

Factors Influencing Adoption of Electronic Payment by Small and Medium Hotel Enterprises in Kisii Town, Kisii County, Kenya

OGOTI ELIJAH SOKOBE

SHRD, MSC Entrepreneurship, Jomo Kenyatta University of Agriculture and Technology JKUAT, KENYA

Abstract: In Kenya there has been a rapidly increasing adoption of electronic payment by large enterprises but not by small and medium enterprises. The purpose of this study was to investigate on the factors that influence adoption electronic payment among the hotel SMEs, Kisii town, Kenya. A Survey design was conducted to each manger of the 50 hotel SMEs in Kisii town using a closed ended questionnaire. Data on entrepreneurial characteristics, costs and ease of use was obtained and analysed for descriptive statistics. The findings of the study confirmed that entrepreneur background characteristics in measured in terms of education levels, age and skills influenced electronic payments highly. Similarly, and ease of use of electronic gadgets in terms of speed, convenience and storage influenced adoption of electronic payments highly. On the basis of the findings it was concluded that entrepreneur background characteristic sand ease of use of electronic gadgets are the main factors that influence adoption of electron payments. On the basis of the findings the study recommends for improvement of the entrepreneur background characteristics through apprenticeship and training and exposure, and innovations to come up with cheap electronic payment gadgets affordable by the hotel SMEs. Likewise the Governments intervention in form of reduced taxation and tariffs would significantly reduce the cost of installation and operation of the electronic gadgets. More also the study recommends simple innovative gadgets that would enhance the ease of use by the hotel SMEs.

Keywords: Small and Medium Hotel Enterprises, Factors Influencing Adoption of Electronic Payment.

1. INTRODUCTION

1.1. Background of study:

The advent of electronic -payment offers considerable opportunities for small and medium hotel firms to expand their customer base, enter new products, and rationalize their businesses by competing in the global economies. Adoption of electronic- payment will make SMEs to gain greater global access and reduced transaction costs, provide substantial benefits via improved efficiencies and raised revenues; facilitate access to potential customers and suppliers, productivity improvements and information exchange and management (UNCTAD, 2012). Global non-cash payments transactions grew 8.8% in 2011; much of the growth in developing markets was driven by emerging Asia and Central Europe, Middle East, Africa (CEMEA) (MPR,2013).

These regions have a low share of the global total of non-cash transactions, but investments in payments services and infrastructure are helping them grow significantly off, a low base. Brazilian banks ruled the conversion of mobile money to electronic cash through non-bank retail agents in 1999 (Mas, 2013). Philippine's mobile smart communications known as the daddy of all mobile money in developing countries, created secure platform permitting customer to access a bank

account from phone Erwins and Cabotage, (2013). In Uganda 25% of sports betting shops were licensed and mobile money was used throughout the day Bruno and Kizito (2013).

Electronic payment can be defined as digital payments that are over internet for electronic –commerce activities. Mobile payments or M-payments are defined as payment made not just as an alternative channel to send the payment information flow takes place in real time (WPR 2013). Globally, in mobile money, Kenya is the leader, where mobile Network operator (MNO), Safaricom launched M-Pesa in 2007. This was a technique where it combined the agent banking in Brazil and smart mobile money of Philippine make M-PESA. Less than five years -later, there are approximately 31 million users of mobile money in Kenya, conducting over 2 million transactions every day. The number of M-PESA agents in Kenya has grown to 46000 in the four year period Mensah and Dzokoto (2013). The drivers of this financial inclusion in Kenya, mostly Safaricom’s M-PESA and Equity Bank, centre on a very supportive regulatory regime Innovative businesses models and technological advances The current focus for Kenya is feeding the demand of the consumers (Feintein, 2013) M-PESA has made a huge difference in the lives of the poor who have traditionally been excluded from the formal banking system.

Despite the benefits associated with electronic money payments, a majority of SMEs have generally been slow in adopting the use of electronic payment (Wajau, 2012; Mutua, 2009). For instance in Indian slums, businesses perceived cash as convenient and safer option of payment than electronic payment systems (Deept & Tiwari 2013). Ghanaian problems dogging mobile money industries were; connectivity, security, scalability, interoperability, accessibility, and agent training and representation (Mensah & Dzokoto, 2013). In Zambia mobile money faced challenges to implement with 17% bad experience, 12% lost phones and 61% used digital money transfers, safety was not thought as an advantage instead speed and convenience were (Imasiku, 2013). In some cases slow adoption is associated with reasons related to implementation or regulatory constraints or because providers initially focused on unsophisticated MFIs as partners (Machaels L., 2008). Performance of hotels in kisii town, Kisii County, Kenya has been low for a long time, struggling with manual ,paper driven processes and realizing that adoption of electronic –payments can alleviate most of challenges they are facing day-to-day operations (Wanjau, 2012), (Marion , 2007). Most hotels pay by mode of business to person (B2P) to multiple recipients at one time by using cash which is a big risk instead of mobile money wallets. Because majority of consumers and or seasonal workers across hotels in kisii lack bank accounts, hence need to find ways of delivery cash to pay salaries and expenses. Cash –payments especially large volumes of money naturally carrying with them is a great deal of risk, not to mention expenses and vulnerability to theft, fraud and corruption. While receiving payment can be in cash or using hotel mobile money account this reduces travel time to pay bill locations, resulting extra expenses for travel and productive time lost away from work. In kisii town 24% of hotels have adopted electronic payments (R.O.K 2013).

According to financial access national survey (2011), estimated 95% of all financial transactions in Kenya are still cash –based, adoption of electronic –payment patterns among SME hotels in Kenya show a slow progression from the use of the electronic –payment (primarily electronic cash) to use of the Internet for research and information search, to the development of websites with static information about an enterprise’s goods or services (Macharia, 2009). The previous studies did not focus on adoption of electronic payment by small and medium hotel enterprises which formed a basis of this study. SMEs in Kenya electronic payment pose the advantage of reduced information search and transaction costs like improving efficiency of operations – reducing time for payment, credit processing, customers and markets products design, process technology, and financing source and terms. However, there is doubt regarding whether there is enough security for electronic payment adoption in hotels.

1.2. Statement of the problem:

Adoption of electronic payment is a significant factor in Small and Medium enterprises (SMEs), hotel enterprises Wasike (2009). An effective adoption of electronic payment structure should address entrepreneur characteristics, ease of use, and cost of adoption electronic payment, Hotels are not exception to this. Most cases consumers can choose how to make and receive payment balancing a range of attributes such as convenience, speed, reduced costs, improved transparency, enhanced security, productivity and profit margin Michaels (2011), Mokaya (2012). Further Zollman (2012) indicates that in Nairobi, Kenya small and medium hotel enterprises only 5% of hotel transactions used M-PESA the rest were in cash. The ability to pay bills using mobile money account has proven to be very popular with both users and businesses; there is

increased trends of organisations signing up to allow their bills to be paid via M-PESA particularly KPLC, NHIF, and NSSF which have increased to 32% on electronic payment. This is due to high skilled managers, trained workforce, availability of funds and convenience of use Marion (2010). However hotels in Kisii town are slow to adoption of electronic payment. This study therefore sought to assess entrepreneur characteristics, ease of use and cost of adoption are factors influencing adoption of electronic payment small and medium hotel enterprises in Kisii town, Kisii County, Kenya.

1.3. General Objective of the study:

The general objective of this study was to assess factors influencing adoption of electronic payment in SMEs Hotel industries in Kisii town Kenya.

1.3.1 Specific objectives:

The specific objectives of this study will include:-

- i. To establish how entrepreneur background characteristics influence electronic payment adoption in small and medium hotel enterprises in Kisii town, Kisii County, Kenya.
- ii. To establish the extent to which ease of use of electronic gadgets influence electronic-payment adoption in small and medium hotel enterprises in Kisii town, Kisii County, Kenya.

1.4 Research questions:

The study was guided by the following research questions.

- i. How does an entrepreneur background characteristic influence adoption electronic payment in small and medium hotel enterprises in Kisii town, Kisii County, Kenya?
- ii. To what extent does ease of use of electronic gadgets influence adoption of electronic payment in small and medium hotel enterprises in Kisii town, Kisii County, Kenya?

1.5 Justification of the study:

This study contributes valuable knowledge to the field of ICT and Electronic-payment adoption in general. Scholars and researchers may use the findings to expand ICT information and contribute to policy formulations on matters relating to electronic payments and controls in Kenya. The study was expected to suggest significant policy statements through its recommendations. The study findings on entrepreneur characteristics ease of use and cost of adoption electronic payment could help inform policy formulations in hotels and other hospitality industries in general.

1.6 Scope of the study:

The scope of this study focused on small and medium hotel enterprises in Kisii town, Kisii County, Kenya, that are operational since 2009- 2014, and limited to electronic payment adoption by SMEs hotels.

2. LITERATURE REVIEW

2.1 Introduction:

This chapter discussed the literature related to the electronic payment in small and medium hotel enterprises in Kisii town Kenya. It particularly focused on human skill skills, Ease of use, cost on electronic payment adoption in small and medium hotel enterprises. These were the pillars of this study.

2.1.1 Concept of electronic payments:

Electronic payment is defined by WPR (2013) as digital payments that are made over internet for electronic commerce activities. Webster's new world dictionary defines electronic payment as making payments electronically rather than in person. Electronic payment systems are generally classified into four categories; credit cards and debit cards; electronic cash; Micropayment systems; and session-level protocols for secure communications. A secure electronic financial transaction has to meet four requirements ; ensure that communications are private ; verify that the client and server are who each claims to be ;and ensure that data to be transferred by the signed author.

2.1.2 Electronic payments Adoption in business:

WPR (2013) found that Governments in developing countries are pushing mobile payments to increase bank reach to rural areas. In Brazil, regulators plan to introduce regulations for mobile phone transactions, which aim to lower the cost of payment operations, raise competition among merchant service providers, and deepen banking penetration. In Africa, mobile money is gaining prominence via solutions such as M-PESA. In March 2011, the Reserve Bank of India gave conditional approval to allow 100% foreign direct investments to develop and implement mobile wallets. Many technology players and leading global banks are collaborating to develop mobile wallets. The U.K.'s Payments Council also plans to launch a mobile payments service in the first half of 2014, enabling customers to make payments from their registered mobile phones without the need to disclose their bank sort code or account number. According to Brown (2013) report on World Payments Report found that The use of cards (debit and credit) further accelerated during 2011, with debit card volumes rising 15.8% to a total of 124 billion transactions, and credit cards climbing 12.3% to a total of 57 billion. These two payments instruments lead the non-cash arena, with debit cards the most popular non-cash payments instrument globally. Three forces are helping drive growth in mobile and electronic payments transactions— increased penetration of smart phones and internet usage, advances in technology, and innovative products and services. This growth is making the area an attractive one for banks and non-banks. However, based on influence of constraints on adoption of electronic payments and performance of small and medium hotel enterprises in Kisii town, Kisii County, Kenya is not be focused.

2.2 Theoretical Literature:

Unified Theory of Acceptance and Use of technology (UTAUT), theory (Verkatash et al 2003) forms the basis of this study. This theory is in user acceptance of information technology; toward a unified view, the theory explains user intentions to use an information systems and subsequent usage behavior, and further holds that four key constructs; performance expectancy, effort expectancy, social influence and facilitating conditions. The theory postulates that age, gender, experience, ease of use, voluntariness of use are posited to moderate the impact of the four constructs on usage intentions and behavior and challenges facing adoption of technology (Verkatash et al 2003). This theory was preferred over the theory of reasoned action, technology acceptance model (TAM) Davis (1989), suggested when a user is presented with a new technology, a number of factors influence their decision regarding how and when to use it. Manuelli et al., (2007) characterized innovation as perceived usefulness and perceived ease of use as being widely used within the adoption approach that builds on TAM.

Forman & Goldfarb (2006) have proved TAM to be robust model that is frequently used to study acceptance of information communication technology (ICT). TAM is viewed as Information system theory which helps to understand the adoption and use of internet (Gibbs et al., 2007). The theory helps to understand how adopters come to accept or reject the use of ICT in their businesses. However, Manuelli et al., 2007 criticized TAM as less comprehensive compared to the diffusion approach which has more innovation characteristics including time as an essential element of the theory (Gibbs et al., 2007; Rogers, 1995). TAM was also criticized for not accounting for influence and personal control factors on behavior, including the lack of consideration to other factors such as external influence from competitors Manuelli et al., 2007. Theory Reasoned Action (TRA) model which is more general than TAM, includes four general concepts namely; behavioral attitude, subjective norms, intention to use and actual use Cloete 2006.

Theory of Planned Behavior (TPB) model was an extension of TRA which deals with conditions where the individual has no control of their behavior Manuelli et al., 2007. Verkatash et al., (2009) felt that the validation of UTAUT in a longitudinal study found it to account for 75% of the variance in behavioral intention and 50 % in actual use. As applied to this study, theory holds that the background, entrepreneurs' attributes and cost of investment influence the adoption of electronic payment in SME hotels. This is true considering the fact that the presence of M-Pesa, Airtel Money, Yu-cash, Orange- money, M-banking and Agent banking. Beckinsale and Ram (2006) in South Africa and found out that ICT literature was classified into four major areas include; ICT use; ICT specifically for SMEs; ICT as a strategic tool; and ICT adoption. Mutua and Wasike, (2009) added that in regarding to how and when they will use it".

As adapted in this study, the UTAUT theory holds that factors influence the adoption of electronic payment in SME hotels. That background, entrepreneur's attributes, cost of investment and challenges adopted in a hotel influence the M-PESA, Air tel Money, Yu-cash and M-banking payment towards the hotel increased security ,efficiency ,effectiveness ,

customer satisfaction and customer royalty. The large enterprises have greatly adopted electronic payment due to their huge number of skilled employees, availability of funds, company policy, competition and globalization which is contrary to small and medium enterprises Mokaya 2012. However in adopting this theory, the researcher is not ignorant of its shortcomings UTAUT is a well – meaning and thoughtful presentation, but that it presents a model with 41 independent variables for predicting intention and at least 8 independent variables for predicting behavior and that it contribute d to the study of technology adoption ‘reaching a stage of chaos’ (Bagozzi 2007), and less parsimonious.

2.3 Empirical Literature:

2.3.1 Entrepreneur Characteristics on adoption of electronic payment:

According to (Armstrong, 2010) Human skill is defined as ‘the skills the force possesses and is regarded as a source or asset’. It encompasses the notion that there are investment in people (example education, training, health) and that these investment increase an individual’s productivity. Smith (1776) defined human capital as ‘the acquisition of ... talents during ... education, study, or apprenticeship, costs a real expense, which is capital in a person. Those talents are part of his fortune and likewise that of society’. These definitions agree that human skill is investment in people, like education, study or apprenticeship and training. However, they ignore human skill constraints on adoption of technologies which are considered useful ingredients of knowledge.

According to Gerald (2011) human skill can be skill acquired and observable expertise in performing tasks. Knowledge is acquired information used in performing tasks. Competencies are more general skills or traits needed to perform tasks often in multiple jobs or roles. In views of the discrepancies in the definitions above the definition of human skill for this study is derived from Gerald (2011). This definition is considered appropriate because it gave adoptable skills to modern technologies including electronic payment. Several theories have been advanced to describe the relationship between human skills on adoption of electronic payment and performance of small and medium businesses. According to Gerald (2011) human skill can be regarded as employees gaining greater expertise on existing skills. Apprenticeships for trade date to antiquity, and the modern skills trade system to the electronic business. Tracker (2012) investigated ensuring poor people of Uganda understand how to use electronic payments and exercise their rights when needed, using survey method found that poor and semi –literate are capable and are increasingly using electronic payments they are vulnerable to loss. (Collins D., 2010) Conducted similar study among new users of mobile money in poor communities in Kenya revealed that financial education did not necessarily hinder uptake of financial services. Experience, rather than education, is at the core of improvements in financial capability, experience includes usage of financial products, even before they are fully understood concluded that call for accessible redress mechanisms and for simple communication about the costs using new services. These factors can build client’s trust and retain it even if the clients have negative experiences. These studies support the theory of Gerald (2012) that experience and training are necessary for competencies. However fail to focus on human skills and adoption of electronic payment in small and medium hotels.

2.3.2 Ease of Use of electronic gadgets on Electronic Payment Adoption:

Davis (1989) defined ease of use of technology as “the degree to which a person believes that using particular payment would be free of effort “. Lee (2009) defined perceived ease of use in business and fewer complexes to increase the likelihood of its adoption. These definitions agree on the degree of free of effort. However these ignore usage as constraints to the adopters which are useful ingredient of usage. (Stuart, 2011) Found that for small businesses, the lack of easy –to – use, standardized and inexpensive interfaces between payment solutions and accounting costs of adoption electronic payments are barriers. Business receiving electronic payments in exchange for goods and services will likely be deterred if there is any lack of legal certainty over when a payment in final, as opposed to when it may be reversed . Card payment schemes have developed detailed rules that increase certainty for both merchants and customers alike, but the present lack of credible rules around other types of electronic payments may limit acceptance by businesses and consumers. Mas & Amolo (2013) investigated ‘why Kenyan business doesn’t have mobile Money accounts?’ given how wide spread mobile payments are among individuals interviewed 75 Kenyan businesses of all sizes and found surprisingly low use of electronic payments, and a predominance of checks . Tim Higgins and his co- authors a larger sample of surveyed 900 Kenyan SMEs and reported that while most used mobile money in some form ,the usage was limited and relatively infrequent . These studies concluded that the popular mobile payment system widely used for remote p2p transactions in Kenya had yet to make inroads into business payments, in part because the interfaces to

accounting systems were not customized and convenient. However these fail to assess the usage and adoption of electronic payment in small and medium hotel enterprises in Kisii town, Kisii County, Kenya.

2.4 Conceptual Framework:

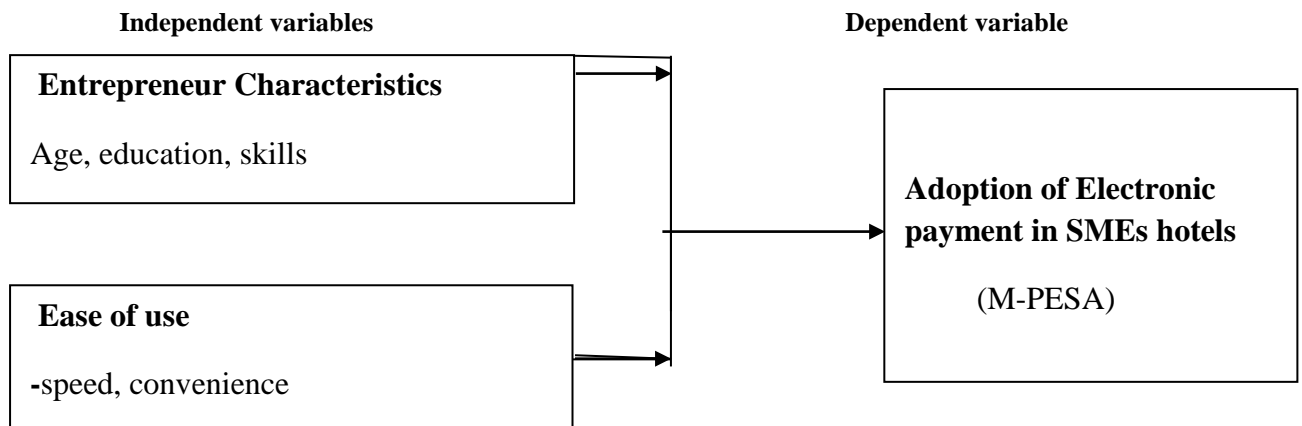


Figure 2.1: Conceptual Framework

The conceptual framework depicted in Figure 2.1, factors are hypothesized to influence electronic payment adoption. The factors are defined as entrepreneur’s attributes, ease of use, cost of investment and challenges of adoption and use of M-Pesa, Air-tel money, Iko- Pesa, Orange Money, M-Banking and agent payment using cashless money in the hotel. The framework postulates that the status of entrepreneur’s attributes, ease of use, and cost of investment and challenges of adoption in a hotel directly affects rate of payment, security, effectiveness, efficiency, production and customer satisfaction and loyalty towards the hotel. However, this relationship may be modified by politics and the external environment of the hotel as well as families from which interact.

3. RESEARCH METHODOLOGY

3.1 Introduction:

This chapter presents the methods used in the study and cover research design, population and sample, population description, data collection methods, research procedures and data analysis methods.

3.2 Research Design:

A Survey was conducted on all the 50 hotel SME managers in Kisii town. The survey was, found most appropriate since the population was all small and medium hotel enterprises in Kisii town. The use of survey in research is consisted with recommendations by Mugenda & Mugenda (2003). It provides numeric descriptions of the entire population.

3.3. Research area:

The study area is on small and medium hotels in kisii town, Kisii County only.

3.3.1 Target Population:

The target population of the study was 50 small and medium sized enterprises operating in Kisii town. The list of the hotels was obtained from the county offices Kisii (R.O.K .Kisii County Office , 2013). Each of the hotels was managed by one manager adding up to 50 managers.

3.3.2 Sample Size and sampling technique:

Fifty managers one from each hotel SME formed the sample of the study. Because of the small size of the population a census was conducted and therefore all respondents (managers) were covered in the study. The application of a census in studies is consisted with recommendations by (Onen & Onen 2009).

3.4 Data collection instruments:

A closed ended Questionnaire was used to gather primary data. Questionnaires were used because they eliminate bias of the researcher to other research instruments (Kothari 2004). Questions sourced through the questionnaire included the respondent's age, education level, and skills attained. Perceptions of the respondents on the factors influencing electronic payments were also obtained by use of the questionnaire.

3.4.1 Validity and reliability:

The instruments were piloted in small and medium hotel enterprises in Keroka town which was not included in the study sample and modified to improve reliability and validity. Reliability coefficients of 70% or at least .70 were accepted and valid in research (kathuri and Pals 1992). Validity was extent to which research results was accurately interpreted and generalized to other populations. It is extent which research instruments measured what they intended to measure (Oso and Onen 2004). To establish validity the instruments were given to two experts to evaluate the relevance of each item in the scale of very relevant (4), relevant (3), somewhat relevant (2) and not relevant (1). validity index determined using content validity Index (C.V.I). $C.V.I = \frac{\text{items rated 3 or 4 by both judges}}{\text{total number of items in the questionnaire}}$. This was symbolized as $n_{3/4/N}$.

3.5 Data collection Procedure:

A letter of introduction was obtained from the Director KUAT CBD Kisii campus to the various stakeholders (Ministry of trade, County Office, hotel operators). Names and contact of the hotel operators were obtained from the county offices. The operators were then contacted by phone and physical visits for consent. The questionnaire was hand delivered to each of the 50 hotel SMEs in Kisii town. The respondents were followed through phone calls to confirm and collect the filled in questionnaires.

3.6 Data Analysis and presentation:

The data was collected and analyzed using descriptive statistics to generate means and percentages. The results were presented in form of frequency tables and charts. Kruskal wallis mean rank technique was used to assess the influence factors influencing adoption of electronic payment by small and medium hotel enterprises.

4. DATA ANALYSIS PRESENTATION AND INTERPRETATION

4.1 Introduction:

This study investigated the factors that influence adoption of electronic payment by small and medium hotel enterprises in Kisii town, Kenya. The chapter covers the three questions of the study and represents the respondent's opinions as were expressed and analyzed.

4.1.1 Extent of level of adoption of electronic payment:

The level of adoption of electronic payment was first determined to confirm whether there was indeed a gap to be addressed. The results are as indicate in table 4.1.

Table 4.1 Adopters of electronic payment

Sector	Adopted electronic payment		
	Yes	No	Total
Hotel Enterprises	22	28	50
Percentage %	44	56	100

Results in Table 4.1 confirm that only a minority 44% of the hotel SMEs have adopted electronic payment while a majority of 56% has not. The findings are in support of Munyage (2012) that adoption of electronic payment among the hotel SMEs in developing countries is very low. Consequently, as posited by Munyange (2012) a further research in this area was necessary.

4.1.2 Electronic payment modes adopted by hotel SMEs in Kisii Town:

The research sought to determine the main mode of electronic payments adopted by the hotel SMEs. The results are as shown table 4.2

Table 4.2 Modes of electronic payments in hotel SMEs

Electronic Payment Adopted	Hotels					
	use		Not using		Total	
	f	%	F	%	f	%
M- Pesa	34	68	16	32	50	100
Airtel Money	12	24	38	76	50	100
Orange Money	10	20	40	80	50	100
Yu-Cash	15	30	35	70	50	100

It's evident from table 4.2 that a majority 68 %, of the respondents have adopted M-Pesa, 24% Airtel money, 20% Orange, and 30% Yu- cash mode respectively. The results could be explained on the ground of early start and infrastructure development by the Safari com-MPESA provider. The other three depend on the Safari com patents and therefore have taken low market share. However, is important to note all are phone based payment systems the only difference is the provider (Wanjau *et al.*, 2012).

4.2 Presentation of Research Questions:

4.2.1 Question 1: How do Entrepreneurial characteristics influence adoption of electronic payments in hotel SMEs?:

a) Age of respondents and adoption of electronic payment:

The results on the influence of age on adoption of electronic payment are as illustrated in Fig 4.1

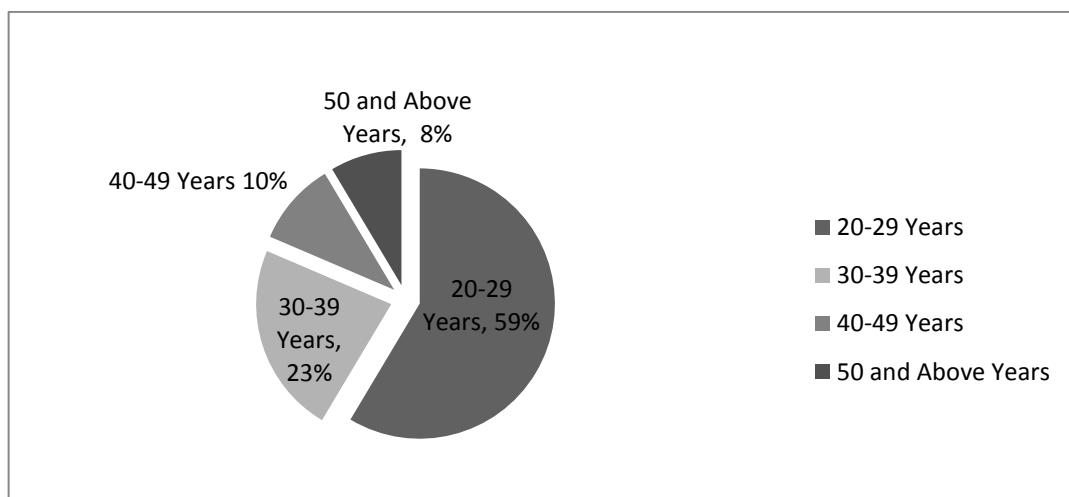


Figure 4.1 Ages of Respondents

Figure 4.1, shows that a majority 59% of the electronic payment adopters is in the age group of 20-29 years while cumulatively a minority 41% was in age brackets of above years. This implies that adopters are youthful entrepreneurs as defined ROK, 2009. On age and electronic mode of payment Ching (2010) avers that age taken as a factor influences the mode of payment SMEs adopt. Higher adoption of electronic payment has been observed among of the young entrepreneurs Ching, 2010). This further confirmed by Auguiar and Hurst (2007); Mann and Mann, (2011). The latter

argued that the youthful entrepreneurs have a higher tendency to take risks associated with adoption of electronic payments as opposed to the older generation of entrepreneurs.

b) Education Level of entrepreneur on adoption of electronic payment :

Results on respondent’s level of education are as shown in table 4.3

Table 4.3 Influence of Education level on adoption of electronic payment

Education level	Adoption			Total	f	%
	High	Average	Low			
Primary	0	1	4	5		10
Secondary	2	6	6	14		28
College	8	6	5	19		38
University	8	2	2	12		24
Total	18	15	17	50		100
%	36	30	34	100		

Table 4.3 confirms that the adoption of electronic payment in the hotel SMEs embraced by a 62% majority of the respondents who had obtained college and university education. While a there was less adoption amongst the primary and secondary level of respondents. This implies that higher education is critical for adoption of electronic payment and concurs with Ongori and Migiro (2011) that education is vital for adoption of electronic payment.

c) Relevant Skills and adoption of electronic payments:

The results on possession of relevant skills by entrepreneurs are as illustrated in Fig 4.2

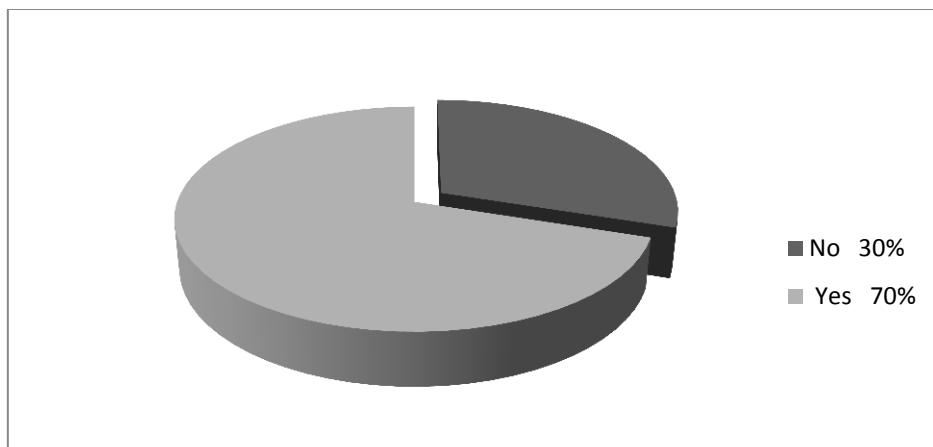


Figure 4.2 possessions of relevant skills by entrepreneurs

It’s evident from fig 4.2 that a majority 70% of the respondents who had adopted electronic payment had basic relevant skills. Developed relevant skills on adoption of electronic payment becomes more and more knowledge based ,so must entrepreneurs become more knowledgeable as lack of it lowers adoption rate especially in management decision making on adoption of electronic payment in SMEs. The findings concur with Tracker (2012) and Collins (2010) that basic skills in areas of IT and ICT are critical to adoption of electronic mode of payment.

d) Ranking of the factors influencing adoption of electronic payment:

The respondents were required to rate the entrepreneurs characteristics on the adoption of electronic payments on a likert scale as follows 5= Strongly Agree, (SA), 4=Agree (A), 3=No Comment (N), 2= Disagree (D) and 1=Strongly Disagree (DA). The ranking is as indicted in table 4.4

Table 4.4 Rating of Entrepreneur background Characteristics on Adoption of electronic payment

Adopted electronic payment	5	4	3	2	1	Mean
Age	35(70%)	10(20%)	4(8%)	1(2%)	0(0%)	4.58
Level of education	27(54%)	18(36%)	1(2%)	0(0%)	4(8%)	4.28
Relevant Skills	30(60%)	7(14%)	12(24%)	1(2%)	0(0%)	4.32

It's evident from table 4.4 that age with a weighted mean of 4.58 was ranked first by a majority of 70% of the respondents while level of education was last with a weight mean score of 4.28 and noted to be critical by a 54% of the respondents. However, relevant Skills were also ranked second by a 60% majority with a weighted mean of 4.32. It can be observed that there was not a clear cut majority in any factor since the respondent's categorization were above 100% implying that the adoption was influenced by a combination of two or the three factors. Youth Age increased conformity with adoption of electronic payment culture and political values as they are already existing and adventurous to the youths than the old generations who rang behind in adoption of new technology due to fear of unknown. Level of education increases the rate of adoption of electronic payment as it reduces intensive labor, and labor savings. The findings on ranking of the factors confirm that education, age and relevant skills are all important in adoption of electronic mode of payment amongst the hotel SMEs. The results agree with Nyamboga (2014) on influence of age but disagree with Meshah and Dzokoto (2013). But strongly support Gerald (2011) on influence of education and Tracker (2012) and Collins (2010) on the need for skills and electronic mode of payment.

4.2 Question 2: How does Ease of use of electronic gadgets influence Adoption of electronic payment?:

The second objective of this study was to determine how ease of use influence adoption of electronic payment in small and medium hotel enterprises in Kenya. To achieve this objective respondents were asked to react to several statements intended to describe the influence ease of use on adoption. Ease of use of electronic gadgets was defined in terms of quicker payment, convenience and low storage facilities. On a likert scale of five levels, the respondents were required to rate the influence of the three aspects of ease of use on adoption of electronic payment. The results are as shown in table 4.

Table 4.5 Influence of ease of use of electronic gadgets on adoption of electronic payment

Aspects of ease of use	5	4	3	2	1	Mean
High Speed of payment	35(70%)	14(28%)	1(2%)	0(0%)	0(0%)	4.68
Convenience of payment	32(64%)	14(28%)	1(2%)	2(4%)	1(2%)	4.52
Low Storage facilities	30(60%)	12(24%)	6(12%)	1(2%)	1(2%)	4.38

Results in table 4.5 indicated that a majority 70% of the respondents strongly agreed that high speed influence adoption of electronic payment. While, 64% and 60% perceived convenience of payment and low storage as having influenced adoption of electronic payment very highly. It's evident from the results that there was an overlap in the perceptions of the factors influencing ease of use since the levels add to more than 100%. Speed would improve quality of service and time savings which influence adoption of electronic payment. Ease of use of electronic payment facilitates adoption electronic payment as operation is easily learned. Convenience of will improve quality of life, suitability and accessibility of electronic payments. Low storage facilities are a functional system for electronic payment systems key to socio economic development of any economy. The process ensures that the market based ideas and process are translated into actual products in the SMEs. This is lacking due to nonexistent policy frameworks and financial resources. The findings imply that a combination of the three factors determined the ease of use for most of the respondents and not one factor independently. These findings confirm previous studies by Lee (2009) that speed of payment and fewer complexity increases influence adoption of electronic payment. Also support Stuart (2011) that convenience is a factor that determines adoption of electronic payment in small and medium businesses. Further the finding is consisted with Mas and Amolo (2013) that low storage is critical to electronic mode of payments.

4.4. Ranking of the three factors to assess level of influence on adoption of electronic payment:

The research further ranked entrepreneur characteristics; ease of use of electronic gadgets was ranked first followed by entrepreneur background characteristics to determine which of the two had the greatest influence on the adoption of electronic payment. The results are as shown in table 4.6

Table 4.6: Ranking of factor categories

Factor category	Mean of weighted means	Rank
Ease of use of electronic gadgets	4.53	1
Entrepreneur background Characteristics	4.44	2

Based on results in table 4.7 the respondents considered ease of use of electronic gadgets as key factor influencing adoption of electronic mode of payment than entrepreneur background characteristics. The kruskal Wallis one –way analysis of variables by ranks is anon – parametric method for testing whether samples originate from the same distribution. It is used for comparing two or more sample that are independent and of different sizes. It does not identify where this stochastic dominate occurs or for how many pairs of groups to stochastic dominance obtained would help analyze factors influencing adoption of electronic payment by SMEs. Ranking will be used in financial planning and capacity building among entrepreneurs and managers on adoption of electronic payment. This implies that the respondents may have the relevant skills and high level of education but fail to adopt electronic mode of payment due to costs involved. This is an illustration of how SMEs are financially constrained.

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction:

This chapter presents summary of key finding factors (entrepreneur background characteristics, ease of use of electronic gadgets and cost of adoption of electronic payment by small and medium enterprises. Conclusion drawn based on finding by objectives, recommendation made from the findings and future research areas given.

5.1 Summary of findings:

This study investigated factors influencing adoption of electronic payment by small and medium holes enterprises in Kisii town, Kisii county Kenya. It was intended to assess factors influencing adoption of electronic payment by small and medium Hotel enterprises in Kisii County, Kenya. The study found that enterprises background characteristics such as age, level of education and relevant basic skills are factors influencing adoption of electronic payment by small and medium Hotel enterprises in Kisii town, Kisii county Kenya.

The second objectives indicated that ease of use of electronic gadgets consisted of speed of payment convenience of payment and low storage facilities are factors influencing adoption of electronic payment by small and medium hotel enterprises in Kisii town, Kisii County, Kenya.

Finally ranking using Krusical wallis means ranked ease of use of electronic gadgets higher than entrepreneur background characteristics as factors influencing adoption of electronics payment by small and medium hotel enterprises in Kisii town ,Kisii county, Kenya.

5.2 Conclusions:

The findings of this study show that there is an impact of factors on adoption of electronic payment by small and medium hotel enterprises in Kisii town, Kisii County, Kenya. Considering about 44% of hotels enterprises had adopted electronics payment to the general beliefs that small and medium hotels do not adopt electronic payment in their business operations like large enterprises .As per the findings the first objective it was concluded that entrepreneur background characteristics constructed like age, level of education, and relevant skills are factors influencing adoption of electronic payment by small and medium hotel enterprises in Kisii town, Kisii county Kenya.

The second objectives of case of use of electronic gadgets, constructs like speed of payment, convenience and low storage facilities are factors influencing adoption of electronic payment in Kisii town, Kisii County, Kenya. The youth adopt electronic payment faster than the older generation who take time to make decision on adoption of electronic payment. Level of education is a significant factor as operation of electronic gadgets requires some level of relevant skill is an important factor in influencing adoption of electronic payment as there are those with high level of education and yet had not adopted electronic payment due to technology phobia. Speed of payment is a significant factor as this determines the efficiency of operation and improves effectiveness in service delivery hence attracting more customers for growth. Convenience is also significant factor as it would create clear records, accountable, ease flow of cash and minimum human movement and maximum mistakes in giving changes limits error of omission and commission by the payee and payer. While low storage eliminate huge carriage of currency which minimize fraud and theft leading to retained profit and less risk with increase security. The reduction of procurement records getting lost for auditing purpose and growth assessment. Considering all the small and medium hotel enterprises should appropriately do cost benefit analysis which adopting the electronic payments. In view of these findings, the study concluded that entrepreneur background characteristics and ease of use of electronic gadgets are significant factors influencing adoption electronic payment by small and medium Hotel enterprises in Kisii town, Kisii County, Kenya

5.3 Recommendations:

The researcher has argued in this report that factors are significant in influencing adoption of electronic payment by small and medium enterprises .The study has also shown that entrepreneur background characteristics, ease of use of electronic gadgets and cost of adoption influence adoption of electronic payment by Small and medium enterprises .The study conducted that age ,level of education and relevant skills are constructed of entrepreneur background characteristics influencing adoption of electronic payment by hotel small and medium enterprises .High speed of payment, convenience of payment and low storage facilities are constructs of ease of use of electronic gadget influencing adoption of electronic payment by hotel SMEs. It is against this background that the recommendations below are made. Despite its limitations, the study should be use as a source of reference by scholars, and researchers to confirm with the findings in other areas for comparison and practicing enterprises as a guideline for policy formulation on adoption of electronic payments. Basing generalizations on these findings of this study, the researcher recommends that apprenticeship and short courses, for entrepreneur in Kenya. Nurture an entrepreneurship culture and good businesses practices among small and medium enterprises to foster their capacity to embrace electronic payments in Kenya.

5.4. Further Study:

The study was conducted in the hospitality industry further study should be conducted to all small and medium enterprises in the country. The study was limited to Kisii town, Kisii county and hotels that were operational between 2007-2013 therefore a longer period of study is recommended for adopt as electronic payment across section of 10 years both public and private enterprises throughout the country

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