

**THE IMPACT OF ON-LINE TRADING ON THE PROFITABILITY OF
BUSINESS ENTERPRISES IN UGANDA: A CASE STUDY OF
NAMANVE COCA COLA PLANT**

BY

**YASSIN HUSSEIN ABDULLAHI
BSP/5262/41/DF**

**A DISSERTATION SUBMITTED TO THE FACULTY OF BUSINESS AND
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DECLARATIONS

I Sheena declare that this dissertation is my original work and has never been presented for an award of any degree university or any other institution of higher learning. I further declare that all materials cited in this paper which are not my own have been fully acknowledged.


Signature.......... Date.....23/10/09.....

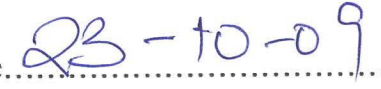
YASSIN HUSSEIN ABDULLAHI

BSP/5262/41/DF

APPROVAL

This dissertation has been done under my guidance and supervision as the University Supervisor.

Signature.....

Date.....

MR. YASSER ARAFAT DDUMBA
SUPERVISOR

DEDICATION

I do dedicate this dissertation to my parents; my father-Hussein Abdullahi, my mother-Nimo Shalle, my brothers;-Yahya, Yusuf, Yunis, my sisters;- Yasmin and Mandeq plus friends and relatives.

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LIST OF ACRONYMS

EDI	Electronic Data Interchange
EFT	Electronic Funds Transfer
ATM	Automated Teller Machines
USA	United States of America
UK	United Kingdom
WWW	World Wide Web

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ABSTRACT

The research was conducted in Namanve Coca cola, Mukono district-Uganda and the research topic of the study was the impact of online trade on the profitability of business enterprises. The total number of respondents were 60 and they included; 10 coca cola officials, 15 sales representatives, 15 retailers, and 20 community. The research had variables like the age of the respondents, sex of the respondents, marital status of the respondents, and the educational level of the respondents. The research was guided by research questions of the study. The first research question sought to find out the reasons why businesses enterprise go online and the findings revealed that; very small start-up cost, very quick set-up and start, great reach online, low expenses, and one business multiplies as many were answers given the respondents. The second research question sought to find out impact of online trade on the profitability of business enterprises and the findings revealed that; greater reward, faster growth of on-line business, greater reach online, no or less expenses, business multiplication were the answers given by the respondents. The third research question sought to find out the challenges of online trade on the profitability of business enterprises and the research findings revealed that; cyber crime, computer expertise requirement, security and confidentiality issues, copy right, internet trade exploitation were the answers given by the respondents.

The researcher made conclusions and recommendations after interpreting and analyzing data. Some of the recommendations made by the researcher included; accepting comments from customers, keeping on updating the company website, introducing new products, and limiting cyber crime were the major recommendations advanced by the researcher.

CHAPTER ONE

INTRODUCTION

1.1 Background

After industrial revolution, business world has undergone many fundamental changes by adopting innovative strategies like e-commerce. Some people are afraid to do online business because they believe that they have less control on what is happening. But, there are many advantages in online business over offline business. An online presence for a business is a powerful business opportunity, an implausible source of cost-efficiency, an environmental friendly way to work, and became essential for today's business success (Seybold, 2003).

Although it may seem like it sometimes, the realm of e-commerce did not actually spring up overnight. Many of the things that we now take for granted conveniences such as shopping carts and one-click ordering, readily accessible services such as PayPal, and a smorgasbord of online sellers to choose from -- evolved through trial and error. In just a little over a decade, online shopping has changed the concept of commerce, for the owners of online stores as well as for the customers.

Some of the earliest e-commerce sites are now also the most famous. Although the World Wide Web was introduced in 1990, it was not until 1995 that two of the best-known sites today were launched: Amazon.com and Craigslist. E-bay followed a year later. You will notice that all three of these early e-commerce sites represent very different types of online commerce (Kessler, 2003). Amazon.com follows more of a traditional store format, with set prices and one major seller, although small-time sellers can also now hawk their wares on Amazon's product pages. E-bay provides regulation and a meeting space for buyers and sellers to come together, with most sales taking place in an auction format. Craigslist is the least involved, offering little more than a

community message board where people can buy and sell directly from one another.

In today's Internet ecommerce world, customers can get exactly what they want. To be successful you must provide shopping cart customers with unique products and services. For example, some online stores allow customers to create their own login page so if customers return to the site they will get that page.

Network Solutions allows each and every visitor a username and password to login into the ecommerce site and views past orders and receive special discounts. This is what electronic commerce is all about. Offering multiple options to your customers will prove to bring success to your online shopping cart business (Kuilboer, 2002).

Offering free information on your site will help entice your customers to come and stay. Do not try to keep secrets from your customers because they will feel that you are trying to hide things from them. Put simply, providing free information about your products and services will result in greater benefits for the organization. Network Solutions allows you to have newsletters, FAQ pages, articles, and many other custom pages to offer customers free information. Give to the customers and they will give back to you!

Joint ventures are also very important if your company doesn't have the structure it needs. Since online companies have no real infrastructure, it is crucial to form partnerships and affiliates with other organizations. This allows online shopping cart companies with no physical structure to compete more effectively than large, older organizations simply by choosing a series of partners that provide the missing structure factors. Network Solutions integrates with multiple affiliate sites and give you the capability to integrate with any partner you desire. It is necessary to join forces with other companies online to maximize the shopping experience for the customer (Miller, 2002).

1.2 Statement of the problem

Given the trend at which the world is moving and because of globalization, business enterprises have been forced to conduct businesses online-that is to say-on the internet. Internet businesses are being opted for by many companies because of its lucrativeness of the business and its efficiency on both the side of the seller and the buyer. Given this kind of situation, the researcher therefore intends to find out the operation of online business and its impact on the profitability of business enterprises since many multinational corporations have joined the sector and now easily market their products without moving.

1.3 Purpose of the study

The purpose of the study is to find out the effects of online business on the profitability of business enterprises.

1.4 Objectives of the study

1.4.1 General objective

To assess the impact of online business on the profitability of business enterprises in Uganda

1.4.2 Specific objectives

- (i) To find out why business enterprises go online
- (ii) To find out the impact of online business on the profitability of business enterprises
- (iii) To find out the challenges of online business on business enterprises

1.5 Research questions

- (i) Why do business enterprises go online?
- (ii) What is impact of online business on the profitability of business enterprises?
- (iii) What are the challenges of online business on business enterprises?

1.6 Scope of the study

1.6.1 Content scope

The research was conducted on the impact of online business on the profitability of a business enterprise and this was the topic of the study to be carried out by the researcher.

1.6.2 Geographical scope

The research was conducted in one area and that is-Namanve coca cola plant which is found in Mukono district. The area of the research is about 10 KM off Kampala-Jinja road.

1.6.3 Time scope

The research took a period of three months

1.7 Justification of the study

The research will help policy makers enact laws in relation to online trade/business

The research will also help business enterprises come up with clear methods of opening, running and controlling online businesses

The study will help principle researcher attain a degree supply and procurement of Kampala International University

The research will boost the literature of Kampala International University

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter dealt with the literature review; literature with an aim of identifying a problem of concern eventual number of duplication of early research work is done. Apart from going through other related work. It also involved critically going through other services of materials that are related with the research topic.

2.1 Meaning of Electronic Commerce

The meaning of electronic commerce has changed over the last 30 years. Originally, electronic commerce meant the facilitation of commercial transactions electronically, using technology such as Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT). These were both introduced in the late 1970s, allowing businesses to send commercial documents like purchase orders or invoices electronically. The growth and acceptance of credit cards, automated teller machines (ATM) and telephone banking in the 1980s were also forms of electronic commerce. Another form of e-commerce was the airline reservation system typified by Sabre in the USA and Travicom in the UK. During the 1980s, online shopping was used extensively particularly by auto manufacturers such as Ford, Peugeot-Talbot, General Motors and Nissan. From the 1990s onwards, electronic commerce would additionally include enterprise resource planning systems (ERP), data mining and data warehousing (Frieden, 2006).

An early example of many-to-many electronic commerce in physical goods was the Boston Computer Exchange, a marketplace for used computers launched in 1982. An early online information marketplace, including online consulting, was the American Information Exchange, another pre Internet online system introduced in 1991.

Until 1991, commercial enterprise on the Internet was strictly prohibited. Although the Internet became popular worldwide around 1994, it took about five years to introduce security protocols and DSL allowing continual connection to the Internet. And by the end of 2000, a lot of European and American business companies offered their services through the World Wide Web. Since then people began to associate a word "ecommerce" with the ability of purchasing various goods through the Internet using secure protocols and electronic payment services.

2.2 Further definitions of online business

Electronic Commerce or e-commerce is the trade of products and services by means of the Internet or other computer networks. E-commerce follows the same basic principles as traditional commerce that is, buyers and sellers come together to swap commodities for money. But rather than conducting business in the traditional way in shopping stores or through mail order catalogs and telephone operators-in e-commerce buyers and sellers transact business over networked computers (Kuilibore et 2002).

Online business, commonly known as (electronic marketing) e-commerce or E-commerce, consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks. The amount of trade conducted electronically has grown extraordinarily with widespread Internet usage. The use of commerce is conducted in this way, spurring and drawing on innovations in electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web at least at some point in the transaction's lifecycle, although it can encompass a wider range of technologies such as e-mail as well (Frieden, 2006).

A large percentage of electronic commerce is conducted entirely electronically for virtual items such as access to premium content on a website, but most electronic commerce involves the transportation of physical items in some way. Online retailers are sometimes known as e-tailers and online retail is sometimes known as e-tail. Almost all big retailers have electronic commerce presence on the WWW (World Wide Web).

Electronic commerce that is conducted between businesses is referred to as business-to-business or B2B. B2B can be open to all interested parties (e.g. commodity exchange) or limited to specific, pre-qualified participants (private electronic market). Electronic commerce that is conducted between businesses and consumers, on the other hand, is referred to as business-to-consumer or B2C. This is the type of electronic commerce conducted by companies such as Amazon.com. Electronic commerce is generally considered to be the sales aspect of e-business. It also consists of the exchange of data to facilitate the financing and payment aspects of the business transactions (Kessler, 2003).

2.3 Impact of online business on business profitability

E-commerce offers buyers maximum convenience. They can visit the web sites of multiple vendors round the clock a day to compare prices and make purchases, without having to leave their homes or offices from around the globe. In some cases, consumers can immediately obtain a product or service, such as an electronic book, a music file, or computer software, by downloading it over the Internet.

2.3.1 Cost advantages

For sellers, e-commerce offers a way to cut costs and expand their markets. They do not need to build, staff, or maintain a physical store or print and

distribute mail order catalogs. Automated order tracking and billing systems cut additional labor costs, and if the product or service can be downloaded then e-commerce firms have no distribution costs involved (Seybold, 2001). Because the products can be sold over the global Internet, sellers have the potential to market their products or services globally and are not limited by the physical location of a store. Internet technologies also permit sellers to track the interests and preferences of their customers with the customer's permission and then use this information to build an ongoing relationship with the customer by customizing products and services to meet the customer's needs.

Operating online business is cheaper when compared to offline business. This business model can work with less human intervention and is an inexpensive way to reach distinct markets effectively. Venues of promotion are wide and easily available and many options are of low cost. Unlike offline business, just with a computer and an Internet server, anyone can start an online business with minimum investments.

2.3.2 Global reach

Online businesses have a potential advantage to choose the whole world as target market. Online business for global market has no restrictions or boundaries for operating the business. The market is expanding because customers are demanding more services online. People all over the world can gain advantages of doing business online. It can have wider consumer base locally and internationally.

2.3.3 24 hours business worldwide

As soon as a website is launched, the company starts working 24/7 for their customers. Company can meet the expectation of thousands of

customers at a time. In online business, customers not only can visit the website but also can place their orders at any time. No specific timings of business are followed and the business operations will never close in between any two days.

Workplace and time flexibility: With the help of Internet, business operations can be carried out from anywhere in the world. This helps customers to buy whatever they want from wherever they want and whenever they want. Employees who work for online businesses can get flexibility in time management and choice of place to work to better serve customers (Seybold, 2001).

Above mentioned are some major advantages that help to understand the importance of online business. There are many other advantages of online business, which can bring a remarkable difference in the lives of people and those related to them. With better understanding of online business, companies can bring down the hurdles of operating business.

2.4 Setbacks of online business

Online business/ E-commerce however has some drawbacks. Consumers are hesitant to buy some products online. Online furniture businesses, for example, have failed for the most part because customers want to test the comfort of an expensive item such as a sofa before they purchase it. Many people also consider shopping a social experience. For instance, they may enjoy going to a store or a shopping mall with friends or family, an experience that they cannot duplicate online. Consumers also need to be reassured that credit card transactions are secure and that their privacy is respected. In the existence of these few disadvantages e-commerce has opened new horizons to versatile the modern age. It puts away time, energies, labour and money (Miller, 2002).

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter included the methodology of the study. It entailed research design, geographical location/area and population, sampling design, data collection methods and instruments, data analysis and processing and the limitations of the study.

3.1 Research Design

The research to used descriptive and analytical research design. These are selected because they are effective ways of research presentation. They were survey-based on quantitative and qualitative data analysis.

3.2 Area and Population of Study

The research was conducted in one area that is Namanve coca cola plant found in Mukono. Namanve coca cola plant has an approximate population of 3,000 people. The most spoken languages are: Luganda, Kiswahili and English. The respondents consisted of local population especially adults, opinion leaders. The area has been basically chosen because the researcher is familiar with the area and is able to speak English and Kiswahili which are one of the most dominant languages.

3.3 Sample Frame work

The researcher used purposive sampling technique since it ensured that the only predetermined and chosen respondents are approached, hence getting relevant, correct and adequate information.

However, through this sampling technique is chosen, it has a weakness that inadequate information can sometimes be given because the selected respondents may be less informed on the topic of research.

3.3.1 Sample size

The sample size of 60 respondents was chosen and this was arrived at as:

Table 1: Category of respondents

Categories	Numbers of respondents
Coca cola officials	10
Sales representatives	15
Retailers	15
Community Members	20
Total	60

Source: Primary data

3.3.2 Sample technique

Random sample technique in which the size of the respondents is predetermined before the research is conducted without bias. A sample size of 70 respondents was arrived at and 60 were randomly selected from the sheets of paper spread. This is when using stratified random sampling. After that systematic random sampling is used this later gives the actual sample size. Quantitative data collection was then used which involved editing, encoding, and later tabulation of the collected material.

3.3.3 Sample procedure

Stratified random sampling was employed to determine respondents of different categories of respondents were got. This sampling data collection instrument was pre-tested in which the researcher has to first pre-test and find out whether the sampling technique is efficient or not. The determined respondents were consulted and prior information was given to them seeking their consent before they are fully involved in the research.

Purposive sampling was carried out to the division executive and technical team involved in service provision.

3.3.4 Ethical procedure

Before going to the field, the researcher began with getting authorization letter from the Dean of faculty of Business Administration and management then took it to the respondents and this enabled the researcher attain adequate information from the respondents. During the process of data collection, confirmation was given to the respondents in that the researcher assured the respondents that the reason for the research was for only academic purpose and that no information was given out outside .

3.4 Methods

3.4.1 Instruments

The following data collection instruments were used:

(i) Questionnaire

This was designed in line with the topic, objectives and hypothesis. They included both open and closed-ended questions. This instrument has been selected because it is efficient and convenient in a way that the respondent is given time to consult the documents before answering the questions. It is also because the respondent can give unbiased answers since she/he is

given to write whatever she/he would like to write which would otherwise be hard for the respondent to write if the researcher is present.

(ii) Focus Group Discussions

The instrument is being chosen because the respondents give instant answers and the data collected can easily be edited since the researcher will have heard when the respondent is communicating (answering) the question. The researcher here is saved from misinterpretation of questions since he can rephrase the question if not fully heard or answered so that he can get the relevant information wanted.

(c) Documentary Review

This included detailed review of already existing literature. The tool is selected because it gives accurate, correct and historical data, which may be used for future aspects. The sources of the information here were the libraries, data banks, news papers and any other published information that can readily be available for use as regards the topic of research.

3.4.2 Source of data

The researcher collected/got data from both primary and secondary sources.

i. Primary Data

This was sourced by physical and visiting of the files and collecting data through variable tools. The respondents were got by first determining the number of the respondents and then taking a physical visit to seek for the consent of the respondents to have them answer the set questions in the questionnaire and this was through following stratified random sampling techniques in the respondents are first selected and then approached.

ii. Secondary data

This was sourced by reviewing of documented resources as newspapers, reports, presentations, magazines and online publications. This is done in order to first identify the existing information on the topic of research and to understand how much the respondent knows about the research topic in order to avoid lies, so relevant published materials here were visited.

3.5 Data Processing and Analysis

Audrey J. Roth argues that data processing is concerned with classifying response into meaningful categories called codes. Data processing starts by editing the schedules and coding the responses. Editing, Coding and Tabulation techniques are used in data processing exercise. Data processing is the link between data collection and analysis.

Nachmas and Nichimas pointed out that it involved the transformation of data gathered from the field into systematic categories and the transformation of these categories into codes to enable quantitative analysis and tabulation; the data collected is classified into a meaningful manner for easy interpretation and understanding. This involved preparing data collected into some useful, clear and understandable data. The whole exercise involved editing, tabulation and analysing the data statistically to enable the researcher draw conclusions in relation to the research variables.

3.5.1 Editing

Editing is the process whereby the completed questionnaires and interview schedules are analysed in the hope of amending recording errors or at least deleting data that are obviously erroneous. This is aimed at improving the quality of information from respondents. The researcher filled out few unanswered questions. However, answers filed are deducted from the proceeding answers or questions.

3.5.2 Coding

The purpose of coding in research is to classify the answers to questionnaires into meaningful categories so as to bring out their essential patterns. Coding was used in this research in order to summarize data by classifying different response given into categories for easy interpretation. For each question, list of probable answers was prepared.

3.5.3 Tabulation

Tabulation was done manually and by a computer. According to Moser and Kalton, data once edited and coded are put together in some kind of tables and may undergo some other forms of statistical analysis. Data is put into some kind of statistical table showing the number of occurrences of responses to particular questions with percentage to express data in ratio form.

3.6 Data Analysis

3.6.1 Quantitative Data Analysis

Editing of the information from the respondents was done. This is before leaving the respondent purposely to avoid the loss of material, misinformation and also to check for uniformity, consistency, accuracy and comprehensibility.

3.6.2 Qualitative Data Analysis

Data was analysed before, during and after collection. Before data collection, tentative themes were identified. The tentative themes are social, economic and environmental factors associated with social service delivery. After data

collection, information of the same codes were assembled together and a report will be written.

3.7 Limitations of the study

Unwillingness of the respondents to effectively respond to the questions was one of the most notable problems that the researcher faced while conducting the research.

Financial constraint was also another problem that occurred during the process of conducting the research. Transport costs were so high to be met by the researcher and this fully contributed to the delay of the research because it became so hard for the researcher to continue with the tight budget.

Hostility among some respondents was also another limitation of the study in the sense that the researcher found that there are hostile respondents who in the long run turned down the request of the researcher to answer the questions. Many of such respondents walked away in spite of the fact that the researcher may try to plead for their attention.

Shyness of the respondents was also another limitation of the study.

The researcher was affected by the prevailing weather conditions i.e. the rain. It is true that the research was conducted during rainy season and it may become so hard for the researcher to find the respondents.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF THE FINDINGS

4.0 Introduction

The data was collected using both quantitative and qualitative methods, which was then analysed and processed to make it useful and understandable. Data was collected, tabulated and then analysed.

4.1 Social Demographic Characteristics

4.1.1 Age of the respondents

Respondents were asked questions related to their age and the results are shown in the table below:

Table 2 Age distribution of respondent

Age group	Frequency	Percentage
Below 24	4	6.6%
25 - 29	16	26.6%
30 - 39	12	20%
40 - 49	22	36.6%
50 - above	6	10%
TOTAL	60	100%

Source: Primary data

The table shows that 6.6% of the respondents were below 24 years, 26.6% were between 25-29 years of age, 20% were between 30-39 years of age, 36.6% were between 40-49 years and 10% were above 50 years of age.

4.1.2 Marital Status of the respondents

Another variable which was important in respect to the situation of the people in the area was marital status. Information regarding marital status of the respondents was obtained by asking them whether they were married, single, widowed or widowers.

Table 3 Marital status of the respondents

Marital Status	Frequency	Percentage
Married	30	50%
Single	8	13.3%
Widow	16	26.6%
Widower	6	10%
TOTAL	60	100%

Source: primary data

Table 3 above shows that 50% of the respondents were married, 13.3% were single, 26.6% were widows and 10% were widower

4.1.3 Sex of the respondents

Sex was also another factor which was considered during the study. This is because the researcher was interested in finding out the number of females and males in the whole of the population, and compares the percentage composition of the two.

Table 4 Sex of the respondents

Sex	Frequency	Percentage
Female	20	60%
Male	40	40%
Total	60	100%

Source: primary data

Table 4 above shows the sex of the respondents and it was found that 60% of the respondents were males and 20% were females.

4.1.4 Educational status of the respondents

Respondents were asked questions related to their educational status and their responses are shown in the table below;



Table 5: Educational level of the respondents

Education levels	Frequency	Percentage
Primary	6	10%
Secondary	8	13.3%
University	22	36.6%
Tertiary	14	26.6%
Others	8	13.3%
Total	60	100%

Source: primary data

Table 5 above shows educational levels of the respondents and it revealed that 10% were of primary level, 13.3% had secondary education, 36.6% received university education, 26.6% had tertiary education and 13.3% fell under other levels of education.

4.2 Why business enterprises go online

Table 6: Why business enterprises go online

Answer	Frequency	Percentage
Very small start-up cost	14	23.3
Very quick set-up and start	12	20
Greater reach online	14	23.3
Low expenses	11	18.3
One business multiplies as many	9	15
Total	60	100

Source: primary data

4.2.1 Very small start-up costs

Over 23.3% of the respondents noted that a company can save on the real estate mortgage/lease and staff in addition to huge marketing costs unlike the offline based businesses. Most based online businesses are managed by less than 5 people. This is the most suitable business category for a start-up and many companies would run for and this explains why many companies go online.

4.2.2 Very quick set-up and start

The respondents also noted that as soon as a company gets a website launched, the company can have home based business started with over 20% of the total percentage of the respondents. No long waiting periods, spending large amounts of money or getting loans but it is very easy for the companies to get started while the company still has little money and this explains why companies go online.

4.2.3 Greater reach online

On line business has greater reach and this is why companies go online with over 23.3% of the total percentage of the respondents. On line business website announces to the world the company's services/products and penetrates the company's markets. The regular updating of the company's business website doesn't incur extra costs, unlike offline advertising. Online business has a greater reach to many customers and many of them are exposed on the internet.

4.2.4 Low expenses

Over 18.3% of the respondents noted that web hosting monthly payment, there is hardly any additional expense to buy or sell online. The company's customers see, check, compare your/competitors' products & order and pay online which then exposes them to the products. An online based business also incurs the lowest transaction fees compared to offline transaction fees and this really explains why companies go online as opposed to off line.

4.2.5 One business multiplies as many

The respondents also stated that companies go online because of the advantage of online over offline since online business multiplies as many with over 15% of the total percentage of the respondents. The company multiplies because of many customers who in the long run demand for more products having subscribed to the products of particular company products.

4.3 The impact of online business on the profitability of business enterprises

Table 7: The impact of online business on the profitability of business enterprises

Answer	Frequency	Percentage
Greater reward	12	20
Faster growth of On-line Business	14	23.3
Greater reach online	13	21.6
No or less expenses	9	15
Business multiplication	12	20
Total	60	100

Source: primary data

4.3.1 Reaping the Rewards

Over 20% of the respondents noted that Coca Cola Company is succeeding in reaping massive rewards. In Uganda, companies such as coca cola, Pepsi cola, MTN have all seen their commitment to intelligent and integrated on-line trade bring quantifiable business benefits. The financial reward for enterprising companies looks set to increase exponentially. The key to success, according to numerous respondents, lies in a wholesale shift in attitudes towards the medium. Those companies able to intelligently select, implement and creatively use the technologies are already cornering a market which they are likely to keep in the years to come.

The respondents further predicted that software and financial and information services have a natural affinity with the medium, as they can be ordered, paid for and delivered electronically. It is in these sectors that most successes are presently found, perhaps explaining why it is business to business (not business to consumer) operations reaping the greatest rewards.

4.3.2 Faster growth of On-line Business

The respondents also said that future of these trailblazers looks bright. Over 23.3% of the respondents noted that the global sales of coca cola is attributed to the Internet (both directly and indirectly) constitute nearly 5% of total sales. In 5 years time, this number is expected to rise to 35%.The automation of commerce heralds massive changes in the shape of the market place. In the future, successful companies will have to be economic, proficient at communicating and customer-centric, providing easier, cheaper, more flexible or niche products.

They however added that the Internet has proved to be a great leveller, in which small and medium-sized enterprises can realistically expect to snatch customers from the big players in traditional markets. Companies may regard electronic commerce as either a threat or an opportunity. The perception of the medium which companies choose to adopt now is likely to determine that company's future in an entirely new and almost unrecognisable market place.

4.3.3 Greater reach of online business

In addition to the above, the respondents said that a company's business website announces to the world the services/products and penetrates the markets and this had over 21.6% of the respondents. The respondents further stated that regular updating of a company's business website doesn't incur extra costs, unlike offline advertising. More traffic brings more business. The respondents advised that a company does not need to worry about conversion rates as the business grows organically.

4.4.4 No or low expenses

It was also reported that apart from web hosting monthly payment, there is hardly any additional expense to buy or sell online with over 15% of the total percentage of the respondents. A company's customers see, check, compare the company /competitors' products & order and pay online. The company can either keep the benefits or pass them on to customers. The respondents emphasised that the company couldn't possibly do this in an offline business. An online based business also incurs the lowest transaction fees compared to offline transaction fees.

4.4.5 Business multiplication

Over 20% of the respondents noted that on line business is something that a company can't do with an offline business. The respondents noted that a company can double up as advertiser for Google and Yahoo sponsored ads. A company can have partnerships with any number of companies. Additionally, the company can also join affiliate business programs. The company's side income will grow while the company concentrates on main core business.

4.4 The challenges of online business on business enterprises

Table 8: The challenges of online business on business enterprises

Answer	Frequency	Percentage
Cyber crime	15	25
Computer Expertise Requirement	12	20
Security and confidentiality issues	13	21.6
Copy right issues	10	16.6
Internet trade exploitation	10	16.6
Total	60	100

Source: primary data

4.4.1 Cyber crime

Over 25% of the respondents noted that security is the major problem associated with online businesses. Despite all the technological advances being made in recent times, cyber crime is on the rise. As a business owner, you need to come up with ways to protect your business. They said that to secure one's business, one needs to invest quite a bit of money on the security front. Having the right kind of anti-virus and anti-spyware software is quite vital if one wants to protect his/her online business.

4.4.2 Computer Expertise Requirement

Another challenge noted by the respondents about internet trade is that the initiator of this business must ensure some expertise in the computer

medium to properly run this business and over 20% of the respondents noted this. They stated that although a business can hire professionals to control the internet trade mechanism but unless and until the business owner himself won't develop the necessary skills in internet trade then he could never truly analyse the performance of the business and properly run it. This is major challenge as most business owners that do not have a computer related background find it relatively difficult to run internet trade.

4.4.3 Security and confidentiality issues

Over 21.6% of the respondents noted that security issues are also one of the challenges associated with internet trade. Although computer security have increased in the recent years with new programming and encryption protocol design to safeguard internet trade but internet is an open medium which still imposes threat to online cash transactions. The respondents noted that some business are unwilling to run internet trade because they fear the leak of confidential matter during the internet trade and are also reluctant to facilitate heavy cash transaction on the internet. The confidentiality matter and leak of secret information also greatly concern the business initiators.

4.4.4 Copyright issues

Copy right issue was also one of the challenges advanced by the respondents on internet trade with over 16.6% of the total percentage of the respondents. The internet law does not and cannot impose copyrights rule as firmly as the administrators do in landmark business. The major reason is that internet is a huge medium and is distributed in several countries of the world. Keeping copyright laws intact is very difficult and therefore its very easy for one business to entirely copy the business and trade mechanism of some other business association on the internet. Therefore business owners are reluctant to initiate internet trade as they fear that their business ideas would be copied by other internet business easily. The

copyright issues till now have not been resolved and there is little chance of having any major achievement in this regard.

4.4.5 Internet trade exploitation:

Since internet is an open medium therefore in most cases the business is advertise to those people that the trade industry does not want to do business with. Commencing the internet trade with the right target market is a relatively difficult task and at times can be very frustrating for the business owner especially if it's a small business with limited finance to support internet trade.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION OF FINDINGS

5.0 INTRODUCTION

This chapter gives a summary of the main findings of the research, conclusions and recommendations. The conclusions have been derived from the research objective about the impact of online trade of the profitability of business enterprises.

5.1 SUMMARY OF THE STUDY

The research was conducted in Namanve Coca cola, Mukono district-Uganda and the research topic of the study was the impact of online trade on the profitability of business enterprises. The total number of respondents were 60 and they included; 10 coca cola officials, 15 sales representatives, 15 retailers, and 20 community. The research had variables like the age of the respondents, sex of the respondents, marital status of the respondents, and the educational level of the respondents. The research was guided by research questions of the study.

The first research question sought to find out the reasons why businesses enterprise go online and the findings revealed that; very small start-up cost, very quick set-up and start, great reach online, low expenses, and one business multiplies as many were answers given the respondents.

The second research question sought to find out impact of online trade on the profitability of business enterprises and the findings revealed that; greater reward, faster growth of on-line business, greater reach online, no or less expenses, business multiplication were the answers given by the respondents.

The third research question sought to find out the challenges of online trade on the profitability of business enterprises and the research findings revealed that; cyber crime, computer expertise requirement, security and

confidentiality issues, copy right, internet trade exploitation were the answers given by the respondents.

5.2 CONCLUSIONS

The true facts and implications of electronic commerce are however, somewhat elusive. Technologies are evolving so quickly that companies are struggling to keep up. The growth rate of e-commerce outstrips the telephone and any previous innovations. Moreover, the evolution is organic and anarchic, being continuously re-fashioned by the latest technologies to emerge. While perceptions about electronic security are substantially diminishing as familiarity with the medium grows, the lack of company vision that plagues e-commerce persists: the vast majority of Ugandan companies are reacting technically rather than strategically.

The researcher concluded that never since the Industrial Revolution has the world of business undergone such a fundamental change as the electronic commerce revolution now underway. The era of e-commerce is upon us, bringing in its wake a massive shift in emphasis in business operations and consumer expectations.

The impact of this new technology is widely viewed as a total restructuring of the entire business process; the ability to effectively implement such changes will divide the market into winners and losers. "There will be a culling of businesses", the researcher said. "For large and medium-sized corporations, there is a growing imperative to understand how they can survive and prosper in the next 10 years."

5.3 RECOMMENDATIONS

The researcher came up with the following recommendations in an attempt to promote online trading basing on its impact and advantages to the business enterprises in Uganda.

Accept comments from customers

The researcher recommends that the companies with websites should accept comments from customers because it gives way to put in only what the customers want and avoid what they do not want and this will in return bring satisfaction on the side of the customers. Hearing the views of the customers is very important to the development of the company and the customers feel that their subscription to the product is very important.

Keep on updating the company website

The researcher also recommends that keeping on updating the company website is very important and necessary for the development of the business enterprises. The researcher states that the company should keep on updating the website in the way the old photos and words are over changes to suit the interest of the customers and in doing this, it will help them know that the company cares about its ads placed in the internet.

The researcher also recommends that all business enterprises in Uganda should design websites in order to sell their products. The researcher here states that business enterprises need websites because it becomes so easy for the businesses to survive in this electronic age where businesses are held with unseen customers.

Introduce new products

Another recommendation put forth by the researcher is that companies need to introduce new products in their websites so that the customers can have the variety of products that can be delivered to them once they order online. This gives the customers the opportunities and variety of choices on what to order online.

Limit cyber crime

The researcher also recommends that the companies should be aware of cyber crime which is the crime committed in internet by many of the internet users. The researcher states that control of cyber crime is necessary

for the company because it gives chance to the business enterprise in question to limit the publication of its products by the internet users and it also helps it to stick to its customers.

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APPENDICES

APPENDIX I

QUESTIONNAIRE

I Yassin Hussein Abdullahi a student of Kampala international University pursuing a bachelor Degree in Supply and Procurement kindly request you to answer these questions in utmost faith that would really help me successfully finish my course as a partial fulfilment of the award of degree Supply and Procurement. I therefore affirm that this information is purely for the academic purpose.

SECTION A

Socio-Economic background

1) Sex

(a) Male (b) Female

2) Age

(a) 20-25 (b) 25-30

(c) 30-40 (d) 41-50

(e) 50-60 (f) 61-70

3) Marital Status

(a) Married (b) Single

(c) Widower (d) Widow

4) Religion

(a) Catholic (b) Protestant

(c) Muslim (d) Others (Specify)

5) Educational Level

(a) None (b) Primary

(c) Secondary (d) Post Secondary

SECTION B

1) Do you have children?

(a) Yes (b) No

2) Do you own any business/businesses?

(a) Yes (b) No

(c) If yes, state what kind of business/businesses you have

(a)

(b)

(c)

(d)

(e)

(f)

SECTION C

1) What do you think are the companies should go online in handling businesses?

(a)

(b)

(c)

(d)

(e)

(f)

2) What is the impact of online business on the profitability of a company?

(a)

(b)

(c)

(d)

(e)

(f)

3) What do you think are challenges of online business today?

(a)

(b)

(c)

(d)

(e)

END

THANK YOU

APPENDIX II

BUDGET:

The study is estimated to cost 495,000/= arrived at as follows:-

ITEM	COST (UGHS)
Stationary and other related costs	150,000
Transport	200,000
Communication	50,000
Photocopy	20,000
Typesetting and binding	50,000
Internet	15,000
Subsistence	25,000
Miscellaneous	40,000
Total	500,000

APPENDIX III: TIME ALLOCATION

ACTIVITY	TIME IN MONTHS			
	JULY	AUG	OCT	OCT
PROPOSAL WRITING				
DATA COLLECTION				
DATA ANALYSIS				
SUBMISSION				