DETERMINANTS OF ELECTRONIC COMMERCE ADOPTION IN THE SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN NAIROBI COUNTY

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ABSTRACT

Electronic Commerce (EC) has emerged as a whole business strategy that enables organisations to improve business processes and communication, both within the organisation and with trading partners. SACCOs continue to play an important role in the economies of all countries. However, these enterprises are facing harsh barriers to the adoption of new technology most especially electronic commerce. There is incomplete methodical research into the determinants of electronic commerce adoption in developing countries and in particular the SACCOs in Kenya. This study has sought to explore the determinants of electronic commerce adoption among Savings and Credit Cooperative Organizations (SACCOs) banking sector in Nairobi County. The study seeks to investigate service providers' adoption within the context of Kenyan SACCOs Internet Banking services. Four constructs and their relationship to adoption of internet banking will be assessed. They are factors at both the organizational, environmental and technological levels. The factors at these three levels interact with knowledge and attitude factors to determine the decision to adopt ecommerce by financial institutions. This study proposed to adopt the four main factor groups as the base for developing the research model. The main objective of the study is to find out the determinants of internet banking among SACCOs in Nairobi County. The study used a cross-sectional analytic design. Quantitative methodologies were used for data collection using semi structured questionnaires. The study has been conducted in Nairobi County and all the licensed SACCOs under (SASRA) Sacco Society Regulatory Authority were included in the study. Confidence interval of 95% and a degree of accuracy 0.05 guided all inferential analysis. Data collection was self-administered on structured questionnaires. The data was checked for completeness and consistency. Data entry, processing and analysis were done into a Statistical Package for Social Sciences (SPSS) pre coded data screen. Various tests to determine the relationship between constructs and contribution of the various constructs (independent variables) to the outcome (dependent variable were conducted. One major finding for the study was that there was no correlation between the operational and other three variables of environmental, technological and knowledge and attitude determinants on E-commerce adoption. The three factors of environmental, technology and Knowledge and attitude are weakly and negatively correlated indicating that they function independently. The dependent variable is correlated to the constant and organizational determinant. The regression model is explained by 46.1 per cent of all the variables. The conclusions drawn included: SACCOs characteristically have lean secretariat and thus most e-commerce utilization for SACCO FOSA has not been fully embraced; no formalised policies on E-commerce and internal business process management; most SACCOs are still inward looking and the implementation of e-commerce is B-2-C (business to customer approach; the implementation of e-commerce is collaboratively with other supporting agencies like Coop Bank of Kenya. There were however two major barriers to effective utilization of e-commerce for SACCOs in their business operations are the conservative organization cultures that can be summed up as resistant to change and lack of peerage on the industry standards. A longitudinal study should be done to study specific effects of utility of e-commerce on savings mobilization in SACCOs. To improve on methodology this study requires to have secondary data which will allow for development of a linear regression model as logistic regression leaves some part of the model unexplained.

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