
E-COMMERCE AND BUSINESS PERFORMANCE; A CASE STUDY OF AIRTEL UGANDA

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ABSTRACT

This research report study aimed to investigate the “Impact of e-commerce on business performance; A case study of Airtel Uganda”. Questionnaires were used to collect data under a case study research design. Qualitative and quantitative means were used to analyze the data. The objectives of the study used were; To examine the relationship between quality dimension and business performance, to assess the impact of e-commerce on customer satisfaction of Airtel Uganda Ltd, to examine the role of e-commerce on the profitability of Airtel Uganda Ltd. To achieve this objective, the study sampled 60 respondents because it is large enough compared to the study population that is 3 management executives, 10 staff members and 47 clients of Airtel-Uganda, the respondents were selected using simple purposive sampling method, it was important because it gave the researcher freedom to select certain respondents with in-depth knowledge regarding the issue under investigation. From the findings, 58% of the respondents strongly agreed that when customers are satisfied, they create a positive working environment, 42% agreed with the statement while none disagreed nor strongly disagreed with the statement. 42% of the respondents strongly agreed that website designing attracts customers to buy products since the products are easily accessible to everyone. 17% agreed with the statement, 25% strongly disagreed saying that what is on the website of some companies is not what is normally delivered while 17% disagreed. The researcher however recommends that the organization should blend the e-commerce strategy with other strategies like selling strategy so that it widely publicizes its ability to meet customer needs. This will attract more customers in a short run so as to further increase its profitability.

Key words: e-commerce and business performance

Background of the Study

E-commerce can be perceived as a business activity concerned directly with trading of goods and services and other related business activities in which the electronic medium plays a central role (Alex & Kazaara, 2023). These activities are in the communication of information, the management of payment, negotiating and trading of financial instruments, and the management OP transport, etc (Winny et al., 2023). As an economic activity, EC represents an inter-play of physical resources, human

resources and societal resources (Tasha et al., 2023a). Physical resources refer to natural resources, technologies and physical infrastructure. Human resources refer to human labour, knowledge and skill in the broad sense of the words (S. J. Mark & Jacob, 2023). Societal resources refer to resources residing in moral ethical systems, institutions, culture, language, social harmony and community spirit (Akankwasa et al., 2022). EC operates within the constraints of these three resources while at the same

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time it also influences and moulds them (Faith et al., 2023). The emergent trends confirm our historical experience that the far-reaching consequences of EC are likely to be at the level of social institutions. History also suggests that there is a need to pay due attention to intervention of socio-institutional structure in order to reap the benefits of EC (Francis et al., 2023).

Prior IS literature indicates that the RBV theory has been used to analyze IT capabilities (Akankwasa et al., 2022) and to explain how the business value of IT resides more in the organization's skills to leverage on IT as compared to the technology itself (Soh and Markus, 2015). It shows that the business value of IT depends on the extent to which IT is used in the key activities in the firm's value chain (Tasha et al., 2023b). The internet has now been presently established as a new marketing tool. Marketers use the internet to gather data for marketing planning. Companies like Airtel Uganda, which use the internet not only for advertising but also for email and receiving purchase order, businesses have increased their opportunities by providing 24 hours/7 day access for branch offices, business contact and shoppers (K. Faridah et al., 2023).

Uganda, like the rest of the world is riding on the waves of electronic commerce, because of its significance in the economy with the introduction of the internet; marketers have the technology to mass customize communication and products (N. Faridah et al., 2023). An organization majorly exists to satisfy customers while meeting the organizational objective of increased sales and higher profit (Annet et al.,

2023). The internet has become an integral piece of marketing mix, spawning new products and service as well as a digital distribution channel and an electronic storefront (Polycarp et al., 2023). Customers want to do business on their own schedules, however many unsuccessful online businesses fail to satisfy their customers because the expectation of the online customers is often higher and may even be different from that of those using traditional marketing (Damasus et al., 2023).

Problem Statement

In Uganda, the landscape of trade and doing business has and continues to change towards online market places or E-Commerce in the modern world (Gracious, 2023). The use of E-commerce platforms is seen to have massive potential to create major shifts in cross border trade or exports and imports, widen markets, and enhance competitiveness of businesses and efficiency in delivery of goods and services locally and internationally (Christopher, Komunda, et al., 2022). A report by Trade Mark East Africa predicts a 40% annual growth in e-commerce over the next decade for Africa (District et al., 2023). However, despite this positive, the participation of African countries including Uganda in global E-Commerce remains very low at about 2% (John et al., 2023). According to a 2017/2018 National IT Survey Report, 68.6% of consumers that had bought goods online reported several challenges like delayed delivery beyond promised time, goods looking different on arrival, goods not arriving at

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all, overcharging, or incurring an unexpected fees (Racheal et al., 2023). In same way, a study undertaken by ITC and Amsterdam University of Applied Sciences (2020), found that there were 631 online market places in Africa covering 58 countries accounting for a total traffic of 2.2 billion visits in 2019. This was way below the traffic received by sites such as Amazon (26.73 Billion), eBay (10.42 Billion), and EliExpress.com (6.66 Billion) in the same year. These statistics paint the picture that if African countries including Uganda does not rise up to the global trade shifts, it will be left behind again by the world (Anthony et al., 2023). Digital Economy Report (2019), stressed that African countries including Uganda faces several challenges that affect their participation in the digital economy such as limited access to ICT's, the small and fragmented

local markets (Allan et al., 2023), inadequate entrepreneurial knowledge and skills, a lack of highly skilled and affordable workforce (Isaac et al., 2023), and most users of e-commerce platforms in Africa use those platforms to import products rather than export locally produced goods and services hence contributing to export-import imbalance. Therefore, if these challenges are not addressed, companies like Airtel-Uganda will not succeed in e-commerce business. Thus for Airtel-Uganda to participate in e-commerce and to benefit from the global markets, it must scale up access to affordable ICT infrastructure services (Christopher, Muhindo, et al., 2022). Therefore, the study aims at establishing relationship between e-commerce and business performance at Airtel-Uganda and to suggest possible solutions.

Research Objectives

1. To examine the relationship between quality dimension and business performance
2. To assess the impact of e-commerce on customer satisfaction of Airtel Uganda Ltd.
3. To examine the role of e-commerce on the profitability of Airtel Uganda Ltd

Methodology

Research Design

The study used a descriptive cross-sectional design that was conducted at a single place in time and focused to the research under study (Amin 2005). The descriptive cross-sectional design was used to establish whether there is a significant relationship between e-commerce and business performance. The ex-post facto design was used because respondents were asked things that had already happened. The cross-sectional design was employed because a cross-section of respondents may be selected to participate in the study all at once.

Quantitative approach was used to process data which can be quantified and is numeric in nature. For example, the respondents' age, income, number of times they have visited a given destination in a given period of time, etc.

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According to Creswell (2013), quantitative research helped in getting an in-depth analysis of the problem under investigation. Qualitative approach was used to describe qualitative data which cannot be quantified in numbers. This included respondents' opinions and ideas. Qualitative research was also applied in order to describe current conditions or to investigate relationships, including effects and relationships. In addition, it helped in answering questions concerning the current state of the subject under study

Study Population

The study was conducted at Airtel-Kampala Uganda. The population of the study will be made up of management, staff and the clients of Airtel-Kampala Uganda and it totaled up to 90 respondents.

Sample Size and sampling technique

The study used a sample size of 60 respondents as determined by the Krejcie and Morgan table of 1970 on sample size determination. The sample included the management, staff and clients. To arrive at the sample size, the researcher used random sampling method. With this method, the researcher randomly selected 3 management executives, 10 staff members and 47 clients of Airtel-Uganda Company limited. The study therefore used total of 60 respondents. The researcher used simple purposive sampling method because it gives an equal opportunity to all members of finite population which was used in the sample. This sample size was effective and a good representative of the population, convenient to the researcher in terms of funds, time and others.

Table 1: sample size and composition

Category	Respondents	Frequency
Management executives	3	5%
Staff members	10	17%
Customers	47	78%
TOTAL	60	100%

Data Collections Instruments

Questionnaires

This researcher used self-administered questionnaires for the respondents. These were distributed among the staff in their respective departments. The justification for using this instrument was that questionnaires are easy to quantify and analyze. In addition, the questionnaire were used because the study focused on opinions, attitudes, feelings and perceptions of the respondents. Top managers also prefer questionnaires which they can respond to instead of interviews

Data Analysis

Data was analyzed using SPSS (Nelson et al., 2022). It was presented in form of tables. Qualitative data analysis was done by narrative was recorded during face-to-face interview and through observation. The researcher used a quick impressionist summary in analyzing qualitative data; he summarized key findings by noting down the frequent responses of the respondents during the interview on various issues concerning e-commerce and business performance. This technique of qualitative data analysis has been chosen because it saves time and it not very expensive.

RESULTS

Relationship between quality dimension and business performance

Table 1: Relationship between quality dimension and business performance

Relationship between quality dimension and business performance						Response					
	SA		A		NS		D		SD		T.T
	F	%	F	%	F	%	F	%	F	%	%
Satisfied customers create a positive working environment	35	58	25	42	0	0	0	0	0	0	60
Website designing creates good impression on prospective	25	42	10	17			10	17	15	25	60

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customers thus increasing business performance.											
Packaging allows the products to reach the customer in most economical way possible and creates easy storage thus improving performance of the business through increased productivity.	36	60	20	33			4	7			60

Source: Primary Data 2022

From the table above, 58% of the respondents strongly agree that when customers are satisfied, they create a positive working environment, 42% agreed with the statement while none disagreed nor strongly disagreed with the statement (Phionah et al., 2023). 42% of the respondents strongly agreed that website designing attracts customers to buy products since the products are easily accessible to everyone. 17% agreed with the statement, 25% strongly disagreed saying that what is on the website of some companies is not what is normally delivered while 17% disagreed. On packaging (N. Mark et al., 2023), 60% of the respondents strongly agreed with the statement saying that when the packaging is good it attracts more customers to the product, 33% agreed while 4% disagreed with the statement that for them they do not follow the packaging but instead the quality of the product. Thus this indicated that when customers recommend their colleagues to the Company, in one it saves on advertising and marketing expenses. Schmitt, Skiera, and Van den Bulte (2011) say that one of the strongest benefits of word of mouth relative to traditional advertisement techniques is its credibility (Tasha et al., 2023a). Hearing a message about a company or product from a friend, family member or co-worker usually carries more weight than hearing a paid message from a biased advertiser. The closer the relationship between your happy customers and the people they discuss your products with, the more impact their words have (Kazaara et al., 2023).

Impact of e-commerce on customer satisfaction

Table 2: Impact of e-commerce on customer satisfaction

E-commerce and cu						Response				
	SA		A		NS		D	SD		T.T

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satisfaction	F	%	F	%	F	%	F	%	F	%	%
E-commerce allows customization of communication and products leading to customer satisfaction	20	33	25	42	6	10	3	5	6	10	60
E-commerce allows customers to do business on their own schedule and convenience leading to greater customer satisfaction	35	58	25	42							60
E-commerce stores are usually cheaper and this leads to customer satisfaction.	30	50	20	33			10	17			60
E-commerce gives customers privacy and facilitates customer satisfaction	15	25	35	58	2	3			8	13	60

Source: Primary Data 2022

From table 2 above, it can be observed that 20 (33%) of the respondents strongly agreed to the assertion that e-commerce strategy e-commerce allows customization of communication and products leading to customer satisfaction. 25 (42%) agreed, 6 (10%) were not sure, 3 (5%) disagreed while 6 (10%) strongly disagreed. This implies that e-commerce allows customization of communication and products leading to customer satisfaction. This is because market research is first conducted to ascertain the specific needs of the clients before a product or service launched (Christopher, Moses, et al., 2022). Therefore, customer needs provide direction to the product development in the organization. Respondents were also asked whether E-commerce allows customers to do business on their own schedule and convenience leading to greater customer satisfaction. 35 (58%) strongly agreed, 25(42%) agreed, and none neither disagreed nor strongly disagreed nor were not sure (Frank et al., 2023). Since all of the respondents strongly agreed and agreed to the assertion, it can therefore be stated that ecommerce strategy e-commerce allows customers to do business on their own schedule and convenience leading to greater customer satisfaction in the operations of the business (Alex & Kazaara, 2023). This is because staff are equipped with modern skills in their work and they therefore become more creative and innovative in product engineering and design since the core motive in production and every other operation of the business is to meet customer needs (Paul et al., 2023). Further still, 30 (50%) strongly agreed to the assertion that e-commerce provides marketing

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advantages over the organization's competitors, 20 (33%) agreed and 10 (17%) disagreed. Neither of the respondents were not sure nor strongly disagreed. This vividly implies that proper implementation of the e-commerce strategy provides an organization with a marketing advantage over its competitors since the organization has a better understanding of the needs of the customers. Finally, respondents were asked whether e-commerce strategy leads to long term profitability of the organization. 15 (25%) strongly disagreed, 35 (58%) agreed, 2 (3%) were not sure, none disagreed while 8 (13%) strongly disagreed to the assertion. It can therefore be stated that ecommerce strategy leads to long term profitability of the organization. This is because the company retains its current customer base and wins their family and friends over time to become customers of the organization as well. This ensures continuous increase in the sales of the organization hence long term profitability (Annet et al., 2023).

E-commerce on the profitability

Respondents were asked to describe the relationship between e-commerce and profitability. The responses are presented in the table below;

Table 3: E-commerce on the profitability

E-commerce on the profitability						Response					
	SA		A		NS		D		SD		T.T
	F	%	F	%	F	%	F	%	F	%	%
Ecommerce reduces on business costs and hence leading to profitability	35	58	25	42							60
E-commerce offers access to geographically dispersed markets leading to profitability	36	60	20	33			4	7			60
Ecommerce offers businesses ability to compete in more dimensions than price thus leading to profitability.	20	33	25	42	5	8	3	5	7	12	60

E-commerce increases sales thus increasing profits	38	63	22	37							60
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Table 3 above shows that 35 (58%) strongly agreed to the assertion that Ecommerce reduces on business costs and hence leading to profitability (Polycarp et al., 2023), 25 (42%) agreed, and none neither disagreed nor strongly disagreed nor were not sure. Since all of the respondents strongly agreed and agreed to the assertion, it can therefore be stated that Ecommerce reduces on business costs and hence leading to profitability (Rashid et al., 2023). Further still, 36 (60%) strongly agreed to the assertion that E-commerce offers access to geographically dispersed markets leading to profitability, 20 (33%) agreed and 4 (7%) disagreed. Neither of the respondents were not sure nor strongly disagreed. It can therefore be stated that an organization can implement E-commerce offers access to geographically dispersed markets leading to profitability (Racheal et al., 2023). This would help to improve on its business performance through increased loyalty and profitability. Further still, respondents were asked whether Ecommerce offers businesses ability to compete in more dimensions than price thus leading to profitability. 20 (33%) strongly disagreed, 24 (42%) agreed, 5 (8%) were not sure, 3(5%) disagreed while 7(12%) strongly disagreed to the assertion. It can therefore be stated that Ecommerce offers businesses ability to compete in more dimensions than price thus leading to profitability (Annet et al., 2023). Finally, respondents were asked to respond as to whether E-commerce increases sales thus increasing profits. 38 (63%) of the respondents strongly agreed; and 22 (37%) agreed to the assertion. None respondents disagreed nor were unsure. This implies that indeed, E-commerce increases sales thus increasing profits. They should look beyond just being profitable but ensure that even the environment is also protected. This implies that corporate social responsibility is a point which must be emphasized by organizations that seek to improve their performance.

Conclusions

Findings reveal that e-commerce has a positive relationship with the business performance of the organization and the researcher therefore concludes that:

E-commerce enhances the organization's competitive advantage and leads to increased customer satisfaction; it leads to customer loyalty and the organization can be in position to meet the customers' needs more effectively thus leading to greater market share growth. Therefore, ecommerce strategy helps to increase the business performance of the organization.

The researcher also concludes that e-commerce has a number of advantages for example it ecommerce allows customization of communication and products leading to customer satisfaction and provides direction for a more concentrated strategy. E-commerce stores are usually cheaper and this leads to customer satisfaction. leading to sustainable growth as compared to its competitors and thus leads to long term profitability thus an improved business performance of the business.

Recommendations

The researcher therefore recommends that Airtel Uganda should implement e-commerce with all its branches so as to better satisfy its customers. All the other banks and financial institutions should implement e-commerce strategy so as to remain competitive in the market place. The researcher however recommends that the organization should blend the e-commerce strategy with other strategies like selling strategy so that it widely publicizes its ability to meet customer needs. This will attract more customers in a short run so as to further increase its profitability.

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