors.

Table 1: ANOVA of e-business strategy and performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.464	4	5.116	183.947	.000 ^b
	Residual	1.530	55	.028		
	Total	21.993	59			

a. Dependent Variable: performance

b. Predictors: (Constant), e-payment, e-procurement, e-marketing, e-retailing

Source: Survey Data (2019)

The table 4.13 shows that the p-value is less than .05. This means that the independent variable (e-business strategy) is statistically significant to performance of supermarkets in Kisumu city.

Table 4.14: Coefficients of e-business strategy and performance

Model	Unstandardized		Standardized	t	Sig.	
	Coefficients					
	B	Std. Error	Beta			
1	(Constant)	.576	.160		3.597	.001
	e-payment	.232	.046	.368	5.054	.000
	e-procurement	.257	.064	.307	4.038	.000
	e-marketing	.209	.060	.206	3.494	.001
	e-retailing	.190	.070	.233	2.735	.008

a. Dependent Variable: Performance

Source: Survey Data (2019)

Table 4.14 shows that e-payment, is the most predictor of performance, followed by e-procurement, e-retailing and then e-marketing with B values of .257, .232, .209 and .190 respectively. On the other hand, the findings reveals that e-payment and e-procurement are the most significant (sig. = 0.000), followed by e-marketing (sig. = .001) and then e-retailing (sig. =.008). The study finding is shown in the regression model below.

$$Y=.576+.232X1+.257X2+.209X3+.190X4+e \dots\dots\dots \text{Eq 1}$$

Where:

Y = performance;

X1= e-payment;

X2= e-procurement;

X3=e-marketing;

X4= e-retailing and

e= Precision error (at 95% Confidence level)

The model can be interpreted that performance is positively affected by the e-business strategies at the confidence level of 95%.

4.7 Establish the Effect of E-payment on Performance of Major Supermarkets in Kisumu City

The first objective of the study was to establish the effect of e-payment on performance of major supermarkets in Kisumu. In this regards e-payment was found to have a significant positive influence on supermarket performance ($\beta=0.232$, $\rho=0.000$) thereby rejecting the null

hypothesis H₀₁ which state that e-payment does not have significant effect on performance of supermarkets in Kisumu city. This implies that e-payment is a critical determinant of performance of supermarkets.

The finding that e-payment has significant positive effect on performance has received some support from theoretical literature as well as past empirical studies carried out by other researchers in different contexts. For instance Groznik and Manfreda (2015) the study sought to found out that the use of e-payment for example e-invoicing tend to reduce cost and thus higher returns were realized as a performance indicator. The study finding are also in agreement with Kimeu (2017) who talks about e-payment in revenue collection by machakos town sub-county government points out that e-payment is efficient and has significance in performance though the limitation came in that the license for revenue have to be physically be collected at the county office instead of been downloaded. Mbwayo (2017) also sought to agree that e-payment has significance on performance even though the study identifies that the challenges that limit the e-payment is the element of information security, infrastructural frameworks and regulatory frameworks.

This study however contrasts to all the studies in that it particularly concentrates on effect of e-payment on performance of supermarkets.

4.8 Effect of E-procurement on Performance of Supermarkets

The second objective of the study was to determine the effect of e-procurement on performance of supermarkets in Kisumu city. In this regard the e-procurement was found to have significant positive influence on performance of supermarkets ($\beta=0.257$, $\rho=0.000$) thereby rejecting the second null hypothesis H₀₂ that e-procurement does not have significant effect on performance supermarkets in Kisumu city.

These therefore mean that the unit change in e-procurement causes 0.257 unit change in performance of supermarkets and the change is significant. This implies that e-procurement is also critical determinant of performance of supermarket. The finding that e-procurement has significant positive effect on performance of supermarkets is supported by Rotich (2015) the study found out that e-procurement has significance on performance. The study found out that the implementation of ERP improves inventory usage and enable easy costing of materials in central stores of county government. The study finding is also in agreement with

Ng'ang'a (2017) who found out that e-requisition, supplier selection e-tendering tender evaluation supplier relationship management and procurement record management on the operational performance of parastatals in energy and petroleum ministry have positive and statistically significant effect on the operational performance.

However Makali (2015) found out that the adoption of e-procurement in supermarkets is relatively low. The finding therefore contrast to the studies in that it sought to have found the effect of e-procurement on performance of supermarkets while Makali (2015) did found out on the effect of e-procurement and procurement performance. The study recommends that the management of the supermarkets should ensure that they put in place right e-procurement strategies in order to realize improved performance.

4.9 Effect of E-marketing on Performance of Supermarkets in Kisumu

The third objective of the study was to establish the effect of e-marketing on performance of supermarkets in Kisumu city. In this regard the e-marketing was found to have significant positive influence on performance of supermarket ($\beta=0.209$, $\rho=0.001$) thereby rejecting the null hypothesis H_{03} , e-marketing does not have significant effect on performance of supermarkets. This means that unit change in e-marketing will cause 0.209 unit change in performance of supermarkets and the change is significant. This implies that e-marketing is a significant predictor of performance of supermarkets.

In agreement to the finding is Njoronge (2017) who sought to have found out that e-marketing is efficient and effective. However Sailewu (2001) who did a study on perception of supermarkets on use of e-marketing found out that supermarkets view e-marketing as being insecure, complex and costly , the study found out that supermarkets need to be educated on e-marking.

4.10 Effects of E-retailing on Performance of Supermarkets.

The fourth objective of the study was to examine effect of e-retailing on performance of supermarkets. In this regards e-retailing was found to have significant positive influence on performance of supermarkets ($\beta=0.190$, $\rho=0.008$) thereby rejecting the forth null hypothesis H_{04} that e-retailing does not have significant effect on performance of supermarket in

Kisumu. This mean that the unit change in e-retailing will cause 0.190 unit change on performance of supermarket and change is significant.

The finding that e-retailing has significant positive effect on performance of supermarkets has received support from theoretical literature as well as past empirical studies carried out by researchers in different contexts. For instance Kariuki (2011) in his study found out that online shops have led to increased financial performance of companies in Kenya through increased sales and profit. Kabura (2012) study revealed that there is a positive correlation between e-commerce and performance.

CHAPTER FIVE

SUMMARY, RESULTS, CONCLUSIONS AND RECOMMENDATIONS

This chapter provides a summary of research findings of the study, conclusions and recommendations. The chapter starts by summarizing the findings which are presented to reflect the research questions of the study.

5.1 Summary of Study Findings

The first objective of the study was to establish the effect of e-payment on performance of supermarkets in Kisumu city. The study revealed that the respondents agreed that: the supermarket uses adopted e-payment strategy as a mode of payment for transactions, that is e-payment systems like mobile payment and credit cards have fully being adopted by the supermarket and e-payment is efficient. The respondents strongly agreed that e-payment strategy is convenient for customers and the supermarket. The overall result showed that respondents agreed that effect of e-payment on performance of supermarkets in Kisumu city.

The second objective of the study was to determine the effect of e-procurement on performance of supermarkets in Kisumu city. The study found out that respondent agreed that: Supermarket has adopted e-procurement to streamline procurement process, e-procurement helps cut cost in procurement process and E-procurement processes like e-tendering and e-selection has been reliable and efficient. The overall score reveals that respondents accepted that e-procurement had effect on performance of supermarket in Kisumu City.

The third objective of the study was to establish the effect of e-marketing on performance of supermarkets in Kisumu city. The study results revealed that respondents agreed that: the supermarket is using e-marketing in driving sales and Customers compare goods prices online before purchasing them. Respondents strongly agreed that e-marketing activities like online advertisements and e-promotions are reliable and efficient for the company. The result revealed that respondents agreed that e-marketing had effect on performance of supermarkets in Kisumu city.

The final objective of the study was to determine the effect of e-retail on performance of supermarkets in Kisumu city. The study found out that the respondents agreed that the

supermarket has an online store for selling goods online and e-retailing is normally used by the supermarket to sell some of its products. In addition, the respondents strongly agreed that e-retailing is efficient way of increasing sales revenue through online sales. The finding score shows that respondents agreed that e-retailing had effect on performance of supermarkets in Kisumu city.

The main objective of the study is to investigate the effect of e-businesses strategy on performance of supermarkets in Kisumu city. The study found out that e-businesses strategy had effect on profitability of supermarkets in Kisumu city. Moreover, the study revealed that e-businesses strategy had effect on sales turnover of supermarkets in Kisumu city. In addition, the study finding revealed that e-businesses strategy had effect on sales turnover of supermarkets in Kisumu city. The multivariate regression results revealed that independent variable (e-business strategy) is statistically significant to performance of supermarkets in Kisumu city.

5.2 Conclusion

Based on the findings, the study concluded that e-payment had effect on performance of supermarkets in Kisumu city, e-procurement had effect on performance of supermarket in Kisumu City, e-marketing had effect on performance of supermarkets in Kisumu city and e-retailing had effect on performance of supermarkets in Kisumu city. The study concluded that e-business strategy had effect on performance of supermarkets in Kisumu city.

5.3 Recommendations

Based on the foregoing findings and conclusions the study therefore recommends the following: Since it was established that E-payment has significant positive relationship with performance of supermarkets therefore the management of supermarkets should ensure that proper e-payment strategy is adopted to enhance performance. The management of supermarkets should ensure that they put in place right e-procurement strategy in order to realize improved performance. Management should also ensure that they adopt the right e-marketing strategy to widen there awareness scope for better performance. And lastly the supermarket management should ensure that they adopt the appropriate e-retailing strategy to help in enhancing performance.

5.4 Limitations of the Study

Most of the operational staffs were reluctant to receive and fill the questionnaire in fear of the top management reaction. The management also was hesitant to allow me to conduct the research, this challenges were aligned by properly explaining to them that I am a university student from Maseno University and that the results from the research is for academic purpose.

5.5 Areas for further Research

Based on the conclusions on the findings of this study the researcher suggests other studies to be carried out to establish the effect of e-business on performance of supermarkets in other geographical locations. The same study can be carried out to other retailing businesses in general not specifically the supermarkets.

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APPENDICES

Appendix I: Letter of Transmittal

Josephine Akinyi Okayo
Kisumu, Kenya.

Dear Respondent,

I am a student of Maseno University pursuing a Degree in Master of Business Administration. As part of the requirement, I am conducting an academic research on the “Effects of E-business strategies on performance of supermarkets in Kisumu city” I am writing to invite you to participate in the research by filling in the questionnaire.

Your participation is entirely voluntary and the questionnaire is completely anonymous. I wish to assure you that the information you will provide will be treated with utmost confidentiality. Your ability to answer all the questions comprehensively and to the best of your knowledge will be highly appreciated.

I look forward to your support.

Thank you.

Yours Sincerely,

Josephine Okayo

Appendix II: Questionnaire

I kindly request your responses in filling this questionnaire that intends to investigate “The effect of e-businesses strategy and performance of major supermarkets in Kisumu city”

NOTE: The information obtained from the respondents will be used for academic purposes only and it will be treated with high degree of confidentiality

Please tick in the right box next to the right response where applicable.

SECTION A: DEMOGRAPHIC INFORMATION

i) Bio data

1. Your Gender

Male Female

2. Age bracket?

18 – 35 years 36 – 45 years 46 – 50 years above 50 years

3. Highest level of Education?

Certificate Diploma Degree Masters Doctorate Any others

4. For how long have you been working with the firm

0 – 3 years 3 – 10 years above 10 years

ii) Supermarkets data

5. For how long has this super market operated in Kisumu

Less than a year

1-2 years

3-4- years

5 years and above

6. Has your supermarket implemented any e-business strategy so far?

Yes

No

7. If yes (From above), which e-business strategy do you mostly use in your company?

E-payment

E-procurement

E-marketing

E-retailers

SECTION B: This section is for evaluation of the use of e-business strategies.

Please mark appropriate selection or provide specific description.

Where: 5= Strongly agree; 4 = Agree; 3 =Neutral; 2 = Disagree 1 = Strongly Disagree

8. E-payment - is the payment for goods, services or bills using paperless which may be through use of mobile device or use of credit cards.

E-payment	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
The supermarket uses adopted e-payment strategy as a mode of payment for transactions					
e-payment systems like mobile payment and credit cards has fully being adopted by the supermarket					
e-payment strategy is convenient for customers and the supermarket					
e-payment is efficient					

9. E-procurement - is the use of electronic applications in the whole process of procurement especially from the point of supplier selection, qualification, e- tendering, e-ordering and e-evaluation.

E-procurement	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
Supermarket has adopted e-procurement to streamline procurement process					
e-procurement helps cut cost in procurement process					
E-procurement process like e-tendering and e-selection has been reliable and efficient					

10. E-marketing - is the use of electronic marketing strategies by means of electronic media like online advertisement, e-promotion and especially use of the Internet for marketing.

E-marketing	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
The supermarket is using e-marketing in driving sales					
e-marketing activities like online advertisements and e-promotions are reliable and efficient for the company					
Customers compare goods prices online before purchasing them					

11. E-retailing - is the use of online stores that are established to enable customers to be able to compare, order and buy goods from online sellers from the e-web stores or e-shops through a mobile or computer optimized website.

E-retailing	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
The supermarket has an online store for selling goods online					
e-retailing is normally used by the supermarket to sell some of its products					
e-retailing is efficient way of increasing sales revenue through online sales					

SECTION C: PERFORMANCE

Please indicate (on a scale of 1-5) indicate whether you agree or disagree the following statements. (Effects of e-business strategy on performance of supermarkets in Kisumu)
 Performance - is the organizational effectiveness, efficiency, financial viability and relevance. Performance is the end results of activity, from this study performance will be measured by profitability, sales turn over and efficiency in the supermarkets

12. Profitability - Profitability is the degree to which a business or activity yields profit or financial gain.

Profitability	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
Profit is earned when the financial gain surpass the budgeted cost.					
Profit is realized when the total sales for a certain period surpass the total expenses for the same period.					
Expansion of supermarkets by opening new branches proves success and profitability of the supermarket.					

13. Sales Turn Over - is the total amount of revenue generated by a business during the calculation period,

Sales Turnover	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
The supermarket manages to reach its sales target annually.					
There is an opportunity for sales growth in supermarkets					
The average purchase value of goods determines the sales					
Has the rise of various online shops affected the supermarket sales turnover.					

14. Efficiency - is the total amount of revenue generated by a business during the calculation period,

Efficiency	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
Efficiency in supermarket is determined by time taken to serve customer.					
Easy identification of products and location of the product in supermarket by customers proves efficiency.					
Supermarkets achieve operational efficiency through increasing service quality in communication within the business.					

15. Kindly, in brief explain any other e-business strategies in which supermarkets in Kisumu may adopt in order to improve their performance

.....

.....

.....

****THE END****

****Thank you for your time***

Appendix III: Research Plan

Activity	January - February 2019	March- April 2019	April – June 2019	July- August 2019
Conceptualization of research topic				
Developing objectives and Proposal writing				
Preparation of data collection instruments				
Presentation of proposal				
Collection of data				
Writing final report and submission and presentation				

Source: Researcher (2019)

Appendix IV: Research Budget

Items/Activity	Descriptions	Total (Kshs)
Purchase of Stationary	Writing materials	500
	Printing and photocopying papers	3200
Personnel	Consultant/Research assistant	1000
Photocopy, Printing and binding services		4500
Travelling		3000
Internet		2000
Other expenses		4300
Total		18,500

Source: Researcher (2019)

Appendix V: Map of Kisumu City.



Appendix VI: List of Supermarkets in Kisumu City Kenya

1. Tuskys Supermarket
2. Naivas Supermarket
3. Tumaini kondele
4. Chandarana supermarket