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An Assesment of theimpact of Electronic Commerce on Business Performance. Evidence from theZimbabwean Banking Sector.

This Disseration is submittedin Partial Fulfilment of the requirements for the Master's Degreein Business Administrationat the Graduate School of Management (University of Zimbabwe)

By

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DEDICATION

IWould like to dedicate this dissertation to my family.The family members include my wife Lister Chivige,my kids Alexis Chingweand Ansley Chingwe.They inspired mein the process of working on this research.I would also want toappreciate my brother Chamunorwa Chingwe,my late brother Caleb Chingweand my cousin Wadzanayi Mushandikwa.Most importantly I dedicate this dissertation to my parents Bishop David and Emma Gangata for all the support,loveand guidance that they offered from my childhood.

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ABSTRACT

The purposeof the research was toassess theimpact of Electronic Banking on Business Perfomance with evidence from the Zimbabwean banking sector.Five bank that are Zimswitch compliant wereused for the purposes of the study.These banks are namely CBZ,CABS,First Capital Bank,FBC and Steward Bank.The research was aimed at defining the relationship between Electronic Commerce and Business Perfomance.Furthemore the relationship between Electronic Services and Electronic Products was established.The study alsoestablished th impact of Electronic Operations on Business performance.The relecationceof a vibrant Electronic Business Support Unit of Business perfomance was also studied.The study used a descriptive research design which employs quantitative methods.A sampleof 300 partcipants was drawn out of a target population 410 participants from across the five banks.The major conclusions of the study are that there is a positive relationship between Electronic Commerce and business performance.Morever,Electronic Products,Electronic Services which are the majorcomponentsofElectronicCommercepositively impacton business performance.Electronic Operations and a viable Electronic Banking Support Unit are important in the viability of Electronic Commerce.The major recommendations of the study It was found that Electronic Banking positively impacts on business performance.The major recommendations of the study is that Local banks should inject more funds in mordenising and boosting their Electronic Commerce systems inorder to maximise shareholder wealth.Electronic Products and Electronic Services offered by banjks should be expanded and perfected inorder to enhance operational competitiveness which boosts organisational performance.

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CHAPTER ONE

INTRODUCTION TO THE STUDY

1 INTRODUCTION

This dissertation aims toassess theimpact of Electronic Commerce on Business Performance. The study will be carried out in the context of the Zimbabwean Banking system. Most of the transactions are now being done using Electronic Commerce platforms is we are moving towards a cashless society. Electronic Commerce has its own benefits and costs to the organisation. The study wishes to investigate whether the benefits of implementing Electronic Commerce outwheigh the costs associated with Electronic based transactions. Business performanceis a broad concept which mainly looks at theanalytical techniques that can beused toascertain whether a business is meeting its set goals or not. The study aims toestablish the relationship between Electronic Commerce and business performance. Electronic Commerce will be dissected toits subsets which are Electronic Products, Electronic Services, Electronic Operations and Electronic Banking Support Unit. These various elements of Electronic Commerce areimportant in evaluating theinfluenceof such activities to business performance. Business performance can be measured in different perspectives which will ways which will be elucidated in this study. Business performance can be measured from a financial perspective, managerial accounting perspective,operational perspectiveand strategic point of view. These standpoints of measurement help in mirroring how the business is performing. This chapter provides thebackgroundof the study, problem statement, research objectives, and research questions, justification of the study, assumptions and limitations of the study.

1:1BACKGROUND

According to Laudon and Traver (2008), the history of Electronic Commerce dates back to theinvention of the very old notion of "sell and buy", electricity, cables, computers, modems, and theInternet. Electronic Commerce became possiblein 1991 when theInternet was opened to commercial use. Since that date thousands of businesses have taken up residenceat web sites.At first, the term Electronic Commerce meant the process of execution of commercial transactions electronically withe help of the leading technologies such as Electronic DataInterchange (EDI) and Electronic Funds Transfer (EFT) which gavean opportunity for users toexchange business information and doelectronic transactions. Theability touse these technologies appeared in the late 1970s and allowed business companies and organizations to send commercial documentation electronically.

Additionally, Collins (2001), points out that although theInternet began toadvancein popularity among the general public in 1994, it took approximately four years to develop the security protocols (for example, HTTP) and DSL which allowed rapid access and a persistent connection to theInternet. In 2000 a great number of business companies in theUnited States and Western Europe represented their services in the World Wide Web. At this time the meaning of the word Electronic Commerce was changed. People began to define the term Electronic Commerce as the process of purchasing of available goods and services over theInternet using secure connections and electronic payment services. Although the dot-com collapsein 2000 led tounfortunate results and many of ecommerce companies disappeared, the brick and mortaretailers recognized theadvantages of Electronic Commerce and began toadd such capabilities to their web sites for exampleafter theonline grocery storeAccording toall available data, ecommerce sales continued to grow in the next few years and, by thend of 2007, ecommerce sales accounted for 3.4 percent of total sales.

To this end theideaof Electronic Commerce has been spreading in the banking sector over the past the past few years. The Technologicaladvancement presented Electronic Commerce in thebanking arenaand this innovation has revolutionized the way in which commercial banks operate. Electronicin the context of a banking setup is defined by Saleem and Rashid, (2011), as theuseof mobile telecommunication devices such as mobile phones and tablet's to perform banking services. Electronic Commerce services haveadvanced in waves, beginning with payments and transfers before progressing into savings, followed by credit, international transfers and more recently insurance. Hendrickson and Nichols, (2011), focused on a study of the performanceof small banks in theUnited States of America. Theauthors found out that banks are more efficient when they use Electronic Commerce because Electronic Commerce is a low cost delivery channel toboth thebank and the consumer hence leading to profitability and increased market share should banks adopt it. Al-Jabri, (2012) supports this lineof thought and theauthor emphasizes that Electronic Commerce adoption promotes efficiency, improved customer serviceand growth of thentity. Apart from all the performancebenefits gained, Electronic Commerce allows for theintegration of advanced Electronic Commerce in theorganisation, (Hendrickson and Nichols, 2011). This allows thebank to stay relevant in a fast paced and innovativeindustry were technology is causing changes. Saleem and Rashid, (2011) state that the younger generation of bankers aged between 18 and 35 will lean towards abank that has good electronic banking products such as mobilebanking. Theauthor goes on toexplain that for abank to gain a significant market sharein this demographic, they need toadopt Electronic Commerce. These younger generations need an application their phone that allows them to perform tasks such as online shopping, recharging public transport passes, pay for their monthly subscriptions.

On the contrary, another group of scholars is of theopinion that theinnovation of Electronic Commerce has a negative effect on financial performance. Scholars who subscribe to this school of thought include (Shih *et al*, 2014; Mupfiga, 2013; Ngango, 2015 and Maringe, 2012).

Shih *et al.* (2014) conducted a study on Electronic Commerce as a method of financial inclusion and theauthor found that peoplein rural areas, whoare the financially excluded, do not need the services offered by Electronic Commerce. Theauthor goes on toexplain that they only need basic banking functions like receiving money, sending money and balancenquiry, all of which can be provided by mobile money operators. Mobile money operators are mobile telecommunications companies and they provide such services at a cheaperateas long as oneowns a mobile phone. Maringe, (2012) states that becauseof the competition offered by telecommunications companies it is unreasonable for banks toincur the financial cost of adopting Electronic Commerce at the losing end to their counterparts. In fact, theauthor further explains that for thebanks' clients tousetheir phones for Electronic Commerce , thebank has to pay a royalty to the mobile telecommunication companies because they provide the network platform. Ngango, (2015) supports this by stating that although banks want to stay technologically competitive, they are fighting a losing battleagainst the mobile telecommunication companies. Theauthor goes on to say that banks would bear the risk of fraud, mobile malware, data theft and money laundering should they adopt Electronic Commerce.

Morrison, (2010) noted that although a number of commercial banks in Europeoffered Electronic Commerce services as early as 1999, it was not until 2007 that largebanks in theUnited States of America started to develop Electronic Commerce applications that actually worked to customer expectations. Statics support that over 21% of all smart phoneusers wereusing Electronic Commerce by 2012 in developed countries. Meanwhile the financial services sector in Africais changing rapidly and the Electronic Commerce revolution is the key driver to this change, (Jones *et al*. 2016). In Africa, the emergenceof Electronic Commerce was stimulated by competition from the telecommunications industry offering 'mobile money' services such as M-Pesain Kenya, AirtelMoney inigeriaand

EcoCash in Zimbabwe. Thebanking sector had toadopt Electronic Commerce to stay competitive.

In Zimbabwe, the first banks toadopt Electronic Commerce wereBarclays now known as First Capital Bank, CABSand Stanbic, (Chikokoand Mangwendeza, 2015).

Theauthors further state that Electronic Commerce is a low cost financial services delivery channel, toboth thebank and the client, as opposed to traditional banking services such as Real Time Gross Settlement (RTGS), Automated Teller Machines (ATM) and In-branch services.

Theusageof theinternet has gradually improved in Zimbabweover the last twodecades. The gradual increasein theuseof theinternet is positively associated witheusageof Electronic Commerce in thexecution of transactions in thebanking sector. Theusageof theinternet relative to the population has improved as follows

Table 1. 1:Internet usage Statistics

YEAR	USERS	POPULATION	Percentageof Usage
2000	50,000	14,712,000	0.30%
2002	500,000	13,874,610	3.60%
2005	820,000	12,247,589	6.70%
2008	1,351,000	12,382,920	10.90%
2011	1,445,717	12,619,600	11.50%
2016	6,759,032	14,546,961	46.50%
2018		14,546,961	55.40%

Source: https://www.internetworldstats.com/af/zw.htmAccessed 29 February 2020

Theinternet penetration rate has increases from as low as 0.03% in 2000 to 55, 40% in 2018.This increasein theinternet penetration rate has been associated with adoption of Electronic Commerce products. The cash shortages experienced since 2016 have resulted in a cashless society which is heavily reliant on electronic money.

Finally with all that has been described in the background a gap still remains on theactual bearing that Electronic Commerce has on Business Perfomance.The study wishes toascertain theimpact that Electronic Commerce has on the business perfomanceof Zimbabwean Banks.

1:2PROBLEM STATEMENT

High volumes of transactions in the banking sector are now being processed using Electronic Commerce platforms. Thereare questions as to whether the benefits toorganisational performanceoutweigh the costs of Electronic Commerce.The benefits of Electronic Commerce toa banks performanceincludeimproved business revenues, improvedoperating profits, increasedeposit mobilisation, improved customer service provision and operational efficiency.Electronic Commerce is also widely viewed as a low cost service delivery channelThe costs associated with Electronic Commerce includehigh licence fees, cyber risks like card cloning, compliance fees and high research and development costs.The research aims toanswer the big question as to whether the benefits of Electronic Commerce outweigh the costs associated with Electronic Commerce usage in the Zimbabwean Banking sector.

1:3AIM AND RESEARCH OBJECTIVES

Todetermine the relationship betweenElectronic Products and business performance

To determine the relationship between Electronic Services and business performance

Toestablish theimpact of Electronic Operations on Business Performance

Toestablish impact of thelectronic Business Support on Business Performance.

1:4RESEARCH QUESTIONS

Whatis theimpact of Electronic Commerce on Business Performance?

What is theimpact of Electronic Products on Business Performance?

What is theimpact of Electronic Services on Business Performance?

How does Electronic Operations affect Business Performance?

How does the Electronic Banking Support affect business performance?

1:5HYPOTHESIS

H1: Thereis a positive relationship between Electronic Commerce and Business Performance

H2: Thereis a positive relationship between Electronic Products and Business Performance

H3: Thereis a positive relationship between Electronic Services and Business Performance

H4: Electronic Operations impact on Electronic Commerce which then affect Business Performance

H5: Electronic Banking Support Unit impacts on Electronic Commerce which theaffect Business Performance.

1:6 ASSUMPTIONS.

The respondents will provideadmissibleand authentic data that is free from bias for a successful study.

The respondents will answer most of theadministered questionnaires for data collection and the data will beused for analysis and presentation in the study

1:7 SCOPEOF THE STUDY

The study will be carried out within the period of 6 months. The population involves all Commercial Banks in Zimbabwe. A representative sample will be taken from the commercial banks. Questionnaires will then beadministered to staff members within thebank in order to get the data which will help in getting to theresults. Theunit of analysis will involve middle level management which is cognisant to theoperations of theorganisations. This will involvebranch managers and head officeunit managers. The study will cover the period 2015 to 2019

1:8SIGNIFICANCEOF THE STUDY

The study is aimed at investigating theimpact of Electronic Commerce on the Business Performanceof Commercial Banks in Zimbabwe.Although similar studies have been madeon theadoption no study has given the relationship of Electronic Commerce withe broader subject of Business Performance. Previous studies have not broken down Electronic Commerce intoElectronic Products, Electronic Services, Electronic Operations and Electronic Banking Units which are pertinent when studying this subject. Furthermore, Business Performance covers a broader spectrum which includes financial performance, operational performance, strategic performanceand a management account perspectiveand this has been overlooked in previous studies.This study will help policy makers and decision makers on how best Electronic Commerce can beoptimised to positively impact on business performance.

1:9 LIMITATIONS

At first respondents wereunwilling to divulge company information bbecauseof the confidentiality expected from them by themployer and theofficial secrecy of bbanking data. Confidentiality of information provided was guaranteed in the study

The corona virus pandemic lockdown reduced the number of respondents available since most of the stuff wereat home. The research had to work with thoseon the critical staff complement in order to successfully carry out the research.

1.10 CHAPTER SUMMARY

This Chapter introduced the subject of Electronic Commerce and its impact on business performance. The background of the study was given on how the subject of Electronic Commerce has evolved from the yesteryear todate. The problem statement, aimsand objectives of thestudy, researchquestions, hypothesis, and scopeof the study and the limitations of the study were given.

CHAPTER TWO

LITERATURE REVIEW

2.1Introduction

The Chapter reviews literatureon the broad subject of Electronic Banking and its relationship with business performance. Important terms to beused will be defined to givean insight into thessential areas of the study. The major theories in theareaunder study are the financial intermediation theory innovation diffusion theory and the transactional cost theory. These theories give rise to the quad four models that was used in the study. Business performancewas discussed and how it can be measured. A conceptual framework was developed on the study based on the literature reviewed.

2.2 Definition of Terms

2.2.1 Electronic Commerce

According towww.ecommerceguide.com,Electronic Commerce refers to transactions conducted via theinternet. Every timeindividuals and companies are buying or selling products and services online they are engaging in Electronic Commerce. Electronic Commerce encompasses other activities including onlineauctions, internet banking, payment gateways and online ticketing. The definition notes that Electronic Commerce revolves around theuseof theinternet in executing transactions. Theinternet of things has facilitated theuseof Electronic Commerce in the banking sector to conduct online banking and several other internet relates activities. Furthermore, the definition points out that Electronic Commerce can beused by both individuals and corporates.

In addition, Mehtab *et al* (2015) postulates that Electronic Commerce is a concept which means that the sales purchaseor exchangeof goods and services or information is by using a computer network, including theInternet. With respect to communication it is to provideinformation, services, payment and product using computer networks, telephone networks and other electronic means. Thereare three typeof Electronic Commercei.e. business to business, business to customer and customer to customer. Electronic Commerce is the sourceof improvement in organizational performance by using computer networks. An organisation with Electronic Commerce uses electronic tools such as file transfer, fax, video conferencing, EDIand file transfer. In the past, tradeis carry on withe physical presenceof buyer and sellers but now a day withe technological advancement, it is not necessary for both toappear physically at the market place.

According to Mutua (2015), theinvention of telecommunication network means for exampleinternet, web technologies and other electronic devices makes easy the business as well as facilitate the both (business and customers). Buyer of product and services can onlineorder the product by using internet without physically appearing to that shop or officeand seller deliver that product according to theorder. Through this buyer saveits timeas well as transportation cost and seller build a strong relationship withe customer and got the list of customers as well as manage theinventory

Tawariet al, (2010) defined Electronic Commerce is the provision of financial services witheassistanceof theinternet. Electronic Commerce services are provided using theinternet via multiple Electronic gadgets which include desktop computers, laptops, tablets and mobile phones. Electronic Commerce as a service provided by a bank or other financial institution that allows clients to perform financial transactions using mobile communication devices (Chogi, 2006).

Thereis a general agreement among different authors that Electronic Commerce involvesan exchangeof goods and services involving both individuals and corporates. Theimportanceof Electronic Commerce as a payment platform is emphasised henceits importancein replacing traditional banking methods. The focus of the study will be Electronic Commerce in the banking sector and some popular products in the Zimbabwean banking sector includeinternet banking, mobileapplications, Ecocash banking services, One money, CBZ touch, FBC Mobile Moolar, CABS textacash, pay now and buysafe transactions. The Electronic Commerce transactions have gained popularity to become the game changers when it comes to being competitiveness in the banking sector. This has proven to bea major sourceof Non-interest income for the financial institutions.

2.2.2 Internet Banking

Internet banking has been defined in this study becauseit is the most popular serviceassociated with Electronic Commerce. According towww.cbz.co.zw, internet banking is defined as an electronic banking solution which gives secureand unlimited access to your account, enabling you to carry out transactions via theinternet from anywherein the world. The definition points out the most important aspects that areassociated with Electronic Commerce in the form of internet banking. The first aspect is internet banking is an electronic banking solution which is the subject of this study. Secondly it gives a secureand unlimited access toa client's account. This virtual effect of internet banking removes the need for a client to visit the branch toaccess one's account but it can be doneover theinternet. Theaspect of security is also raised in this definition sinceit's a cyber-threat. Finally, theaccount can beaccessed from anywherein this world hence the breaking of geographical barriers.

Additionally, Internet banking is defined as electronic systems that enable bank customers toobtain access to their accounts and general information bank products and services through theuseof bank's website, without theintervention or inconvenienceof sending letters, faxes, original signatures and telephone confirmations (Chang 2003).This definition adds thedimension of information the virtual access of theaccount.Theinformation of bank products and services is essential in raising awareness and ensuring competitiveness of bank products. This enables cross selling of bank's products since most banking institutions have diversified in the form of being holding companies.

Toadd on Sullivan and Wang (2005), areof the view that internet banking is a process of innovation whereby customers handle their own banking transactions without visiting brick and mortar bank structures where they interact with bank personnel. Dube *et al.* (2009) observe that internet banking can be divided into three types, that is, informational, transactional and communicative. This definition points out the three types of internet banking activities. Of interest is the communicative role whereby thereis mutual communication between the banking institution and the client. The clients can receive communication from the banks via theinternet banking platform and also give feedback hence the reciprocation of communication. The transactional roleis associated witheactual execution of transaction by the clients.

As a final point thereis a general consensus among theauthors that internet banking gives unlimited access to the client's accounts. They further agree that internet banking replaces the traditional brick and mortar banking whereby clients were expected to visit the banking halls toaccess their accounts. The roleof internet banking can either be transactional, communicativeor informative.

2.2.3 Financial Performance

Financial performanceis an intuitive measureof how effectively an institution can generate revenueusing assets from its primary business operations (Greenwood and Jovanovic, 2010). The definition points out the revenues areearned using assets from the primary business operations. This study will be focused on theactivities of commercial banks which will beusing Electronic Commerce as a means of generating revenues. The revenues are generated through fees, charges and commissions which is a diversion from interest income which is the bank's primary sourceof revenue from issuing out loans. Financial performanceas measurement of an entity's policies and operations using monetary terms. These policies and operations are reflected in thentity's return on investment and valueadded. The revenues from Electronic Commerce are mainly attributed to non-interest income which is different from the traditional sources of banking income which is earned by disbursing loans.

In addition, Shodgana(2012), states that financial performanceis theundertaking of financial activity. In a more extensive view, financial performanceis the extent to which financial goals have been achieved. The financial health of an entity over a given period is measured using financial performance ratios. The ratios areused to compare like firms in the sameindustry or to compare sectors collectively. This study will mainly focus on commercial banks performance. Thereis a vast number of ways to measure financial performanceand all measures should beassessed collectively (Mutua, 2015). Revenue from operations and cash flows from operating activities are lineitems that can beused to measure performance(Jayawadhera*et al*.2010). The main objectiveof every firm is to make profit. Several ways areavailable to measure profitability such as ratios like Return on Asset (ROA), Return on Equity (ROE) and Net Interest Margin (NIM), (Murthy and Sree, 2008). Financial ratios areimportant indicators of financial performancein theanalysis of business performanceand the comparing of the firm's performance with reference toindustry standards or other competitors. Ratios enable the comparison of performancein relation to different standards and benchmarks. They areeasy to computeand they enableanalysis of multiple periods of times depending on theobjectives of the study. However, this study will employ a slightly different approach which does not use financial statements in its analyses of business performance.

Financial performance relates to measuring the results of afirm's policies and operations in monetary terms. These results are reflected in the firms return on investment, return on assets and the valueadded. The definition points out the measurement of a firm's policies and operations. The policies on Electronic Commerce and how Electronic operations affect theoverall performanceof the business organisation. Theseoperations are expressed in monetary terms in terms of the dollar value. Theoverall valueadded into theoverall organisation is important accompanied by the return on investment and the return on assets.

Theoverall return on investment is important in ensuring that shareholder wealth is maximised.

Theauthors agree that financial performance quantifies theimpact of operational activities and goals on theoverall performanceof theorganisation. The measure focuses on checking whether thereis a return on investment, return on assets theoverall resources invested into the business operations. This study will ascertain whether Electronic Commerce impacts positively of business financial performanceor not. Theanalyses will focus on the Reponses from the research itself rather than historical data from financial statements. Theapproach of using financial statements has been employed in other studies and this study would like toadd a new dimension in ascertaining theimpact of Electronic Commerce on business performance.

2.3 Theories of Electronic Commerce

2.3.1 Financial Intermediation Theory

In 1960 it was established by Gurley and Shaw that the financial intermediation theory was a base theory of informational asymmetry and agency. An entity that performs the roleof a broker between two parties in financial transactions is a financial intermediary. According to Porteous (2010),Electronic Commerce is classifiedinto transformational Electronic Commerce and additive banking. The former is the provision of financial services using mobile phones to reach the financially excluded population and the latter is whereby mobile phones arean additional channel used toaccentuate banking services to thealready banked. It has increased provision of financial services with a wide choiceof services geared towards toall levels of society (Vaidya, 2011). People do not know the difference between Electronic Commerce and mobile money and for the purposes of this study the distinction shall be made. Electronic Commerce isan access channel for your existing relationship withe bank. One can carry out transactions such as funds transfer, pay bills, check mini-statements, view balance, apply for loans and stop orders. All the transactions are based on existing bank accounts (Banerjee, 2015).

The theory helped toanalyse the transactions of Electronic Commerce in Zimbabweand how it affects the financial performanceof the banking industry.

2.3.2 Innovation diffusion theory

Bradley and Stewart introduced the theory in 2002. Theinnovation diffusion theory states that firms engageindustry innovations in order to remain competitive, minimise costs and to guard their strategic positions. The theory originally put forward in 1962 is well-known and it explains how an innovation is spread among users over time (Liuand Li, 2009). The theory helps tounderstand the behaviour of customers in theadoption or non-adoption of an innovation (Rogers, 2010). The theory gives theidea that theadopters of innovations follow a bell shaped distribution curve that can be divided into five parts to categoriseusers based on their innovativeness (Liuand Li, 2009). Rogers classified users as innovators, early adopters, early majority, late majority and laggards.

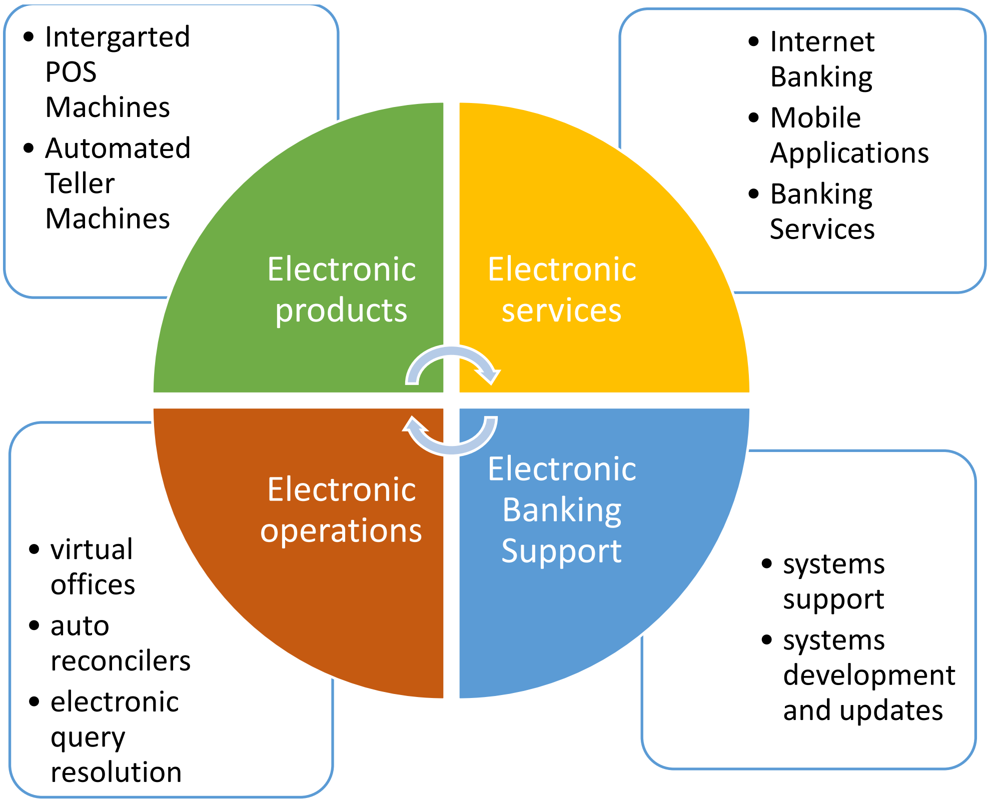
Theadoption of Electronic Commerce has the potential to remove barriers in the formal financial sector to the financially excluded population in Africa. Ivatury and Mas, (2010) highlighted the characteristics of theearly adopters of WIZZIT, which was the first major initiative dedicated to providing Electronic Commerce to theunbanked in Southern Africa. Theinnovation diffusion theory was used in the research to see how upgrades in Electronic Commerce products affect financial performanceof commercial banks.

2.3.3 Transaction Cost Theory

The Transaction Cost Theory was developed by Williamson under transaction cost economics. According to Willismson (1985), thereare three key concepts involved in Transaction Cost Economics: assets specificity in the technical issues, bounded rationality hypothesis about the humanature, and opportunism on the behaviour aspect. Williamson argued that a transaction occurs when a good or serviceis transferred between technologically separable stages. Theattributes of a transaction can beidentified from three lengths namely assets specificity, uncertainty and transaction frequency. Under the bounded rationality hypothesis, itakes people high transaction cost toestimate the timeand styles of opportunism's occurring and to make precautions. Toensure the proceeding of the transaction and save transaction costs, it is necessary to construct matches between transactions with different attributes and governance structures with different costs and efficiencies. Distinguishing from incentiveintensity, administrative control and the contract law regime, thealternative modes of governance structureinclude market, hybrid and hierarchy. In this framework, transaction could be considered as the most basic and general form of human economic relationship. No matter what simpleor complicated Electronic Commerce activities, transaction could be taken intoaccount as a basic analysing unit. Compared with traditional spot market, Internet involves higher uncertainty and moreopportunism. Under this circumstance, the neoclassic contracts are hard to beapplied to govern all Electronic Commerce transaction relationships, only three choices can be made: aborting the transaction; integrating intoorganization internal transaction; or depending on certain hybrid governance structure that can not only ensure the relevant modifications of the contract ex ante withe continuing and thextending of the transactions, but also beable to defend opportunism and to save transaction cost. Hence, whether an Electronic Commerce activity can realizeand bring value for transactors depends on whether a kind of effective governance structure can be built to coordinate the mutual economic relationships between transactors. Actually so called Electronic Commerce model could be considered as a kind of exterior exhibition of governance structurein commercial practice. In this way, some new approaches might beoffered for Electronic Commerce practitioners by using the theory and methods of transaction cost economics to study theattributes of various Electronic Commerce transactions, attributes of Electronic Commerce transactions' governance structure, and researching their mutual correspondence (Duan,2007).

2.4 Model of Ecommercein the-Banking Department of a Commercial Bank

Figure 2. 1The (Quad E) Electronic Commerce Model



Variables in the model explained	***(Business Impact Category)***
EP~ Electronic Products	(Revenue Generator)
ES~ Electronic Services	(Revenue Generator)
EO~ Electronic Operations	(Cost Saver)
EBS~ Electronic Banking Support	(Cost Saver)
BP~ Business Performance	(Financial Performance)

EP+ES+(EO)+(EBS)=BP

The quad E model categorises Electronic Commerce variables into Revenue generators and Cost saver. The model is applicablein a Commercial Bank with an E-Banking Department. It assumes a positive relationship between revenue generators and business performance. The model assumes a negative relationship between cost savers and business performance. An increasein revenue generators results in non-interest incomeand fees which will increase the company's profits as given in the statement of comprehensiveincome. A decreasein operating costs due touseof technology results in reduced operating expenses and fixed costs resulting in an improved business performance.

2.4.1 Business Performance

Recent scholars have comeup with different definitions of business performance which will be reviewed. According to Sebestovaand Lejková (2020), Business Performanceis a set of analytic processes that enables the management of an organization's performance toachieve pre-selected goals. The definition has two notable points which is the set of analytic processes and goals. Theanalytic process enables theachievement of organisational goals which are derived from the preselected goals and objectives. In this study theanalytic processes should evaluate whether Electronic Commerceis contributing to the maximisation of shareholder wealth. The major areas under Electronic Commerce that should beanalysed includelectronic Products, Electronic Services, Electronic Operations and Electronic Banking Support Unit. Electronic Products and Electronic Services should beanalysed as to whether they areaiding to the revenues streams of the banks. These revenues are generated in the form of fees and commission. Electronic Operations and Electronic Banking Support unit should beanalysed as to whether they are reducing theoperating costs of theorganisation. These costs include labour costs, rent and rates, fuel and theopportunity cost of lost revenues through obsolescenceand technology lags. This analysis will be done based on the targets that would have been set but the respective departments within the bank.

Demneriand Hysi (2020) postulate that Business Performance encompasses areas of business outcomes such as financial performance, product market performance, and shareholdereturn. This definition introduces an interesting dimension in theunderstanding of business performance. Financial Performance, product market performanceand shareholder return are the most critical factors when analysing a firm’s performance. Financial Performance enables the quantification of theactual performancein figures which areeasier to calculateand interpret. The measureof financial performanceincludes accounting ratios and capital adequacy figures. Product market performance can be calculated using the market shareof product as compared toother competitor products. In this case the Electronic Products and Electronic Services performance should be compared relative toother competing banks in the market. Shareholder wealth maximisation is the primary goal of the firm. The definition is comprehensive sinceit covers the most pertinent business aspect.

Furthermore, Zin and Manaf (2019), suggests that business performance encompasses a wide rangeof indicators that can focus on profitability, growth, or social performanceof companies. Theother broader aspects of business performanceareintroduced in this definition. Theseare namely profitability, growth and social performance. Profitability is theactual money madein the carrying out of business operations and it is measured by profitability ratios which include gross profit margin and net profit margin. Growth of a business is an important part of business performance. Growth entails then enlargement of operations with a period of time. The portfolioof products, tangibleassets and intangibleasset is important in measuring growth. Social responsibility is giving back to the community which facilitates the business activities carried out by theorganisation. This aspect was ignored by previous definitions even though its essential in theassessment of business performance.

Business Performanceinvolves activities, closely connected with business competencies, which help the entrepreneur toachieve business goals based on key performanceindicators. The most important aspect introduced by this definition is theareaof business competencies. Business competencies are theabilities, aptitudes, proficiencies and know how’s that distinguishes the business from its competitors. The proficiencies are technologically related when it comes toElectronic Commerce success (Wessel and Vries, 2019).

Finally, for the purposeof this study a Business Performance definition is one which covers the discussed areas. Theseareas include social performance, shareholder profit maximisation, business competencies, financial performance, product market performance, achievement of predetermined goals.

2.4.2 Measurement of Business Performance

Thereis a lack of agreement among scholars on theactual definition of Business Performance Measurement. The study will review the different definitions given in thearea to comeup with one general definition which will beused in this dissertation. From an operations perspective, Business Performance Measurement system is mainly perceived as a set of metrics used to quantify both thefficiency and effectiveness of actions or as the reporting process that gives feedback toemployees on theoutcomeof actions (Martinez *et al*, 2007). This dissertation will attempt to quantify theoutcomes of Electronic Commerce activities carried out by commercial banks in the form of Electronic Products, Electronic Services, Electronic Operations and Electronic Banking Support Systems.

Moreover, from a strategic control perspective, two different aspects of a Business Performance System can beidentified. One hand, it reflects the procedures used to cascade down those performance metrics used toimplement the strategy within theorganisation. On theother hand, a Business Performance System is the system that not only allows an organisation to cascade down its business performance measures, but also provides it with theinformation necessary to challenge the content and validity of the strategy. In this study the validity and the competitiveness of Electronic Commerce as a strategy will be reviewed withempirical evidence that will be found from the study. This is doneat the strategic review stageafter the strategic implementation stage. This will help commercial banks toascertain whether Electronic Commerce is viableas a strategy.

Furthermore, from a management accounting perspective, Business Performance Measurement is synonymous with management planning and budgeting. Budgeting entails a quantitative plan for the future which will be reviewed as a control measure. In this study theactual performanceof Electronic Products, Electronic Services, Electronic Operations can be compared to the budgeted figures in order to come toa conclusion whether the business performed well or failed.

The financial accounting perspectiveis important in the measurement of business performance. The financial accounting perspectiveuses measures which include Return On Assets (ROA), Return On Equity (ROE) and Net Interest Margin(NIM) (Murthy and Sree, 2008).

ROAis an important ratio that expresses the profitability of a bank. It is a ratioof the bank’s income to the bank’s total assets, (Khrawish, 2011). It is a measureof an organisation’s ability to generateincome by utilizing theassets at their disposal. NIMeasures of the difference between revenue generated from a bank’s assets and thexpenses associated with paying out its liabilities. NIM as the difference between theincome from loan interest generated by financial institutions and theamount of interest paid out to the bank’s lenders, for example, theamount of deposits as compared to their interest earning assets. It is expressed as a percentage. The calculation is what the bank gains on loans and other assets over a specific period minus theinterest paid on funds borrowed divided by theaverageassets that produced incomein that specific period.

ROEis a ratio that expresses the profit a company madeas compared to the total shareholders' equity found on the balance sheet. ROEis an important ratio to the shareholders becauseit indicates how much return they get on their investment.

Finally, for the purposes of this study theideal Business Measurement System is one that combines theoperations perspective, strategic control perspective, financial accounting perspectiveand the management accounting perspective.

2.4.3 Relationship betweenElectronic Commerce and Business Performance (Emprical Evidence).

The relationship between Electronic Commerce and Business Perfomanceis supported by Empirical evidence. A study carried out on the relationship between Electronic Commerce adoption and organisational perfomancein Malaysiain 2013 cameup with someinteresting findings pertaining to the subject under study. According to Sobihah *et al.* (2013), The findings demonstrated the significant relationship between Electronic Commerce business network, and Electronic Commerce competency with organization performance. Theoutcomes of multiple regression analysis confirmed that Electronic Commerce business network, and Electronic Commerce competency had stated significant influenceon organization performance. Of all the predictor's variables, Electronic Commerce business network appeared to be the most dominant variablein influencing organization performance. This result has also supported with previous studies by Tow (2004) and Bharadwaj (2000). These findings had imposed potential implications for management to review for future plans in order for them toincreaseorganization performance. The broader the scopeof theorganization activities, the more likely it is for theorganization touse Electronic Commerce (Dewan & Kraemer, 2000). Referring to the results, it is thereforesuggested for management to consistency creates value through their willingness toinvest in the Electronic Commerce business network toincrease performance. It provides useful guides to the click and mortar companies toevaluate their current Electronic Commerce usageand to determine theareas that need tobe re-engineered in the process toincreaseorganization performance.

Further studies on theimpact of Electronic Banking on organisational perfomancein Pakistan cameup with somempirical evidencein support of theassertion in question. According to Mehtab *et al.* (2015), the main aim of conducting this research was help tounderstand theimpact of Electronic Commerce on organization performance especially in the banking sector of Pakistan. The study showed the existenceof positive significant relationship between theApplicationof Electronic Commerce and theorganizational performancein the banking sector of Pakistan. The study also helped the managers tounderstand theimportanceof Electronic Commerce in improving theperformanceof banking sector of Pakistan. The results of this research reveal that Electronic Commerce is positively related with theorganization performance. The research was limited to banking sector and questionnaires are filled from the manager’s operation managers. Our study will also takea similar approach. In this study Electronic Commerce was regressed against organisation perfomanceThe results showed that the hypothesis isubstantiataed. An R square valueof .563 at a significant level of $p<0.001$, withdf (3), confirms that 56% of the variancein organisation performanceisignificantly explained by theindependent variable. Finally,this study was limited to the non-financial aspects of organization performance, financial aspect like return on asset, return on equity, EPS and dividend payout etc are not included. This study is limited to the banking sector but it can also conduct in other sectors.

Nour (2015) carried out a study on theImpact of Electronic Commerce on Organizational Performance: in Jordanian InsuranceCompanies. Theobjectives of the study are toinvestigate theconcept of Electronic Commerce and organizational performance, and examine theimpact of Electronic Commerce on organizational performancein Jordanian insurance companies. Thepopulation of the study includes all insurance companies in Jordan, a sampleof (100) accountant based on (8) branches of insurance companies in Amman city waselected randomly for the purposeof this study. The study instrument is thequestionnaire. The study found that thereare positiveattitudes towards Electronic Commerce becausetheir meansare greater than thestandard mean. The study also rejects hypotheses: Ho: Thereis no statistical significant relationship between Electronic Commerce and organizational performancein Jordanian insurancecompanies. The study recommended that insurance companies should improve their company's computer and information needs in order touse Electronic Commerce,and insurance companies should increase their attention for application of Electronic Commerce.

Sadi-Nezhad (2017) carried out a study on measuring the effect of Electronic business on organizational performancein projectors like education, Telecommunication, Textile, Sports etc.based organizations. The broad objectiveof the study was tomeasure the effect of this new facility on supply chain in project based organizations. This study performs a study tomeasure theindirect effectof electronic business on project based organizational performance. The proposed study of this paper designs a questionnaireand distributes it among 140 professional experts in different industries in provinceof Ontario, Canada. The survey examines different hypotheses for a possible correlation between e-business and integrated suppliers, electronic business and customers, integrated customers and suppliers with organizational performance. The results of thisurvey indicatea positive relationship between all these componentseither directly or indirectly.

Hu, Jianzheng and Yang (2012) studied theImpact of Ecommerceon Organizational Performance: The Roleof Absorptive Capacity and Integrative Capability. This study examines how Electronic Commerce creates value for firms from theperspectiveof dynamicapability theory. A theoretical model is proposed and tested using structural equation modelling techniques based on survey data collected from firms that have been using Electronic Commerce in their operations for an averageof four years and have more than 25% of sales or procurement viaElectronic Commerce channels. We find that top management participation is a key contributor to thedevelopment of a firm‟s potential and realized absorptivecapacities. These two formsof absorptive capacity in turn contribute to the firm‟s integrative capability, theorized as a formof dynamic capability, which then impacts the firm performanceindicators. Different contributions of the twoabsorptive capacities are delineated, soare the effects of top management on theabsorptive capacities.

2.4.4 Benefits of the Relationship betweenElectronic Commerce and Business Performance

Someof the benefits that accrue toan organization from implementation of Electronic Commerceareincreased revenues since you will beable to reach more customers, improved customer satisfaction since services will be readily availableand fast in their provision, cost reduction becauseit will not have toincur heavy wage bill, reduced space requirements and hence reduced rent or lease payments. Theincreased revenue streams area direct result of theincreasein the number of customers who will be reached by the Electronic Commerce services offered by the bank. Additionally, customer satisfaction is improved as a result of convenience, flexibility and the reliability of service provision that is assured by thexperience derived from banking over theinternet. Toadd on Electronic Commerce is associated with reduced fixed costs as a result of the substitution of manual processes with electronic processes which are driven by theinternet. The reduced cost subsequently impacts on the net profit margin of the bank.

Other benefits includeincreased efficiency sinceautomation enables you to do more with less input, increased level of output and employee satisfaction and motivation since they will not have toil really hard. Larger market share through attraction of new customers and customer loyalty may be gained (UNCTAD, 2015). Automation is associated with efficiency sinceit broadens theincome streams of the bank to theattractive non-interest income. The fees and commissions associated with Electronic Commerce givea higher level of output out of theassets being utilised by the bank. The percentageof market shareis alsoimproved as more clients are reached via theinternet. Electronic Commerce services market the bank products on their own since the clients can access all the services on offer on anintegrated platform which cross sell all the products.

The tangible benefits are benefits that directly accrue to theorganization and contribute directly toincreasein revenueand profit. Theseinclude: Efficiency which is theability of the business process to produce the same level of output using reduce resourceoutput or to produce moreoutput using the same level of input (Ankit, 2011). Increased automation of processes where most of theoperational activities which were done by peopleare carried out by machines without physical presenceof people (Bradley and Stewart, 2003).

Electronic Commerce enables accessibility of markets that would have been otherwiseinaccessible without automation. This is for example customers who wish to carry out transaction at night are taken careof by theuseof ATMs. This process leads to transformation of traditional market chain (Bhowmik, 2012). UnlikeATMS Electronic Commerce goes a step further toenable clients to transact at the comfort of their own homes rather than travelling toan ATM at Night. The Zimbabwean cash crisis has resulted in a cashless society which relies on theinternet to carry out transactions. A cashless society is a fertile ground for Electronic Commerce.

Retained and expanded customer baseand acquisition of a niche market. By theuseof internet and electronic fund transfer, banks areable to serve customers whoarein places where they don’t have branches (Dube*et al*.2009). To this end Electronic Commerce has reduced the need for theopening of physical branches as long as thereis connectivity in that place. Theinternet penetration rates for Zimbabweare way above 90% hence the feasibility of Electronic Commerce in the broadening of the markets.

Reduced operation costs. When peopleare replaced by machines in an organization, theamount of salary paid out is reduced and hence theoperation cost decrease (Enos, 2001). Intangible benefits are benefits that do not directly contribute toincreasein revenue but may give goodwill and customer loyalty to theorganization. They include, enhancing well-being and education of customers. By providing information to customers online, they arenabled to learn moreabout theorganization and also how to carry out their transaction effectively and efficiently at reduced timeand cost (Filmer and Pritchett, 2001).

2.5 The Concept of Electronic Commerce

Electronic Commerce consists of buying and selling of products and services over electronic systems such as theinternet and other computer networks (Khan, 2016). Modern Electronic Commerce typically uses the World Wide Web at some point in the transactions lifecycle, although it can encompass a wide rangeof technologiesuch as e-mail. A small percentageof Electronic Commerce is conducted entirely electronically for virtual items such as access to premium content on a website, but most Electronic Commerce ventually involves physical items and their transportation in at least some way. Today, it encompasses a wide rangeof business activities and processes, from e banking tooff shore manufacturing toe-logistics. The ever growing dependenceof modern industries on electronically enabled business processes gaveimpetus to the growth and development of supporting systems, including backend systems, applications and middleware (Gangeshwer, 2013). Examples are broad band and Aiber optic networks, supply chain management software, customer management software, inventory control systems and financial accounting software.

The emergenceof Electronic Commerce also significantly lowered barriers toentry in the selling of many types of goods; accordingly, many home based proprietors areable touse theinternet to sell goods. Often small sellers useonlineauction sitesuch as e-bay or sell via large corporate websitesuch as amazon.com, in order to takeadvantageof thexposureand set up convenienceof such sites (Magutu*et al*., 2009).

2.5.1 Electronic Commerce and Products

Electronic Commerce offers products and operates under four market segments namely business to business, business to consumer, consumer to consumer and consumer to business. Electronic Commerce products and be conducted over computers, tablets, or smartphones. Nearly every imaginable product and serviceis available through ecommerce transactions, including books, music, plane tickets, and financial servicesuch as stock investing and online banking. As such, it is considered a very disruptive technology. The study focuses on Electronic Commerce and Products in the context of banking institutions. Electronic Commerce products and services are methods used by banking organizations to carry out their transactions without necessarily coming into physical contact witheir clients. These services includeAutomatic Teller Machines (ATMs), Electronic Fund Transfer (ETF), mobile banking, online banking, Electronic DataInterchange (EDI) and telecommunication services.

The most common segment of Electronic Commerce is business to customer. The Credit card is oneof the few remarkableinnovations introduced successfully by banks in the last five decades, and it is currently being used extensively in B2C electronic commerce. However, it is an expensive means of payment for Electronic commerceand many online shoppers will prefer other forms of paying for their purchase (Nanehkaran, 2013). So will many online retailers who have to cough up set up and transaction costs and 23% of every payment. Moreover, credit cards are not suitable for persontoperson tradeon theInternet. In short, Electronic Commerce has created a demand for low cost facility for micro payments and Flexible payment (Long, 2000). New ways of online payments areappearing in the market, such as deduction from a prepaid account, electronic billing services, direct transfer out of bank accounts.

Furthermore, the most important applications of Electronic Commerce will be discussed in detail. Theseapplications in the banking sector include Electronic billing, ID verification, mobile payments, digital only banking, business to business, and international commerce. Electronic billing is oneof the biggest benefits that Electronic Commerce has brought to both consumers and businesses. Banks now offer theability toautomatically pay your bills through their websiteor on their app. Companies can send out electronic invoices to their customers and receive payment automatically instead of waiting for and cashing a physical check. The connection between theability for banks to send and receive payment digitally and the riseof ecommerceas a primary driver of sales and revenuein many businesses is not a coincidence; it would be nearly impossible toeffectively haveone without theother www.tuchfunnel.com.

Identification Number verification is another application of electronic commerce. Banks should takeidentification very seriously. The job of a credible financial institution is toensure that the person spending is the person who should haveaccess to the funds in theaccount. This has become harder the more technology has advanced. But Technology has also helped driveinnovation in theability to confirm theidentity and other credentials so that customers can conduct their ecommerce transaction more securely, without the possibility of data being stolen or leaked. This identification process is not just a protection for the customer, but also for the retailer or vendor. It’s the responsibility of all stakeholders which include banks and Electronic Commerce retailers touphold ID verification and customer information security standards.

Mobile commerce, or m-commerce, is an important part of Electronic Commerce. Mobile focused commerce has becomea new normal for many people whoare now able to buy everything from a dog sitter toa plane ticket from their phone. A smartphone has becomeanother important Electronic Commerce tool also known as a digital wallet. Customers can now pay for many of their inperson purchases with a smartphoneapp, whether it’s a bankbacked credit card app or an app likeApple Pay which keeps payment options for customers’ various financial sources together in one place for easy payment. While mobile payments are moreoften used to describein person digital transactions, they are definitely born out of theapplication of Electronic Commercein banking endeavors.

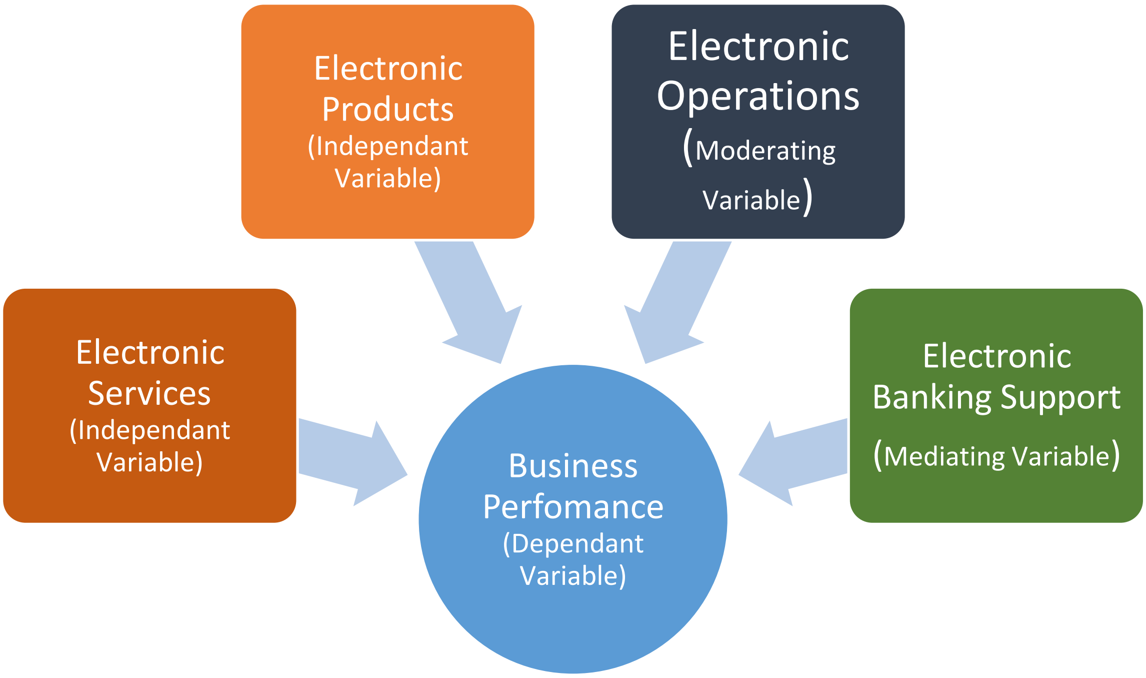
Digital banking is another application of Electronic Commerce. Electronic Commerce has enabled app payments and transactions, leading the way for reeducation in physical brick and mortar banks. While many large banks with an Electronic Commerce presence do still havein person presences in certain communities, many banks haveopened as onlineonly operations, such as Ally. Mortgage brokers have joined theonly online finance trend as well. Having users interact witheir banking primarily through an app is in line with how consumers interact with many other parts of their daily lives, from paying for coffee toordering groceries to set doctor’s appointments and more. Onlineonly banks can alsooffer a better banking experience by often being able to give customers a better interest rateon savings accounts or loans becauseof the money the bank itself was able to save by not having to pay overhead costs like rent.

Business to Business innovation is another application of Electronic Commerce.The Electronic Commerce experience has changed the way business to business buyers anticipate buying and selling experiences to go. This has largely been due to theimplication of Electronic Commerce in banking in Business to Customer spheres. Electronic Commerce has enabled banks tooffer faster account opening, digital invoice payment, and other conveniences that Business to Customer buyers has long enjoyed.

In conclusion International Commerceis increasingly becoming important in the discussion of Electronic Commerce and products. Electronic Commerce has madeit easier for people to bank internationally or pay for goods and services from another country without having to work around banking regulations or exchange rates. Thirdparty vendors like PayPal work as a go between for Electronic Commerce retailers and financial organizations and banks. Theavailability of international gateways likeiveriand CSC bank of Lebanon has expediated theprocess of international intergrations resulting in the spread of international commerceas a global phenomenon.

2.7 Conceptual Framework

Figure 2. 2Relationship betweenElectronic Commerce and Business Performance



2.8 Chapter Summary

Electronic Commerce for the purposeof this study involves the buying and selling of products and services over electronic systems such as theinternet and other computer networks. Mobile

Banking is alsoan integral part of Electronic Commerce which uses cell phones to transact. The major theories underpinning this study are mainly the financial intermediation theory, innovation diffusion theory and the transaction cost theory. Business Performance can be measured from a strategic control perspective, financial accounting perspective, management accounting perspectiveand an operational perspective. Theindependent variablein this study is Electronic Commerce which results in operational efficiency consequently financial performance which is the dependant variable.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This hapter focusedon the research techniques appliedin this study in order toanswer the research objectives. It gives a clear and concisedescription of how the study was carriedout. Precisely, the chapter covers research design, population and sampling, research instruments, data collection procedures anddataanalysis.

3.1 Research Design

Research design refers to theall-inclusive strategy that is selected to join together various elements of the research in a logical way, thereby, guaranteeing that the research problem is appropriately tackled. Research design constitutes the strategy for data collection andanalysis, (Wilkinson, 2012). This study adoptedadescriptive research design. Teo*et al*(2011) explains research design as a master plan that provides answers to ‘who, what, when, whereand how’ questions related toa specific research problem. Ahrens and Khalifa, (2013) explain that descriptive research is used toacquireinformation pertaining to the situation at present and toexplain ‘what exists’ regarding variables of the situation. The research was carried out to get a clear pictureon the natureof the relationship between Electronic Commerce and Business Perfomance.This is descriptivein the sense that the subject under study is known to be Electronic Commerce and Business performancein the Zimbabwean banking sector.

Thereare mainly two research methods namely qualitativeapproach and quantitativeapproach. The study used a quantitativeapproach.Theapproach isuitable for the large volumes of data that will be gathered from thequestionaires. The quantitativeapproach was used tounearth the hidden patterns in the data.

3.1.1 Qualitative Research

Qualitative research is basically exploratory research. Qualitative research is used toobtain an appreciation of concealedopinions and motivations. Wilkinson, (2012) elaborates that it is concerned with understanding thebehavior of humans from theinformants' point of view. Open-ended questionnaires, observations andunstructuredinterviews are thedata research instruments used to collect qualitativedata. Qualitativedata provides depth anddetail andencourages people to givein-depth responses which may even open the way for new topics areas that were never consideredat first.

However, the collection of qualitativedatais more time consuming. Unless thereis sufficient timeand financial resources, it is important to limit the sizeof the sample toa smaller one. Another drawback of qualitative research is that it requires the work of an expert to make 89/systematic comparisons tointerpret it.

3.1.2Quantitative Research

Quantitative research is the verifiableinvestigation of circumstances that can beobservedusing statistical and mathematical methods. Wilkinson, (2012) states that quantitative research deals with finding out facts about situations andit is basedon a fixedand measurableassumption. Quantitative research collects datausing numbers which can be categorizedand rankedin order or measured. Experiments are concerned with measuring things andusually yield quantitativedata. However, research methods such as questionnaires may produceboth quantitativeand qualitativedata. Quantitative methods give researchers theopportunity to conduct broad surveys that involvea vast number of subjects and standardised findings. More likely than not, they giveaccurate results.

However quantitative methods areinflexibleand provide little to noevidenceabout theattitudes andbehaviour of the subjects under study. In this study, quantitative methods wereused toanalysedata from thequestionnaires. This was suitablebecause numbers wereused to group responses from the questionnaires. These responses were given codes which were theused in SPSS toanalyse the findings of the study.

3.2 Population

Wilkinson, (2012) defines population as a group of individual persons from which samples are taken for statistical measurement. Green and Carmone, (2011) further explain that research population is the totality of all members, objects and subjects that have common characteristics and features relative to the study to which sample findings can be generalised. The population for this study comprises of zimswitch registered local banks. The target population was 17 local banks which areon the zimswitch plartfom.

3.2.1 Sample SizeandDesign

According to Scott and Vessey, (2015) sampling refers to selection of individuals from a population of interest to makean estimation of the qualities of the population. Theuseof sample population made the research objectiveand successful as this research is limited to five major banks CBZ, CABS, FBC, Steward and First Capital bank employees. Oliveirand Martins, (2011) pointedout that a large sample, not toobig will produceinformation that is adequate for the research tobe carriedout but a sample that is too small may provideinadequateinformation. Brick and Wood, (2014) further explained that a sample population that shows a good representative shouldbe 30% or moreof the target population.

Goodand Hart, (2013) further justifies this by stating that a sampleof more than 50% of the total population should produce reliable results.

Table 3. 1How the sample was constituted?

SampleElements	**Population**	**Sample Size**	**Sampled Population**
First Capital	75	50	67%
CABS	100	75	75%
CBZ	100	75	75%
FBC	76	50	66%
Steward Bank	80	50	63%
Total	431	300	70%

The fiveZimswitch compliant Banks randomly chosen represent more than 30% of the population since Zimbabwe banks Zimswitch compliant banks. The research indicates a good representation of the target population of 70% was obtainedin the sample population, andit is more than 50% of the target population. Judgement sampling was used to select the sample. The target was to get more than 300 responses inorder to comeup with a valid conclusion. A too small sample will hide someimportant patterns in the data resulting in distorted results. A too large sampleis not feasible sinceit will bequal to the population hencea strain on the resources. The sample chosen for the study is adequate for the getting the best results.

3.2 Primary Data

Ahrens *et al*(2015) defined primary data as an indigenous report on the results of collected data from a sample population. Primary datais raw data that must be collectedby the researcher. Primary data gives raw and relevant answers to specific research questions soas to givean accurate view of results. However primary data may be very costly to collect. Respondents may falter in filling out questionnaires and the research has no control over this when datais being collected. It is important that that researcher must be skilledenough to collect thedatain order toavoid collecting insufficient information. Interviews and questionnaires wereused to collect primary data. Data about thedemographics of the respondents and their opinion the performanceof First Capital, CBZ, CABS, FBC and Steward Bank were collected. The reason for collecting primary data was to get accurate specific information needed for the study. Most of the data needed for this study can not solicited using secondary information. The reseach intents toadd value to the current body of knowledgeand also provide solutions toindustry hence the decision to search for raw primary data.

3.3.1 Interviews

Kapoulas, (2012)and Fontana*et al*, (2011) revealed that; aninterview is a process of communication through which the respondent and theinterviewer exchangeinformation. Information gathered from interviews is influencedby the respondent whois tasked to translate their past experiences, (Theo, Ranganathan andDhaliwal, 2011). Interviews can bedividedintoopen endedand structuredinterviews, (Guilford, 2013). In this study, semi-structuredinterviews wereused with respondents from the fivebanks on the topic under study. These types of interviews allow the respondents toexpress their opinion freely on how theorganisation is performing and how it can beimproved. They provide comparable, reliableand relevant qualitativedata. Semi-structured interviews wereused to get indepth knowledgeon the subject of Electronic Commerce.The respondants were giving information in relation to the subsets of Electronic Commerce which arelectronic Products, Electronic

Services, Electronic Operations and Electronic Banking Support Unit.These were dissected relative to theirelationship with Business performance withe help of Semi structured interviews.

3.3.2 Questionnaires

According toBorg *et al* (2012), a questionnaireis an instrument of research used to collect information from respondents for the research topic under study. Church, (2013) stated that thereare two kinds of questionnaires, open-endedand closed-ended questionnaires.

Closed-ended questions allow the respondent to choosea response from explicit options given (Guilford, 2013). For the purposeof this study, closed-ended questions wereused toobtain information how Electronic Commerce has affected the business performanceof First Capital, CBZ, CABS, FBC AND Steward Bank. The questionaires asked specific questions on how the various components of Electronic Commerce are related to business performance. The components of Electronic Commerce wereinterrogated in relation to business performance. The components include Electronic Products, Electronic Services, Electronic Operations and Electronic Banking Support units. The reasearcher chose this comprehensiveapproach to dealing withe subject of Electronic Commerce as a way of unearthing the hidden patterns of data that exist in the subject. When closed-ended questions areused to collect data, the research is madeeasier and faster because the respondents are restricted to the responses that are providedonly. Theuseof closed-ended questions when carrying out research makes it easier and quicker toobtain the responses and comparisons of different responses areeasier to make. The closed ended questionaires used in this study enabled a quick collection of data given theoperational challenges that were being experienced as a result of the Corona Virus pandemic which affected every industry.

Additionally, closed Questionaires wereused in this study because they have the capacity to collect largeamounts of datand analaysethem. Three hundred questionaires were respondend toand easily analysed on SPSS due to the codes that wereassigned on the responses using the Lirket scale. Closed questionaires simultaneously enabled the collection of the large volumes of datand the subsequent analysis of the gatheredata.

Moreover, the cost and timeof carrying out personal interviews was elimitated since these questionnaires were remotely responded to. Theadministering of questionaires was donein bulk in the five banks which were being studied and it was cost and time effective rather than attempting to hold personal interviews with everyone.

Likewise closed ended questionaires offer flexibility and convenience to the respondents resulting in a high reponse rate. The respondnets can chose to complete the questionaires in their own time hencea high response rateas compared to setting up meetings withe repondants. The convienceassociated withis instruments are favourably associated with an exceptional response rate.

Finally, these closed ended questionaires area good way to reach out to those whoarealways travelling in and out of office. The questionaires wereadministered viaemail as a way of reaching out to those who were not at their workstations for various reasons.

According toStanley andCampbell (2013),argue that if too many response choices are provided, closed questions may be confusing anderrors on marking theincorrect boxes when filling out the questionnaireis possible.

3.3.2.1 Pretesting of the questionnaire

Pretesting or Pilot survey is conducted to test the survey instrument and data collection procedure before data collection begins. Theobjectiveis toensure that the questions being asked accurately reflect theinformation the researcher desires and that the respondent can and will answer thequestions. The questionaires were pretested as fellow students wereasked to respond to the questionnaires and the researcher was convinced that theinstrument is suitable for the study.

3.4 Secondary Data

Gray (2014), defined secondary datas data that already exists and might havebeen collected for the purposes of anotheresearch or for record keeping but is still relevant for use. Secondary data provides the history of an organisation. Because secondary data makes useof data that was previously collectedby another party it is cheaper toundertake. Secondary data maintains its relevanceven if secondary datais purchased, the cost is likely tobe less than the cost of collecting fresh data, (Gray, 2014). Secondary datais reliableas it is collectedand publishedby professionals which add value to the research. Gray, (2014) adds that secondary datait is convenient for students since they have to complete their dissertations within a set periodof time. In addition, secondary datais readily available to the researcher. The research madeuseof Electronic Journals availableon theinternet to search for information related toElectronic Commerce and Business Perfomance.Given the limited timeavailable to carry out the research it was impossible to get primary dataon each and every aspect undereview. Secondary data cultivates the spirit of research sinceit gives a foundation of the study through lieterature review paving way for the few areas that require primary data. Also, secondary dataenables comparisons and contracts among existing reading materials inorder to comeup with a comprehensive view of the subject understudy. Secondary data was used in the study to carry out an indepth study of the subject of Electronic Commerce and its relationship with business performance.

However secondary data may beobsolete, incomplete, biasedandinaccurate which may affect the results of the research. Secondary data was collected journals, textbooks, internet pages andElectronic Commerce surveys and reports.

3.5 The Likert Scale

Kahn and Cannell (2014) defineda likert scaleas a strategy used for ranging or measuring responses given by respondents on qualitativedata, used for theanalysis datanalysis. The likert scalenables easy interpretation of data. This study used the likert scale toallow respondents to select the most appropriateanswer for each question presentedon the questionnaires, (Gilgal and Cull, 2011).

Table 3. 2:The Likert Scale

Strongly Agree	Agree	Neutral/Uncertain	Disagree	Srongly Disagree
1	2	3	4	5

The likert scale enabled theeasier analysis of the reponses on SPSS.This was necessitated by theability to catergorise responses received inoder to comeup witheoverall position or conclusion, Responses from the Likert Scale can be coded on SPSS to facilitate the quantitativeanalyses of data. Large volumes of data and responses received in the study wereanalysed on SPSS based on the responses gathered using the Lirket scale. Theuseof descriptive statistics was expedited by theuseof the lirket scale.

3.6 Validity and Reliability of Data

The study adopted triangulation as adata validation strategy. Triangulation entails gathering data from a number of sources and making comparisons of the responses and findings gathered. Data gathered from research instruments is comparedagainst each other toestablish a solid conclusion. This study compared data from questionnaires and interviews to seeif thedata points towards the same response then results wouldbe considered reliable.

Validity refers to how effectively a test measures what it is purported to measure(Gilgal and Cull, 2011). Thedata collected from respondents was validbecause the findings were similar to those collected from other closely related studies. Data collection methods used was also similar to thoseusedby closely related studies. Thedata collected from respondents was validbecause the research instruments wereapprovedby thefellow students and other seasoned bankers within the Electronic Commerce departmentbefore they weredistributed to the sample population for data collection. In the pilot study, thedesigned questionnaires weredistributed toa small group of fellow students who foundit easy toanswer all the questions as they were clearly askedand structuredin an understandable way. This ensured that the questionnaires would collect validand reliabledata.

Theuseof closed questions for data presentation andanalysis guaranteed that relevant data was gathered toensure validity of the findings. The research carriedout on theimpact of Electronic Commerce on financial performance was reliableas a good representation of the target population was achievedat 70%. Green, (2011) was of the view that a reliable research must havea sample population that is 50% or morein relation to the whole population.

3.7 Data Presentation

Data collected was presentedin graphs, pie charts and tables constructed using the SPSS package.

Tables givea clear picture to the reader when presenting numerical datand they areeasy to formulate. Datais classifiedinto categories for easy interpretation using tables. Table can easily summarise data making decision making easier. However, tables areunsuitable for a lot of numerical datas they fail to clearly show trends and connect dots.

Graphs show an understandable pictureof trendor results that is present in a set of data. Graphs areeasy tounderstand. Graphs enable comparison between different variables under study. The construction of graphs was madeeasier by the SPSS package that was used by the researcher.

3.8 Data Analysis

Data was analysedboth quantitatively and qualitatively. The qualitativedata that addressed theobjectives was complementedby quantitativeanalysis.

3.9 Ethical Considerations

The study accounted for ethical considerations when undertaking the research study on theimpact of Electronic Commerce on financial performanceof Zimbabwean Banks. Thebanks used for the purposes of this study areFirst Capital Bank, CBZBank, CABS, FBC AND Steward Bank. The study made sure that thethical considerations were not violated, (McShaneand Pekele, 2012). The study was carriedout with confidentiality highly maintained. Information from theinterviews and questionnaires distributed was treated with confidentiality; the respondents from the various departments did not disclose their names. Theinformation was neutral. The respondents were well informedabout what the research was about and they participated willingly and withe permission of themployer.

3.10 Summary

This chapter focusedon the research techniques appliedin the study in order toanswer the research objectives. Precisely the chapter covered research design, population, data collection, presentation andanalysis.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The Chapter focused on presenting and analysing dataobtained from research instruments used, that is questionnaires and interviews as discussed in chapter three. Factor analysis was used as a data reduction techniquein the study. The data gathered from questionnaires was presented using graphs and tables. A summary was included at the end to givean overview of the chapter.

4.2 Questionnaire Response Rate

Harnett and Murphy, (2012) defined response rateas a measure, usually expressed in percentage, of how many of the distributed questionnaires were returned to the researcher. With 410 people forming the target population, 410 questionnaires were distributed and out of them only 300 questionnaires were returned (73%). Table 4.1 below shows the response rate to the questionnaires.

Table 4. 1:Questionaire Response Rate

Responding Group	**Questionaires Distributed**	**Questionares Returned**	**Response Rate**
CABS	90	75	83%
CBZ	89	75	84%
FBC	76	50	66%
First Capital	75	50	67%
Steward Bank	80	50	63%
TOTAL	**410**	**300**	**73%**

As illustrated in the Table 4.1, of the 90 questionnaires distributed toCABS75 were returned with a response rateof 83%. The less than 100% response rate can beattributed to the lockdown conditions. Some employees wereon the critical staff list whilist some wereat home. Thoseon the critical staff list managed to respond since they were working. The response rateat CBZ was the highest at 84%. This can beattributed to the fact that the researcher is employed at the bank and has managed to create relations within the Bank.The 76 questionaires were distributed to FBC bank and 50 were returned giving a response rateof 66%. The same challenges which affected other respondents may have contributed to the rather low response rate. The response rate for First Capital Bank and Steward Bank were 67% and 63% respectively. Overall the distributed questionnaires had 73% response rate. A better and higher representation of the target population is obtained if a high response rateof at least 70% is achieved, (Kahn and Carnell, 2014). They further explain that this ensures validity of the research. According toGoodeand Hart, (2013), research data that is sound for objectiveanalysis must havea high response rate. This study got a response rateof 73% and henceit is valid as it exceeds 70%.

In order to gather corroborative data, the respondents wereinterviewed over the telephone. Interviews were conducted to 5 members in the sample population, one from each department. Closed-ended questions were structured and theanswers were comprehensive. The response rate for theinterviews was 100%.

4.3 Factor Analysis

4.2.1 KMOand Bartlett’s Test

Table 4. 2:KMOand Bartlett's Test

KMOand Bartlett's Test

Kaiser-Meyer-Olkin Measureof Sampling Adequacy.		.886
	Approx. Chi-Square	4204.506
Bartlett's Test of Sphericity	df	10
	Sig.	.000

The KMOand Bartlett’s test shows the Sampling Adequacy and the Significancy of the study. Acording to Cerny and Kaiser (1977) The KMO test measuresampling adequacy for each variablein the model and for the complete model.An KMO valueof between 0.8 toindicates that the sampling is adequate.The valueof less than 0.6 indicate that the sampling is not adequateand that remedial action should be taken.To this end the KMO valueof 0.886 in this study indicate that the sampleis adequate.The Bartletest of Sphericity compares an observed correlation matrix to theidentity matrix.Essentially it checks to seeif thereis certain redundancy between variables that we can summerise with a few number of factors.The P - valueof 0.00 is below the standard of 0.05 and it shows that the study is statistically significant.

4.3.2 Communalities

Table 4. 3:Communalities

Communalities

	Initial	Extraction
Electronic_Commerce	1.000	.986
Electronic_Products	1.000	.987
Electronic_Services	1.000	.972
Electronic_Operations	1.000	.984
Elecronic_Banking_Unit	1.000	.957

Extraction Method: Principal Component Analysis.

The communalities show the extraction values used for the study. The extraction values show the proportion of variance that can be explained by each factor. The extraction values are very high showing that they are good extraction values which explain Business Perfomance.The communalities areinline with theobjectives of the study which aim to determine the relationship between Electronic Commrceand business perfomance.Theobjectives of the study include the subelements of Electronic Commerce which include Electronic Products, Electronic Services, Electronic operations and Electronic Banking Unit.The figures on the table show that theindependent variables used for the study are best suited thexplain the dependant variableof business perfomance. The results show that thereis a positive relationship between Electronic Commerce and business performance, Electronic products and business performanceand Electronic services and business performance. Additionally, the extraction values show that Electronic Operations result in efficient Eletcronic Commerceactivities which impacts on business perfomance. Toend with an Electronic Banking Unit is necessary for electronic banking success since they fuel operations which inturn impact on business performance.

4.3.3 Total Variance Explained

Table 4. 4:Total Variance Explained

Total VarianceExplained

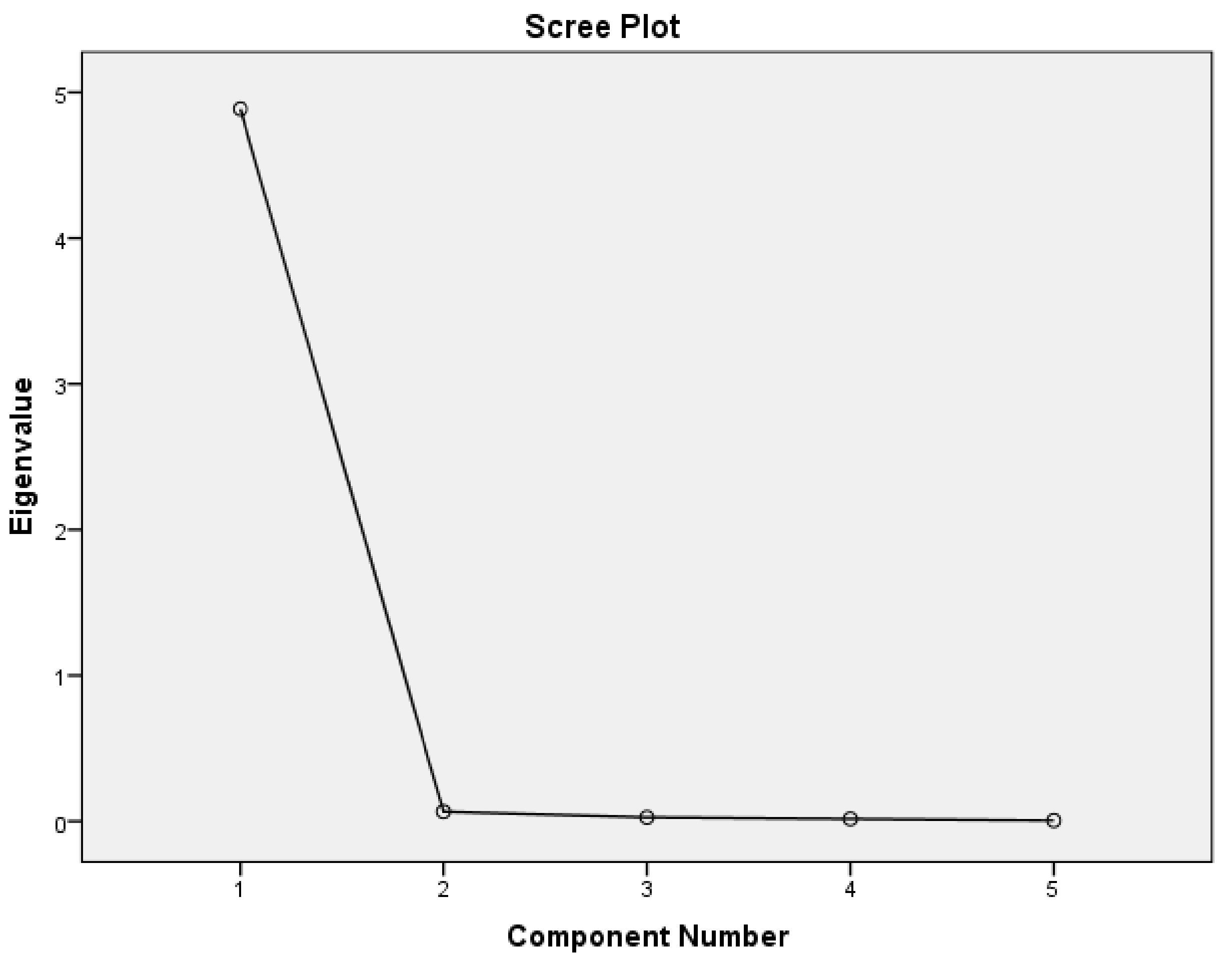
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.887	97.735	97.735	4.887	97.735	97.735
2	.066	1.317	99.052			
3	.026	.525	99.577			
4	.016	.321	99.897			
5	.005	.103	100.000			

Extraction Method: Principal Component Analysis.

Component number 1 (Electronic Commerce) was extracted for the study and it explaines 97. 735 of the total variance .It has an Eigenvalueof 4.887 and it shows that Electronic Commerce as a variableadequately explain the relationship in the model which attempts toestablish its impact on Business Perfomance.Theone factor extracted explains a cumulative 97.735% of the total variance.The statistic links with theobjectiveof the study which aims toexplain the relationship that exists between Electronic Commerce and Business Perfomance.The Component analysis shows that Electronic Commerce as a variablein the model explains 97.35 % of the changes in the dependant variable which is business perfomance.To this end theobjectives of the study will be met since the model used for the study of theimpact adequately explains the changes in the dependant variable.Theobjectives of the study will be met on the background on the component analysis.

4.2.4 Scree Plot

Figure 4. 1Scree Plot



The Scree Plot shows the relationship between the components and their Eigen values. Components with an Eigenvalueof more than 1 are selected for the study. In this study component 1 (Electronic Commerce) was extracted for this study sinceit has an Eigenvalueof 4.887 which is way above 1. Theother four components are below theigenvalueof 1 and they were not extracted.The results impacts on theobjectiveon the study in the sense that the most important variable that can explain the model under study is the component of Electronic Commerce.Theuseof theother componenets with aEigen valueof less than 1 will bea duplication since they areall explaining the same thing.The components of Eectronic Products,Electronic Services,Electronic Operations and Electronic Banking unit all explain thesame thing. To this end all theobjectives of the study can be met using Electronic Commerce as a variableof analysis.

4.2.5 Component Matrix

Table 4. 5:Component Matrix

	Component
	1
Electronic_Commerce	.993
Electronic_Products	.994
Electronic_Services	.986
Electronic_Operations	.992
Elecronic_Banking_Unit	.978

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

The component matrix shows that one component was extracted which is Electronic Banking.It shows that the components have good extraction values. Theoverall results show that the sampleis adequateand statistically significant. Electronic Commerce is best suited toexplain the dependant vaiableof business performanceand this study will proceed with in that way.The component matrix shows that all the compnents used in the study are suitable for a study involving Electronic Commerce and business performance.The results found using this model are statiscally significant when it comes to meeting theobjectives of the study.Theobjectives of the study involves establishhing whether a relationship exists between Electronic Commerce and business perfomance.It alsoaims toestablish how other variables in the study impact on business perfomamance.Theoutcomes of theanalysis done based on the findings donein this study are significant in meeting theobjectives of the stud

4.3 Analysis of the Dataon Electronic Commerce and Business Perfomance

4.3.1 Test of Normality

Table 4. 6:Test of Normality

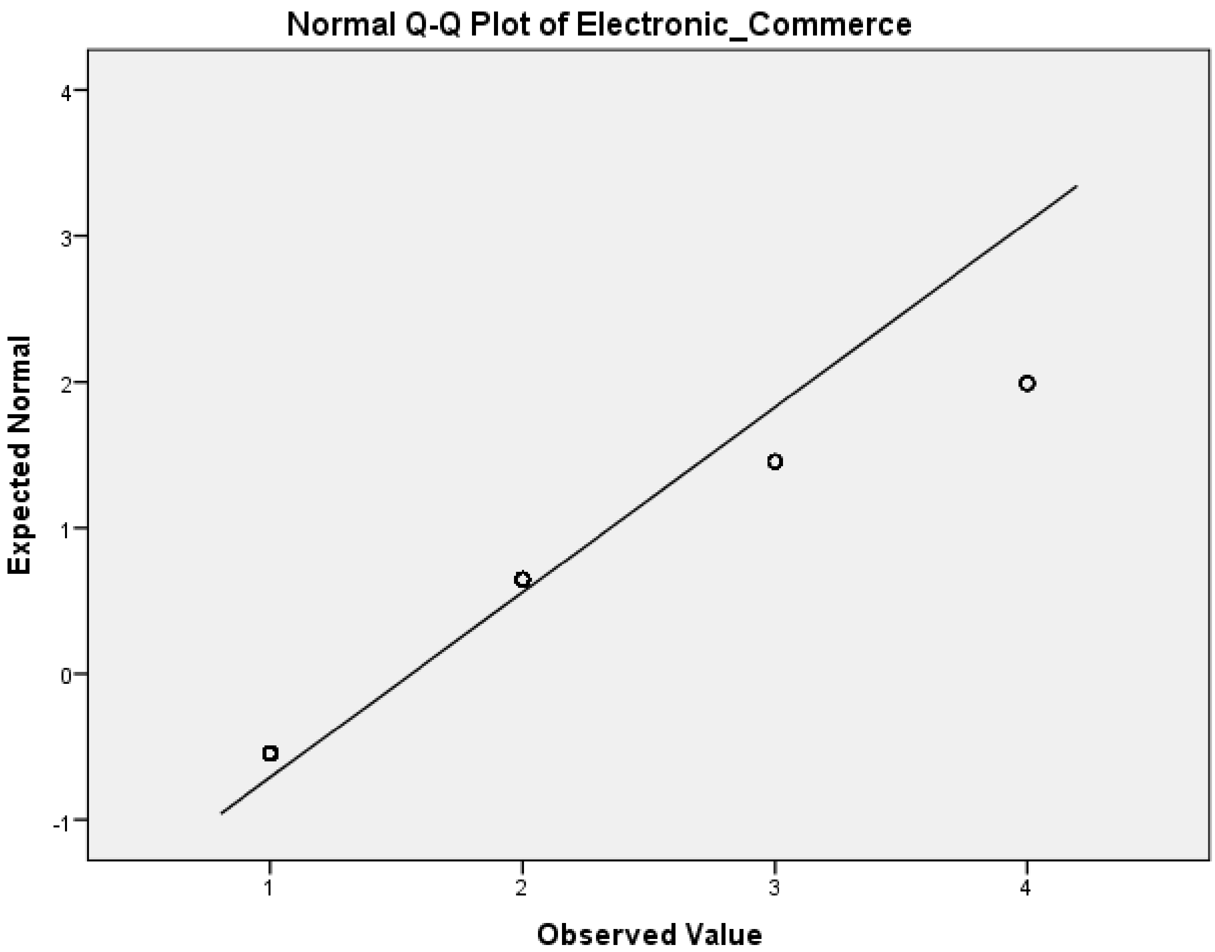
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Electronic_Commerce	.345	300	.000	.698	300	.000

a. Lilliefors Significance Correction

The null hypothesis states that the responses are normally distributed. The Sahpiro-Wik test of normality and Kolmogorov-Sminov tests states that the p-value should greater than 0.05 inorder toaccept the null hypothesis. The p-values of 0.000 using the Shapiro- Wik test is less than 0.05 hence null hypothesis should be rejected. Both tests areagreeing that the datais not normaly distributed.

4.3.2 The Normal Q-Q Plot of Electronic Commerce

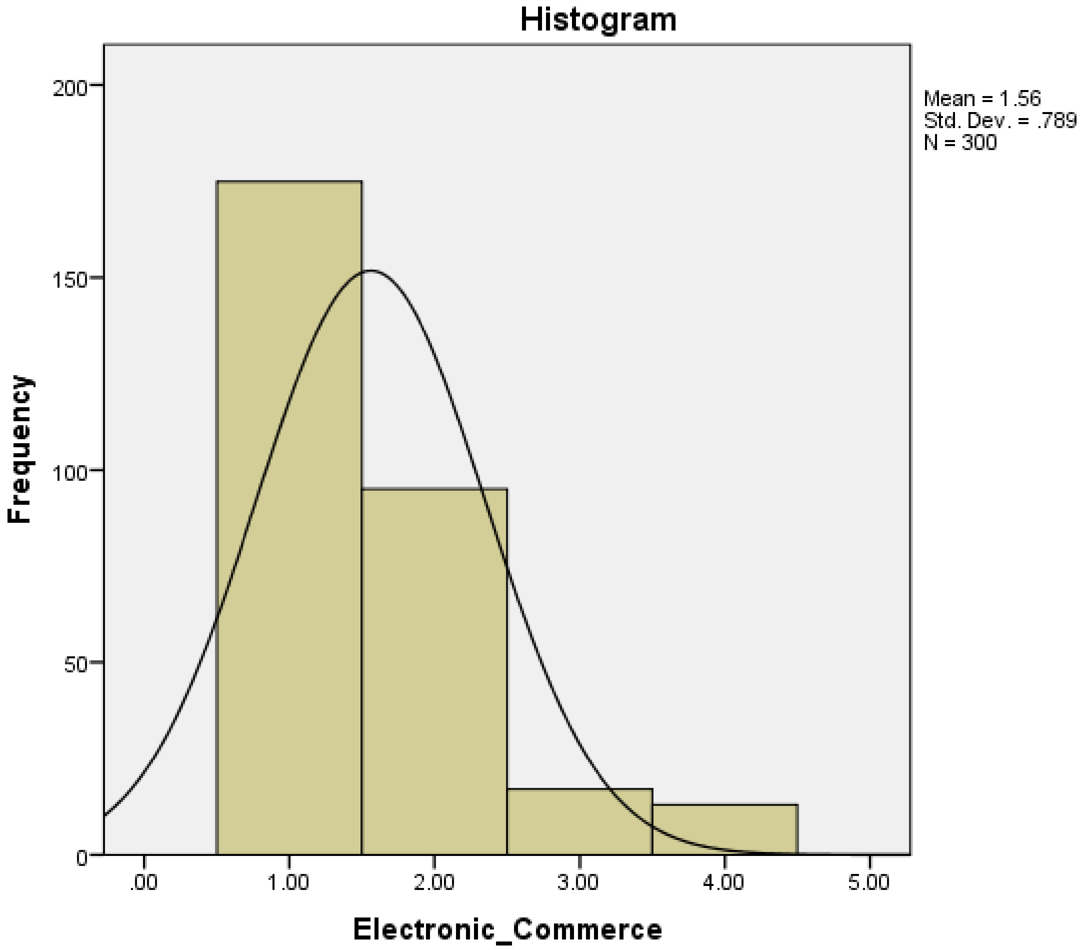
Figure 4. 2The Normal Q-Q Plot of Electronic Commerce



The Normal Q-Q plot shows that the datais not normaly distributed. Dataitems should be laying along the normality curve for a distribution to be normal. The Normal Q-Q plot agrees with tests of Normality used earlier on.

4.3.3 Electronic Commerce Distribution

Figure 4. 3Electronic Commerce



The histogram confirms that the distribution is not normal. Most responses are concentrated around the scoreof 1 and 2 witheaverage being 1.56 with a positive skewness of 0. 141. The scores are highly concentrated on the scores of 1 and 2. This shows that most of the respondants agree that Electronic Commerce positively impacts on business performance.

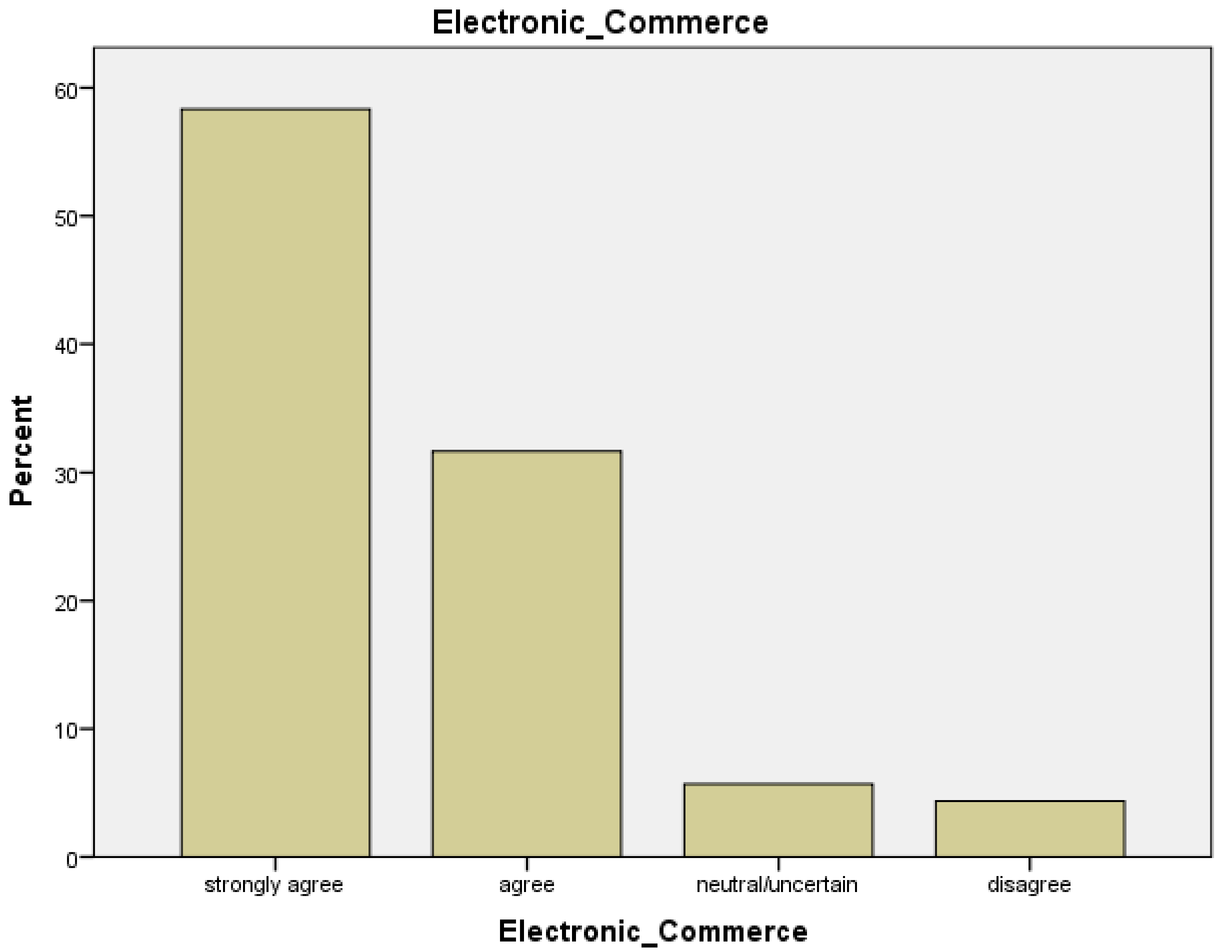
The distribution is positively skewed with most responses laying between the scoreof strongly agreeand agree which is 1 and two repectively. This confirms the hypothesis that thereis a positive relationship between Electronic Commerce and business performance. To this end boosting a bank's Electronic Commerce services will result in good business success.

4.4. Positive Relationship betweenElectronic Commerce and Business Perfomance

Table 4. 7:Electronic Commerce and Business Performance

		Frequency	Percent
Valid	strongly agree	175	58.3
	Agree	95	31.7
	neutral/uncertain	17	5.7
	Disagree	13	4.3
	Total	300	100.0

Figure 4. 4Electronic Commerce Has an Effect on Business Perfomance



As shown by Figure 4.5 and Table 4.7 58.3 % strongly agree,31.7% agree,5.7% uncertain and 4.3% disagree to theassertion that Electronic Commerce Affects Business Perfomance. A total of 90% areof the view that Electronic Commerce is strongly linked to business performanceand it results in success due to high fees and commissions. These findings arein line with (Kithaka, 2014) who tested whether Electronic Commerce (Mobile Banking) had an effect on Business Financial performanceusing a regression model. From the test, she concluded that Electronic Commerce positively and notably has an effect on the financial performanceof banks. Posiible reasons for this positive relationship are non interest income from the fees and commissions gained from theselectronic platforms. Electronic Commerce facilitates the mobilisation of deposits which can beused by the bank to lend and get loan interest income.

4.5 How the results from the quantitativeanalysis impact on theobjectives of the study?

As a recap theobjectives of the study areas follows:

- Thedetermine relationship between Electronic Commerce on Business Performance

- To determine the relationship between Electronic Products and business performance
- To determine the relationship between Electronic Services and business performance
- Toestablish theimpact of Electronic Operations on Business Performance
- Toestablish impact of thelectronic Business Support on Business Performance.

The results analysed doindeed confirm that there exists a positive relationship between Electronic Commrceand business performance. The benefits associated with Electronic Commerce outweigh the costs. Theimplication is that business performance is improved by Electronic Commerce.The study through factor analysis saw it fit touse theone most important of Electronic Commerce sinceit adequately explains business perfomancein this study.Electronic Products and Electronic Services should beinvested intoinorder to yield good business perfomance.Althoulgh these components were not used in this model they are equally important as evidenced by the high extraction values produced by the principle factor analysis.The business should invest morein Electronic Products and Electronic Services if the want to achieve good business performance.In addition the results alsoemphasiseon the need for efficient Electronic operations if business success is to beachieved.Toend with the bank need a proper Electronic Banking Support Unit for it to be successful.

4.6 Analysis of Interview Questions

4.6.1 Since theadoption of Electronic Commerce have you noted any changes in the performanceof your bank?

The respondents seemed toagree that there have been major changes in their respective banks' performance since 2011, when Electronic Commerce was intergrated in the banks Operations.The respondents highlighted that there has been a strong upward growth in non interest incomeattributed to fees and commissions received from Electronic Commerce plartforms.Steward Bank highlighted that there has been a 40% increasein incomeattributed toElectronic Commerce for the period 2015 to 2018,CBZ has a 35% increase for the same period,CABS has 38% for the same period,First Capital had 30% and 25% for FBC.Theincreasein Electronic deposits for the banks can beattributed toElectronic Commerce.

4.6.2 What are the key differences have you noted in the pre-adoption and post-adoption performanceof your Bank?

The respondents seemed toagree from the five banks there have been notable changes in the post adoption Eraof Electronic Commerce. CBZ Bank has witnessed a hugeincreasein its customer baseand level of Electronic Commerce. The success of CBZ Touch mobileapplication contributed to the hugeincreasein volumeof transactions and subsequent increasein deposits.Steward Bank haseen an increasein electronic balances due to the popular ecocash banking services and the ecocash trust account.Theseaccount facilitate transactions by individual and ecocash banking services agents.These haseen a creation of billion electronic money .CABS has seen an increasein their Zimswitch settlement figures which shows the presenceof merchant pos machines which were facilitated by Electronic Commerce .For FBC bank Electronic Commerce has facilitated theintergaration of the bank with other international transfer agents like Mastercard and Visa.This is attributed toElectronic Commerce . First Capital Bank in association with Barclays international has seen the perfection of internet banking which resulted in the success of the mobile banking platform.

4.6.3 Has the bank seen any decreasein operating costs due to theadoption of Electronic Commerce?

The respondents seem toagree that theadoption of Electronic Commerce resulted in a decreasein operations in different ways. The respondent from CBZ highlighted that theadoption of Electronic Commerce in their atctivities has resulted in the closureof someof their branchesince customers can do self serviceon their internet based platforme. Moreover, in 2019 the bank managed to retrench since some staff werexcess to requirement since themachines could do the work. The closing of branched resulted in a decreasein fixed costs which include rent and rates, the cost of fuel, wages and salaries and other mantainance costs. Moreover, theCBZE- Banking Department also reduced the number of staff complement requiredue to theuseof auto reconcilers which were facilated by Electronic Commerce. Moreover, theother four banks agreed that their branch network, labour complement has been reducedue toElectronic Commerce resulting in reduced cost and increased business performance. Steward has implemented a business model of using agencies rather than the traditional branch network. This was facilitated by theadoption of Electronic Commerce.

4.6.4 Is the Electronic Banking Support Unit a Cost or Benefit to your Bank?

The respondents agreed that although an Electronic Banking Support unit is usually viewed as a cost centre they areof emmense value to their Banking institutions and its rather a benefit in the longrun. CBZ Bank attributed the success of their Electronic Banking unit to the strong Electronic Banking Support given by Group IT.The bank attributed the success of theCBZ toch mobile Banking app toa strong support given by theIT.Morever,the support unit has facilitated the succesfull intergration with other partners like MFS,Verifone,EFT and Iveri toa vibrant E-Banking support Unit.Theother four Banks alsoagreed that theinnovations and successful intergration with mobile service providers likeOne money ,Telecash and Ecocash has been sustatined by a good Electronic support unit.

4.6.5 How is Electronic Commerce Related to Business Perfomance?

The was consensus from the five respondents randomly chosen from the bank that Electronic Commerce is positively related to Business Perfomance.This implies that an increasein Electronic Products and Electronic Services results in increasein non interest income.The respondent from CBZ highlighted that an increasein Electronic Commerce Products Post 2015 has resulted in a continuous increasein Non interest income.Steward Bank agreed that theincreasein the coverageof Ecocash Banking services has resulted in improved Business Perfomance.The reasons were given in theearlieresponses.CABSattributed theincreased acquiring figures on the Zimswitch plartform toElectronic Commerce on mobile banking partfoms.This success has resulted in interchange fees and commsions which have been a good sourceof a positive Business Performance.

4 .7 Summary

The chapter covered presentation and analysis of data collected using the various research instruments as discussed in chapter 3. Factor Analysis was used as a data reduction technique for the quantitativeanalysis. The data was presented using graphs, pie charts and tables. The findings were linked to related studies by other scholars who researched on similar topics.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.INTRODUCTION

This Chapter is focused on the main areas of the study, the main research findings, recommendations and conclusions, having studied theimpact of Electronic Commerce on Business Perfomancein the caseof Zimbabwean Banks.

5.1 Summary of Major Findings

- The relationship between Electronic Commerce and Business Perfomanceis Positive.The benefits of Electronic Commerce outweigh the associated costs. Thisimplies that the level and quality of Implementation Electronic Commerce practices results in good business performance. Consequently90% of the respondants from the five banks used in this study agreed that Electronic Commerce is asscociated with a strong business performance.

- Electronic Products havea positive relationship with Business Perfomance.The more Electronic products the bank has is likely to result in more benefits to the organisations. The number of products and the quality of Electronic products that a bank has in its Electronic Commerce portfolioareassociated with level of Business Perfomance.89.7% of the respondents agree that Electronic Products are positively linked to Business Perfomance.

- Electronic Services havea positive relationship with Business Perfomance. The number and quality of Electronic Services affect its perfomance. These services includeinternet based applications likeCBZ Touch and Mobile Moolar.Hence 90.3% of the respondents agree that Electronic Services positivel affect Business Perfomance.

- Electronic Operations facilitate Business Perfomance.Sound Electronic Operations results in an efficient Electronic Commerce systems which will result in good Business Perfomance.The Electronic operations include virtual offices, auto reconcilers and Electronic query resolution.90.7% of the respondants agree that Electronic operations facilitate Business Perfoamance.

- A vibrant Electronic Banking Support unit ensures Business Perfoance.The Electronic Banking Support Unit is responsible for system developments, innovation and system updates. Theseunits were traditionally viewed as cost centres but they are thebackborneon Electronic Commerce. To this end 92% of the respondants agree that Electronic Banking Units ensure Business Perfomance.

5.2 Conclusions

- ✓ Thereis positive relationship between Electronic Commerce and business performance. The benefits of Electronic Commerce outweigh the associated costs to the organisation. This is supported by the results which show that 90% of the respondends agree that the subject of Electronic Commerce positively influences business performance.

- ✓ Electronic Products positively impact on organisational performance. The results in the study show that more than 90% of the respondents agree that Electronic Products have a positive impact on business performance.
- ✓ Electronic Services positively influence business perfomance
- ✓ Electronic Operataions improveoperational efficiency of Electronic Commerce resulting in positive business perfomamance
- ✓ A viablelectronic Banking Support Unit results in improved Business Perfomance.

5.3 Recommendations

In relation to the findings of the research, theadvantages currently being enjoyed by the five Banks used in the study namely CBZ, CABS, FBC, First Capital and Steward Bank.These banks areamong the most successful Banks in the country due to their Electronic Commerce activities. Theauthor recommends that:

- ❖ Local Banks should inject more funds in modernising and boosting their Electronic Systemsinorder to reap the rewards of the benefits of Electronic Commerce which outweigh the associated costs.
- ❖ The portfolioof Electronic Products being offered should be expanded inorder to tap into the fees and commissions which areassociated with these products. The quality of the products offered should beimproved inorder to gain a competitiveadvantage and efficiencies.
- ❖ Electronic Services should beimproved inoder to yield good business performance. Banks should ensure their services havea good uptimealso dealing with increased volumeof transactions with good speed
- ❖ Electronic Operations for the banks should be enhanced to facilitate good Electronic Operations which will inturn improve business performance. Efficient Electronic operations areassociated with good business success interms of increased revenues and reduced costs.
- ❖ Banks should invest in an Electronic Banking Support Unit which offers support to the electronic banking department. These departments ensureinnovation and technological development need to keep Electronic Commerce activities relevant.

5.4 Suggestion for future research

This study focused on theimpact of Electronic Commerce on business performancein the banking sector. Further studies can be focused on the perceptions of customers towards the Electronic Commerce services offered by the banks. It will also determine the benefits derived and challenges faced by customers whouse such services.

5.5 Summary

This Chapter summerised the major findings of the study, the conclusions and the recommedations of the study.

APPENDIX

Questionaire

This questionnaire has been prepared by a final year MBA Student at the University of Zimbabwe. In partial fulfilment of the program, every student is required to conduct a dissertation on a topic of her/his choice.

Research Topic

An Assessment of the Impact of E-commerce on Business Performance. Evidence from the Banking Sector of Zimbabwe.

Instructions

Please indicate your response by ticking in the box corresponding your desired response.

Please do not write your name anywhere on this questionnaire.

Kindly assist by completing the questionnaire. Information provided shall be treated with strict confidentiality and used for academic purposes only.

SECTION A

Please tick where appropriate

1. The Bank in which one is stationed

CABS	CBZ	FBC	FIRST CAPITAL	STEWARD
1	2	3	4	5

SECTION B

2. The relationship between Electronic-Commerce and Business Performance

	Strongly Agree	Agree	Neutral/Uncertain	Disagree	Strongly Disagree
a)Electronic - commerce affects Business Performance					

3. The relationship between Electronic Products and Business Performance

	Strongly Agree	Agree	Neutral/Uncertain	Disagree	Strongly Disagree
a) Electronic Products affect Business Performance b)Electronic Products are source of revenue in the form of fees and commissions					

4. The relationship between Electronic Services and Business Performance

	Strongly Agree	Agree	Neutral/Uncertain	Disagree	Strongly Disagree
a) Electronic Services affect Business Performance b) Electronic Services are source of revenue in the form of fees and commissions					

5. How Electronic Operations affect Electronic Commerce

	Strongly	Agree	Neutral/Uncertain	Disagree	Strongly

	Agree				Disagree
a) Electronic Operations Facilitate Electronic Commerce b)Electronic operations reduce operating costs					

6. Electronic Banking Support units ensure Business Performance

	Strongly Agree	Agree	Neutral/Uncertain	Disagree	Strongly Disagree
a) A Vibrant Electronic Banking Support Unit results in good Business Performance b)An efficient Electronic Banking Support department saves cost					

Thank You

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