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The Effect of Electronic Commerce on the Performance of Small and Medium Enterprises in Uganda: A Case Study of Kakoba Division Mbarara District.

Today's business world has been deeply influenced by Information and Communication Technologies (ICT) and the application of ICT among businesses is widespread. The main purpose of this study was to investigate the effect of electronic commerce on performance of Small and Medium Enterprises (SMEs) in Kakoba Division, Mbarara District. The study was guided by the following objectives; to assess the effect of electronic marketing system on performance of small and medium enterprises; to examine the effect of electronic procurement system on performance of small and medium enterprises and to assess the effect of electronic payment system on performance of small and medium enterprises in Kakoba division. A case study research design was used. The study employed quantitative approaches. The study population consisted of 138 respondents. A sample size of 103 respondents was selected using purposive and simple random sampling techniques. The Statistical Package for the Social Sciences (SPSS) programme was used to do the analysis for quantitative data. Quantitative data analysis mainly consisted of descriptive statistics and inferential statistics (Pearson correlation, coefficient of determination and regression). The findings revealed that electronic marketing ($\beta_1 = 0.344$) and electronic procurement ($\beta_2 = 0.288$) had a significant positive effect on performance of small and medium enterprises in Kakoba division. However, electronic payment ($\beta_3 = 0.379$) also had a positive effect on performance of small and medium enterprises in Kakoba division. The predictive power of the model was found to be 62.9% (Adjusted R Square = 0.629). This result indicates that the variation in e-marketing, e-procurement and e-payment among SMEs combined accounts for 62.9% variation in the level of financial performance of SMEs. The remaining 37.1% was determined by other factors outside the study. It was concluded that electronic commerce had significant positive effect on performance of small and medium enterprises in Kakoba division. Thus, it was recommended that for purposes of improving performance of small and medium enterprises in Kakoba division, it is imperative that they adopt more of electronic marketing, payment and procurement in their daily operations and for consumers to be encouraged to have access to marketing and interacting online.

Keywords: Information & communication technologies, Small & Medium Enterprises, E-commerce, Mbarara, Kakoba