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Original Research Article

Transaction Efficiency and Performance of Digital Firms in Nairobi County, Kenya

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Abstract: Electronic Commerce has greatly improved business by giving it an online platform where a supplier and an institution can do business. The digital firms in Nairobi County are facing challenges such as poor transaction efficiency among others. Digital firms which have not embraced electronic Commerce have been found to be incomplete in operation. The specific objective of the study was to establish the influence of transaction efficiency. The study was anchored on the theory of planned behavior and resource-based view theory. The study was guided by descriptive research design. Stratified random sampling was used to select the target populations of 35 digital firms in Nairobi County. Census sampling was used to select the entire 70 respondents as the sample size. The findings revealed that transaction efficiency, has a significant effect ($\beta=0.659$; $p<0.05$) on performance of digital firms. It can be concluded that the significance of e-commerce in an industry have been recognized. It can be concluded that e-Commerce allows a business transaction to be conducted within a short time. Moreover, it allows real-time business through direct payment therefore improving the performance of firms. The study recommends that digital firms ought to regularly train their personnel on new trend of digital platforms. This will enhance profitability, customer base and online sales.

Keywords: Transaction Efficiency, Performance of Digital Firms.

INTRODUCTION

E-commerce not only offers enormous growth potential, but it also presents unique obstacles to both incumbents and entrants [1]. Since customers are progressively digitalizing, businesses must transform and expand their technical capabilities in order to be competitive and adapt for the digital age, all in order to win as many potential consumers as possible [2]. Given the estimation of IT in worldwide advertising, numerous associations have held onto web-based business as a need in sending out. Successful e-commerce firms need leadership and strategy to promote the development of digital firms in which it operates in only one platform to connect all the departments in the business [3].

Given the fact that numerous organizations still struggle to generate the expected returns on e-Commerce technology expenditures, e-commerce has become a significant model in today's economic environment and is generally regarded a critical factor in expanding the firm's equity [4].

In Africa, it is evident that despite ongoing investigations that have perceived the significance of capacities to make esteem, support upper hand and accomplish prevalence, numerous organizations around African Countries have embraced electronic commerce to improve upper hand and business execution [5].

E-commerce has changed the landscape of several industries in Kenya, particularly those involving commercial operations that are affected and/or aided by technology. E-commerce platforms have emerged as part of the digital economy, not just in underdeveloped countries like Kenya. The manufacturers' competitive strategies accounts for the majority of the variance channel techniques used to deal with e-commerce development. Channel substitution may actually increase a manufacturer's incentive to pursue a dual channel strategy in order to gain market share by being closer to customers. Therefore, one way that e-commerce companies in Kenya can put themselves in a great position to compete in the 2021 marketplace is by focusing on performance marketing through exploring Ecommerce capabilities [6], Transaction efficiency.

Performance of Digital Firms

Performance of digital firms relates to the effectiveness or efficiency of using resources as well as the achievement of its stated objectives. Measuring performance is critical for it allows digital firms to evaluate their chosen strategies over time. Organizational effectiveness is the indicator of the degree to which, through its core strategies, an organization achieves its defined goals or achieves desired results, such as mission fulfillment. Furthermore, it is imperative to ensure that in order to achieve reliable results; metrics used in measuring organizational effectiveness have to be selected from many possible forms [7].

The optimum transformation of inputs into outputs, which involves program execution, precision, service value and timeliness, is organizational performance. It looks at the tactical level of the reasonable use of resources, achieving goals in a timely manner while keeping costs down while guaranteeing optimum performance [8]. By measuring their frequency of repurchasing the product, the frequency of buying the product and the commitment they show to the product, organizational success can be assessed by considering the degree of customer satisfaction. Customer satisfaction is the ability of a company to produce, supply and offer goods, services, useful consumers or recipients [9]. Customer satisfaction tells the organization what is important to its clients. Companies that aim to stay competitive must be mindful of the needs, requirements, and preferences of their consumers [10].

Digital firms in Nairobi County

E-commerce has encountered phenomenal development following the innovation of the web. The invention of new plans of action for example the online organizations whereby the organization leads the greater part of its business on the web [11].

The rapid adoption and use of ICTs by organizations the world over, has increasingly exposed information and non-information assets in organizations. There has been a constant stream of successful cyberattacks in the recent past, and this has threatened the intended accrued benefits from ICTs adoption. A good number of studies have underlined those human factors in cybersecurity management is one of the root causes of cybersecurity incidents. Furthermore, unauthorized disclosure of confidential information, deliberate attacks and copyright infringement are some of the security breaches suffered by Kenyan SMEs [12].

STATEMENT OF THE PROBLEM

It's never again enough to give on the most essential electronic commerce usefulness the present business to business client progressively associates on the web and while doing as such, they expect a similar retail experience as when looking for themselves [13]. Until this point in time, scientists have endeavored to create scope of methodologies for electronic commerce achievement yet take-up in business conditions has demonstrated moderate and conflicting.

Electronic commerce-based ventures seem to encourage rapid growth while also increasing returns. The reason for this is that these new businesses have extraordinarily little capital and rely heavily on information and communication technology [14]. The digital firms in Nairobi County are facing challenges such as poor transaction efficiency among others. In this current research, we proposed a model that provides a key structure for producing an incentive from electronic commerce, utilizing innovation assets factors, Information technology foundation, utilizing innovation assets factors, human resources to encourage business results.

Research objective

To establish the influence of transaction efficiency and performance of digital firms in Nairobi County, Kenya

EMPIRICAL REVIEW

Transaction Efficiency and Performance of Digital Firms

Research on circulation recommends that the procedure by which wholesalers are chosen, just as the help to, and duty of remote merchants, are significant parts of proficiency and fill in as key fare achievement factors [15]. The previous findings in addition propose that exchange productivity is one of the essential esteem drivers created by web-based businesses [16]. Utilizing web-based business in dispersion additionally makes efficiencies in correspondence channels, exchange channels and conveyance channels [17]. Competences in the conveyance time of the items traded establishes a key abroad provider choice foundation utilized by bringing in firms, as it influences aggressiveness and accomplishment in the market in which these firms work [18]. Conveyance efficiencies created by web-based businesses likewise enable exporters to diminish the quantity of diverts in an appropriation chain or disintermediation the way toward removing the mediator.

Worldwide business to business shipping needs to oversee inventory network frameworks through more prominent coordination of whole conveyance channels, unions, and social trades, expecting them to use electronic types of exchange, especially concerning data access, stockpiling, and recovery [19]. Specialists in web-based business concur that inventory network executives are the fundamental zone where internet business has its most prominent effect on business efficiency particularly in B2B exchange [20]. Specifically, using web-based business in production networks, the executives in assembling and discount exchange helps B2B firms acknowledge genuine development in business productivity [21]. Research utilizing RBV bolsters that IT-empowered inventory network capacities go about as an impetus in changing IT-assets into higher incentives for the firm [22]. Appropriation is a key part of business to business sending out and use of internet business assets and abilities accommodates various ways firms can pick up efficiencies and improve trade execution.

With the development in competition among digital firms, the necessity of reducing transaction costs to improve their performance is of utmost importance. Additionally, transaction costs resulting from knowledge asymmetry between firms might have an impact on business performance [23]. Furthermore, [23] asserts that when it comes to decreasing information asymmetry and increasing efficiency, transaction costs are critical. Transaction data can aid in the reduction of transaction costs and the expansion of the performance sphere.

RESEARCH METHODOLOGY

A research design, [24] is the organization of a study aimed at finding variables and their relationships. Descriptive research design was used in this study as the research design in presenting the state of digital firms in Nairobi County in terms of e-commerce capabilities. The target populations were 35 digital firms. The researcher used census method to select the entire target population of 70 (Information Technology specialists) as the sample size. The primary data were obtained using a structured questionnaire that includes both closed and open-ended questions

DATA ANALYSIS AND PRESENTATION

The process of data analysis is the method of evaluating the evidence gathered in a survey or experiment and drawing conclusions and implications from it [25]. It entailed identifying fundamental structures, obtaining key variables, discovering anomalies, and putting the underlying assumptions to the test. It entails examining the data and drawing conclusions from it. Data collected using questionnaires were edited, coded. A multiple regression model was used in determining the level of influence the independent variables have on dependent variable.

RESULTS AND DISCUSSIONS

In this research, simple linear regression was used to analyze the nature and the strength of the influence of independent variable on the dependent variable. The model summary presented in table 1 was used to ascertain the explained variation of the model.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.659[a]	.434	.424	.62	.434	45.209	1	59	.000

a. Predictors: (Constant), Transaction efficiency of Digital firms

The model summary in Table 1 specifies that 42.4% of the variation in performance of digital firms can be explained by Transaction efficiency of Digital firms with a standard error of 0.62.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.751	1	17.751	45.209	.000[b]
	Residual	23.167	59	.393		
	Total	40.918	60			

a. Dependent Variable: Performance of digital firms.

b. Predictors: (Constant), Transaction efficiency of Digital firms

The ANOVA results indicates that the model is highly significant at 95% confidence level; $r^2 = 0.424$, $F(1, 59) = 45.209$; $p < 0.05$.This means that the independent variable were statistically significant in predicting performance of digital firms.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.617	.331		4.893	.000
	Transaction efficiency of Digital firms	.594	.088	.659	6.724	.000

a. Dependent Variable: Performance of digital firms.

The regression coefficients shows that transaction efficiency has a significant effect (β=0.659; p<0.05) on performance of digital firms.

CONCLUSION

The significance of e-commerce in an industry has been recognized. It can be concluded that e-Commerce allows a business transaction to be conducted within a short time. Moreover, it allows real-time business through direct payment therefore improving the performance of firms.

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