FACTORS SURROUNDING SOCIAL MEDIA UPTAKE BY INFORMAL SECTOR SMES IN KENYA: CASE STUDY HIGHRISE AREA

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DECLARATION

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Declare that the work contained in this management research paper is our own work and has not been previously submitted for a degree at any other university or institution.

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ABBREVIATIONS/ACRONYMS

- DOI ----- Diffusion of innovation theory
- ICT ----- Information and communications technology
- SMEs ------ Small and medium- size enterprises
- SPSS ----- Statistics Packages for Social Sciences

TABLE OF CONTENTS

DECLARATION	iii
ACKNOWLEDGEMENTS	iv
ABBREVIATIONS/ACRONYMS	v
TABLE OF CONTENTS	vi
ABSTRACT	viii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the Problem	2
1.3 Objectives of the Study	2
1.3.1 General Objective of the Study	2
1.3.2 Specific Objectives	3
1.3.3 Research Questions	3
1.4 Significance of the Study	3
1.5 Scope of the Study	4
1.6 Assumptions	4
1.7 Delimitations	4
1.8 Limitations	4
CHAPTER TWO: LITERATURE REVIEW	5
2.1 Theoretical Framework	5
2.1.1 Diffusion of Innovation Theory (DOI)	5
2.2 Empirical Review	7
2.2.1 Social Media	7
2.2.2 Compatibility	8
2.2.3 Complexity	9
2.2.4 Relative Advantage	10
2.2.5 Social Media Adoption	11
2.3 Conceptual Framework	13
2.4 Research Gaps	13
CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY	16
3.1 Introduction	16
3.2 Research Design	16

3.4 Sampling	16
3.4.1 Sampling technique	16
3.4.2 Sample Frame	17
3.4.3 Sample Size	17
3.5 Data Sources	17
3.6 Data analysis	18
3.7 Data Collection	18
3.8 Ethical Considerations	19
REFERENCES	20
APPENDICES	23
Appendix II: Budget	26
CHAPTER FOUR: DATA RESULTS, ANALYSIS AND DISCUSSION	27
4.1 INTRODUCTION	27
4.2 Response rate	27
4.3 Demographic information	27
4.3.1 age bracket	27
4.3.2 Gender	28
4.3.3 Level of education	29
4.3.4 Social media marketing usage	30
4.3.5 Reasons for not using social media	31
4.3.6 Preferred social media platforms	32
4.3.7 Reason for preferring the platform	33
4.3.8 Advantage of using the platform	34
4.3.9 Ease of social media marketing	34
4.3.9 Reasons for ease of use/lack of ease	35
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	39
5.1 Introduction	39
5.2 Summary of the findings	39
5.3 Conclusions	40
5.4 Recommendations	41
5.5 suggestions for further research	42

ABSTRACT

The purpose of this study is to investigate and understand the various factors that surround social media uptake by informal sector SMEs in Kenya. The study is limited mainly to informal sector SMEs in the Highrise area of Nairobi who deal in small-scale retail/service delivery, and only social media uptake meant for the sole purpose of marketing/fulfilling commercial purposes. Complexity of the social media platforms, compatibility of the social media platforms with existing business functions, and relative advantage gained through using social media are some of the influential factors towards social media uptake by SMEs. Complexity refers to the relative ease of use for the respondent, compatibility is the way that the technology corresponds to the operational needs of the respondent, and relative advantage refers to the competitive edge that the respondent gains over counterparts by using the said technology. This research utilizes a survey research design which selects and analyzes data collected from the sample group through the use of various sampling instruments. The sampling instrument used in this study is a questionnaire. The questionnaire is used due to its efficacy in giving us both demographic and operational information, it's comparatively lower cost as opposed to other instruments, and the fact that it requires much less effort compared to face to face or telephone surveys. The population under research is estimated to be fifty (50) informal sector SMEs in the Highrise area. Half of the sample population (25) will be made up of retail SMEs with the other half (25) being service-providers.

1.0 CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

All businesses are competitive in today's dynamic world, and coherence to emerging technologies is rather vital for business effectiveness. It is evident that small and medium-sized enterprises (SMEs) are substantial for a nation's economic growth since it is recognized as one of the main contributors to economic development as well as employment growth. SMEs are finding it hard to survive in the current economic environment (Cheng *et al.*, 2014); hence, to ensure an organization's success, it needs to set certain goals. SMEs have to identify resources befitting financial, technical, human and knowledge factors for existence and business growth (Cheng *et al.*, 2014).

According to Paniagua and Sapena (2014), companies have recently started to realise the benefits of user-generated content (UGC) and its business implications for improving business performance. Various researchers have advocated the positive relationship between social media uptake and corporate performance (Paniagua & Sapena 2014; Parveen et al., 2015; Rodriguez et al., 2016). Business performance evolves around financial, operational and corporate social performance capabilities (Carroll, 2017). From a business perspective, social media can enhance customer service, sales, brand awareness, website traffic, customer reach, B2B relationships and cost (Mangold & Faulds, 2016; McCann & Barlow, 2017).

Social media has become a strategic priority for most of the large corporations. McCann and Barlow (2015) reported that large corporations are more successful in incorporating social media into their business processes to achieve high business performance, whereas SMEs fail to take advantage of social media because of the lack of strategic planning. Consequently, the gap between large companies and SMEs is widening, distressing the effectiveness of SMEs and their ability to survive in the longer run. According to Murdough (2018) and Hoffman and Fodor (2016), before considering the uptake of social media, organisations need to clearly identify goals, objectives and measurement tools necessary to achieve the desired results from uptake. In general, measuring the return on investment from adopting social media is a very complex matter as it contains tangible and intangible metrics (McCann & Barlow, 2015).

1.2 Statement of the Problem

Most SMEs in Kenya for a long time have ignored marketing their products and services as they saw no competition since they assumed they were only the source of information. The advent of the internet has seen the physical use of SMEs to market on what they own through social media so as to generate revenue. SMEs owners have turned the social media as a means of information gathering and communication. SMEs have been forced to actively market their products and services especially in Facebook and twitter so as to attract the online users and increase the full utilization of resources in their organizations (Nyawira, 2016).

SMEs play an important and vital role in the economy of Kenya, and they account for more than 40 percent of the size of the national economy (Fatairy, 2016). According to the Global Information Technology Report (2016) produced by the World Economic Forum Kenya (WEF) was classified within the Rising Stars countries category and ranked the highest in Africa in the network readiness index (WEF, 2017). However, Kamau, (2016) reported that SMEs in Kenya are encountering major challenges because of the slow uptake of new technologies.

The Kenyan government took substantial steps to encourage SMEs to adopt social media as a new and efficient way of conducting business. They started various aids and awards to encourage SMEs for ICT implementation. In this regard, many initiatives have been introduced since 2015 to support the innovative projects of young entrepreneurs on social networking sites by providing a unique social media platform for business incubators and entrepreneur support institutions in Kenya. Despite these efforts, SMEs are still on the wrong side of the technological equation. Otieno (2017) reported low levels of social media uptake among more than 500,000 SMEs in Kenya (KEPSA, 2018). Therefore, the purpose of this study is to investigate the factors affecting the uptake of social media by informal sector SMES in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective of the Study

The general objective of the study will be to assess the factors surrounding social media uptake by informal sector SMEs in Kenya.

1.3.2 Specific Objectives

- i. To interrogate the role of compatibility on social media uptake by informal sector SMEs in Kenya
- ii. To examine how complexity affects social media uptake by informal sector SMEs in Kenya
- To investigate the impact of social media uptake on the relative advantage of informal sector SMEs in Kenya

1.3.3 Research Questions

- i. What is the role of compatibility on social media uptake by informal sector SMEs in Kenya?
- ii. How does complexity affect social media uptake by informal sector SMEs in Kenya?
- iii. What is the impact of social media uptake on the relative advantage of informal sector SMEs in Kenya?

1.4 Significance of the Study

The major significance of this research to the researcher is for partial fulfillment of the requirement for a bachelor's degree course in marketing management of Riara University. The research findings are expected to add to the existing literature on factors affecting the uptake of social media by informal sector SMES in the context of developing countries. Therefore, the study will fill this gap in the literature by providing theoretical as well as practical contributions. This research will also help other organizations facing similar problems in social media uptake and thus, it will be important for such organizations in improving their organizational use of social media. In addition, other researchers who have an interest in this field will find this study useful and it can be used as a secondary source of their data.

1.5 Scope of the Study

In order to investigate the factors surrounding uptake of social media by informal sector SMEs, the scope of the study entails informal sector SMEs in Kenya. This subject will be represented by a sample purposely selected in the Highrise area of Nairobi county with data collection taking place over the April 2020 period. The variables that this study is limited to include informal sector SMEs mainly focused on retail and service delivery on a small scale in the Highrise area; adoption of social media by these SMEs for marketing purposes and the driving factors; non-adoption of social media and the driving factors.

1.6 Assumptions

A major underlying assumption of the study is that most informal sector SMEs in Kenya are part of the 'laggards' category of innovation adopters according to the Diffusion of Innovations theory (DOI). Therefore it is assumed that they characteristically bear low opinion leadership, limited financial resources and that they don't adopt innovations until a majority of people have adopted it before them.

1.7 Delimitations

The main delimitation of the study is time constraints. Time constraints do not allow following up with the subjects after they have adopted social media. Those respondents that have not adopted social media will be surveyed from a historical perspective on their impressions of social media and reasons for choosing not to adopt.

1.8 Limitations

The limitations of the study include time constraints and limited financial resources. Consequently, the study will only be carried out on informal sector SMEs within the Highrise area of Nairobi as a representative sample of the general population. Due to time constraints, the study will carry out a cross-sectional survey and therefore those who have adopted social media will be asked questions from a historical perspective including questioning the impact they have witnessed over time.

4

2.0 CHAPTER TWO: LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 Diffusion of Innovation Theory (DOI)

In pursuit of our goal to examine the factors surrounding uptake of social media by informal sector SMEs in Kenya, this study taps into the Diffusion of Innovations (DOI) theory. The DOI theory is one which explores the process of an idea/innovation spreading within organizations or among populations over time ultimately leading up to its adoption and multipurpose uses (Rogers, 2010). Essentially, this theory suggests that when a concept is perceived as new, an individual utilizes communication tactics within their social systems to arrive at a decision point of either adoption or rejection of the innovation.

The characteristics of the innovation serve as an important influence over an individual's adoption decision. DOI further predicts that media and other interpersonal contacts provide information and influence consumer behavior towards the use of innovations (Peter & Olson, 2010). The theory also implies that diffusion of innovation is a social process and the adoption of a particular innovation by an individual is largely restricted by the behavior of the social group (Lievrouw, 2002). A social system is defined as "a set of interrelated units that are engaged in joint problem solving to accomplish a common goal. The members or units of a social system may be individuals, informal groups, organizations, and / or subsystems" (Rogers, 2003). In our case study, the social system is the informal sector of the Kenyan economy predominated by SMEs. This is because the SMEs are interrelated decision-making units that are in pursuit of a common goal (to sell goods/services) despite them doing so competitively.

The DOI theory defines an innovation as "an idea, practice, or object that is perceived as new by an individual or other unit of adoption" (Rogers, 2003). In the context of our case study, social media is perceived as a considerably new practice by the informal sector SMEs in Kenya, and hence qualifies as an innovation by Rogers' definition.

The DOI theory then categorically divides innovation adopters into five main slots based on the time they take to adopt innovations and the circumstances that lead them to adopt (von Pape, 2009; Karnowski & Kumpel, 2016). These are namely innovators, early adopters, early majority, late

majority and laggards (von Pape, 2009; Rogers, 2010; Karnowski & Kumpel 2016). With reference to the specific context of our case study, informal sector SMEs fall under the 'late majority' category of innovation adopters due to their distinguishing features of below-average social status, limited resources and low opinion leadership.

Furthermore, the DOI theory is denoted by five main attributes which have influence on whether the innovation is adopted and the speed at which it is adopted (von Pape, 2009; Singer, 2019). These attributes of innovation adoption include: relative advantage compared to the status quo, compatibility with existing values, past experiences and needs, trialability as the degree to which the innovation can be tested without further engagement to use, observability and complexity, the latter having a negative influence on the adoption decision (von Pape, 2009).

Moreover, Rogers' DOI theory (2003) dictates that there are three different ways individuals can decide to adopt an innovation. These are: optionally, collectively, or authoritatively. The theory states that an optional decision to adopt an innovation is made by an individual independently; he then states that a collective decision is one made through consensus by all individuals in a social system, and lastly an authority decision is made by few individuals in the social system. Due to the 'late majority' status of informal sector SMEs in Kenya, this study presumes that they make their decisions to adopt innovations collectively. This is because they lack opinion leadership, and they lack sufficient resources to adopt innovations early on.

When referencing the variable of complexity, we refer to the degree to which a person believes that using a particular system would be difficult (Rogers, 2003; von Pape, 2009). DOI proposes that if the individual requires a lot of time to understand an innovation, then the innovation is highly complex and this will negatively affect its rate of adoption (Rogers, 2010).

Furthermore, on the DOI theory, compatibility refers to the degree to which innovation fits with the potential adopter's existing values, the current needs and previous practices (Rogers, 2003; von Pape, 2009). It is therefore fundamental that an innovation must be perceived to be useful and fit the current needs of the user in order to be adopted. In further reference to the DOI theory, external variables entail the relative advantage that SMEs gain over their competitors and rivals in the market by adopting social media.

Despite the small-scale nature of informal sector SMEs in Kenya, all the five attributes of the DOI theory will be examinable in this study. However, due to time constraints, the attributes of trialability and observability will be viewed from a historical perspective.

Among other information technology (IT) theory, DOI is distinct in its applicability to communication media of all kinds. On the upside, DOI's comprehensive nature enables it to understand electronic communication media where computers have exhibited multipurpose, multifunctional applications as supported by Rashtchy et al., (2007). However, DOI is not a fully effective study tool when utilized in isolation. According to Luo, Chea and Chen (2010), when needs are studied in relation to adoption, there is need for an integration of theories to bring an understanding of the extent to which online media and its qualities correlate with the pursuit of certain gratifications that lead to the acceptance and adoption of online media (Rashtchy et al., 2007; Shin & Shin, 2010). While it is argued that DOI brings a new perspective to understanding the adoption decision of online media consumers, such arguments should only be made with supporting evidence from a fair integration of media and IT theories. Done by peter and penina

2.2 Empirical Review

2.2.1 Social Media

According to the 'social media' definition of Kaplan and Haenlein (2010), social media is "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content." When effectively utilized, social media enables businesses to enhance several of their activities. These can include: sharing information, communication with trading partners and managing logistics across supply chains (Humphrey et al., 2003).

Notably, social media is majorly utilized by consumers on their own initiative instead of it being promoted and encouraged. It facilitates the co-creation of content, context and connection and for multiple communications and is described as a social trend in which consumers used social media technology to acquire information from one another (Bernoff and Li, 2008) and drives its success (Kaplan & Haenlein, 2005). Social media has become a mass media vehicle for consumer-sponsored communications that represent a number one source of media for consumers at work and

the number two source of media for consumers at home (Rashtchy et al., 2007). Due to this, consumers' needs towards consuming traditional media are on the decline and have gradually gravitated towards online media and eventually culminated in the use of social media which is more personalized and user-controlled (Bhagat, Klein & Sharma 2009). Consumers consistently demand for more media that could support immediate access to information at their own convenience (Rashtchy et al., 2007; Vollmer & Precourt, 2008). Hence, the media influences changes in consumer behaviour and their pattern of adoption as consumers perceive the importance of the technology system offered by this type of media. This has led consumers to adopt social media effortlessly (Mangold & Faulds, 2009). This phenomena prompts media scholars to reveal that the traditional model of media communication is no longer adequate to represent online media, and merging traditional media model and online communication model may serve as an increasingly more accurate representation (Perry, 2002). Consumer media consumption is purposive and involves active behaviour in which consumers seek media content based on their internal motivations (Eastin & Daugherty, 2005). These internal motivations are to meet consumer specific needs and serve as the basis of attitude formation (O'Keefe, 2002; Daugherty, Eastin & Bright, 2008). Earlier studies by Eagly and Chaiken (1993) support that a person's attitude signifies the individual's psychological tendency that is expressed through a particular object that serves the consumer's various motivations. This particular object refers to consumer media selection which if met, would satisfy the consumer's various motivation needs. However, due to an individual's various needs in media consumption, consumers may choose to consume social media for different reasons.

2.2.2 Compatibility

Compatibility has been considered as an important factor for innovation adoption (Wang et al., 2010). When technology is recognized as compatible with work application systems, firms are likely to consider the adoption of new technology. Many researchers have investigated the influence of compatibility on technology adoption, and found both positive and negative results. For instance, Brown and Russell (2007) highlighted the effect of compatibility on the adoption of radio frequency identification technology in the South African retail sector and argued that for the RFID adoption and implementation to be successful, it is necessary that organizations develop a

flexible IT infrastructure that will be able to accommodate RFID systems. Hsu, Lu and Hsu (2007) found the significant effect of compatibility in MMS adoption in the groups of potential MMS users and indicated that they will adopt MMS if they feel that using MMS is compatible with their values and beliefs. Wang, Wang and Yang (2010), studied the influence of compatibility and found that it is a significant factor. In contrast, Ramdani, Kawalek and Lorenzo (2009) in their study, found that compatibility is a considerably insignificant factor in the adoption of enterprise systems when other factors that contribute to entrepreneurial success are weighed. Similarly, another study that investigated the adoption of cloud computing by Low, Chen and Wu (2011) found that compatibility was found to have insignificant impact. Embedding social media in businesses would be able to share the content of their products and services almost instantly (Derham, Cragg & Morrish, 2011).

The use of internet technology has become a common practice in the workplace in that social media has become compatible (Chen, Chen, & Yang, 2008). The internet enabled communication media, helps organizations to conduct business effectively and fast anytime from anywhere (Chen et al., 2008). A number of studies investigated the use of social media among SMEs and found that most of them have an easy access to the usage of Facebook for various objectives such as marketing, communication, sales, advertising, innovation, problem resolution, customer service, human resources, information technology, driving cultural change (Bhanot, 2012), advertising on the social network (Beloff and Pandya, 2010; Handayani and Lisdianingrum, 2012) and internet marketing (Congxi, Lan & Pengfei, 2010). Meske and Stieglitz (2013) indicated that SME uses social media technologies that are easily available to them and compatible . Compatibility also allows the individual to gain familiarity with the new ideas (Russel et al., 2012). Compatibility of social networks have been studied for a century (Narayanan & Shmatikov, 2009).

2.2.3 Complexity

"It is becoming apparent that our environment may be viewed as a networked world. From the Internet to the global ecosystem, from the road traffic network to the stock markets, from biological to social systems, massively interconnected, interacting, components make up our vital systems in this world. These systems can be classified as 'complex systems'" (Antoniou & Pitsillides, 2007). Social media being complex systems, the emerging/emergent technologies of our age of surprise – the so called NBIC (Roco & Bainbridge, 2004) are highly unpredictable. Nobody could predict, when the Internet was born, several decades ago or how communities will use it nowadays.

According to Guliciuc (2014), the system has an internal structure consisting of many interacting components, a network that describes which components of a system interact, multiple scales of space and/or time, or symmetry. Moreover, the components of many complex systems are heterogeneous and form a hierarchy of subsystems (Guliciuc 2014). Social Media is a type of complex system as in complex systems are composed of a very large number of different elements with non-linear interactions; furthermore the interaction structure, a network, comprises many entangled loops (Weisbuch & Solomon, 2007). According to Guliciuc (2014), Systems can adapt to inputs and evolve. Adaptation and evolution are characteristic of critical infrastructure systems. Uncertainty is pervasive in complex systems. Quantifying this uncertainty and determining how it propagates throughout the system is a key aspect of reliable prediction and control" (Guckenheimer & Ottino, 2008)

Complex systems are characterized by diversity, ambiguity and unpredictability of outcomes relative to inputs, or changes in conditions (Gulicius, 2014). The interaction of three dimensions – number of components, variety of relationships and pace of change in both – means we cannot easily tell what a complex system is going to do and It also means it is more difficult to control. As a general rule, the more a system is made up of people, the more complex it is (Collinson & Jay, 2012). Going by this general rule put forth by Collinson & Jay (2012), it is clear to see that social media is a complex system due to how it is made up of various relationships between millions of individual people, user-generated content created by those people and rapid pace of change driven by those peoples' evolving trends, needs and demands.

2.2.4 Relative Advantage

Another key factor in the adoption of new technology is the relative advantage of one technology over another. Rogers (2010) defined relative advantage as "the extent to which customers observe a new product/service as enhanced than its substitute".Tornatzky and Klein (2012) have demonstrated the issue of relative advantage to have a positive correlation with the adoption of

new innovations/ideas. Mairura (2016) states that "the degree of relative advantage is often expressed as: economic profitability, social prestige, or other benefits". These facets of relative advantage play a direct role in the overall success of a business hence are desirable for informal sector SMEs. Originally, when relative advantage was introduced by E.M Rogers in his book "Diffusion of Innovations" it was used to broadly encompass the relative edge of an innovation and was defined as "the degree to which an innovation is perceived as being better than the idea it supersedes" (Rogers, 2003). This definition of relative advantage distinctly refers to another innovation(s), e.g. (the precursor of the current innovation under study). In this specific study, the precursor to social media marketing for informal sector SMEs would be the traditional marketing and communication methods. Von Pape (2009) implies that in order to exhibit relative advantage, innovations have to perform better in comparison to the status quo. SMEs thus need to be shown that modern social media marketing avenues offer significant benefit compared to their traditional methods of communicating and reaching out to their market.

2.2.5 Social Media Adoption

Besides having technology characteristic as the mediator, it is also applicable to test the direct relationship of perceived media needs towards adoption behavior by evading the characteristic of technology. This is in relation to consumer media needs that are sometimes presumed to be overwhelming and irresistible (Cooke & Buckley, 2008). The characteristics of technology may be less important to consumers because the needs supersede the technology in some circumstances (Parker & Plank, 2000).

The adoption of social media has increased where consumers tend to talk with other consumers regarding the brand, service or product and business people with the consumers constantly. The reciprocal cycle is magnified greatly in the marketplace leading to high adoption of social media and has also impacted marketer and consumer usage of this medium (Mangold & Faulds, 2009). Throughout the last few years, marketers were to a great extent surprised over the dramatic traffic growth in social media, namely Facebook. Being the premier social media site (Cheung, Chiu & Lee, 2010), Facebook was reported in a market survey to have had an exponential increase in the total amount spent online by consumers from 3.1 billion minutes to 205 billion minutes from December 2007 to December 2008 (Nielsen, 2009). It is expected that an increase of 566 percent of time spent on-line will increase significantly over time, with billions of consumers and marketers

flocking into social media as more and more people adopt online interaction as part of their daily activities (Bhagat et al., 2009). Marketers attribute this change of course to the self-sustaining 'user-generated' nature of the social media (Radwanick, 2010)

The existence of social media and increase of its adoption offers advanced relationships and targets opportunities for marketers in consumer markets (Drury, 2008, Bhagat et al., 2009, Mangold & Faulds, 2009). Despite this significant increase, existing studies on social media are to a certain extent limited, for instance, investigation of social media attributes such as sociability and usability as a direct relation to adoption and usage of this medium, and are unable to explain the factors that lead consumers to move into social media (Preece, 2001; Phang, Kankanhalli & Sabherwal, 2009). However, there is a need to understand the unexplored areas of social media consumption that would help to justify the substantial increase of adoption and time spent on Facebook to 566 percent (Nielsen, 2009). This is evidenced by Shao (2009) who indicated that user-generated media (UGM) like YouTube, MySpace, Facebook and Wikipedia have become tremendously popular today but in- depth studies on adoption of this medium are still relatively lacking.

Empirical findings on consumer behavior and social media adoption are basically conceptual and anecdotal. Besides, findings on user-generated media (UGM) that reflect similar social media attributes mainly cover consumer adoption behavior in video sharing sites (i.e. YouTube), picture sharing sites (i.e. Flicker) and other virtual community sites (i.e. support group communities and brand communities). These studies examined the medium attributes as the antecedents of usage and adoption (Muniz & O'Guinn, 2001; Cova & Pace, 2006; Leimeister, J., Schweizer, Leimeister, S., & Krcmar, 2008; Haridakis and Hanson, 2009, Shao, 2009)

2.3 Conceptual Framework

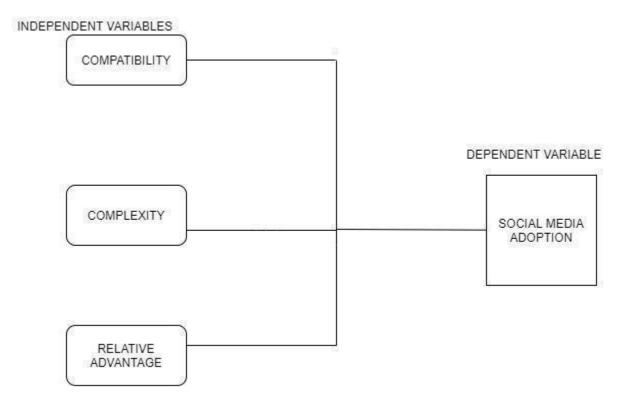


Figure 2.1

Source: Adopted from Rogers, (2003)

2.4 Research Gaps

Based on the main and core objective of the research, in this particular region a few studies have been conducted and submitted for examination. Most studies focused on social media in other contexts, but few have looked at it as a marketing tool.

Flanigan and Obermier (2016) conducted a study on the use of Social Media in the Industrial distribution Business-to-Business Market Sector in the USA. The study was however based in a more developed economy context, and focused on large corporations.

Srinivasan, Bajaj and Bhanot (2016) considered the effect of social media strategies utilized by SMEs on client acquisition and retention finding that social media contributes strongly to brand trust and confidence, brand trustworthiness thus influencing customer attainment and retention. It

similarly found a positive conflation between revenue and social media visibility. The study however focused on client retention which is not a measure of growth but of stability.

Durkin, McGowan and McKeown (2013) investigated web-based social networking reception in Ireland's SMEs. It found an assortment of various ways to deal with web-based social networking selection regularly changed by ranked setting and staff capability level.

The study has also been carried by Ayedun et al. (2014) examining the impact of advertising procedures on corporate execution of estate surveying and estimate firms in Kaduna City of Nigeria. The findings indicated evidence of a positive relationship between marketing methodologies adopted by firms in attaining business goals and remaining relevant in the industry and corporate performance of the firms. The study however keyed in on advertising, which is a single dimension of marketing. This was a foreign country context, whose SME environment has significant differences from that of Kenya; hence its findings may not be applicable to the Kenyan SME scenario.

A study by Kimaru (2011) aimed at assessing the tourism sector as a whole and establishing the role of social media marketing approaches as a marketing tool to advertise the services in the profitable industry. The study core objectives were to interrogate whether tourism companies use social media marketing to promote their destinations & services in general as well as the social media strategies utilized by these companies. This study only targeted the tourism industry and was conducted seven years ago. There is therefore an informational and relevance gap about the utilization of social media in other industries today.

A study by Masinde (2012) was conducted in Nairobi County focusing on university students, and how they respond to social media marketing. The study seeked to establish whether social media campaigns had an impact on brand awareness/brand loyalty among students. The limitation of study is that it assessed the direct effectiveness of social media marketing on targeted consumers who prefer to use the services offered from the business and not the impact it has on the organizational performance of the business. Another limitation of this study is that it targeted a very unique market demography that is university students. This is a unique group of individuals who are knowledgeable on the application of social media and spend a large amount of time on social media platforms in search of their interests and in pursuit of trends. Therefore, the impact of social media in this population cannot be taken to be a representative of the entire market. With these previous studies in consideration, it is evident that there are still areas which are yet to be studied comprehensively including social media uptake by businesses in rural areas, historical development of social media usage by businesses, as well as the impact of social media uptake on other industries in Africa, (such as the informal sector in Kenya). This study aims to resolve this bias by targeting a more representative population.

3.0 CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The purpose of this study is to understand the factors surrounding the uptake of social media by informal sector SMEs in Kenya. This chapter presents the proposed research methodology to be used for the current study in order to achieve the research objectives.

3.2 Research Design

The study utilizes a survey research design. Survey design studies either large or small populations by selecting and analyzing data collected from the sample group through the use of personal interview, telecommunication, or questionnaire answering. This study utilizes a questionnaire as the research instrument. Allen (2017) notes that survey research design via questionnaire is suitable for the study because it allows researchers to obtain different types of data such as opinions, behaviors, beliefs and attitudes of the participants. These are the kind of qualitative factors that we are interrogating our sample participants on. It is also efficient because it allows us to customize the type of questions we are going to ask in order to obtain both the qualitative and quantitative data needed. Moreover, it is more suitable over face-to-face due to the fact that the effectiveness of face-to-face interactions rely on the natural ability of the interviewer to make participants feel comfortable answering questions (Defranzo, 2014). A lack of interviewing skills can lead to the subjects being intimidated from answering questions truthfully, whereas questionnaires are generally more comfortable for them to interact with. Furthermore, questionnaires are utilized because they are more cost friendly and efficient. Mathers, Fox and Hunn (2013) state that questionnaires can be cheaper than personal interviews and quicker if the sample is widely dispersed.

3.4 Sampling

3.4.1 Sampling technique

This study is going to employ purposive sampling. Purposive sampling is one of the most costeffective and time-effective sampling methods available (Saunders, Lewis & Thornhill, 2012). Moreover, we are limited in terms of the number of respondents available to provide us with primary data. Foley (2019), elaborates that purposive sampling may be the only appropriate method available if there are a limited number of primary data sources that can contribute to the study. The sample chosen to represent this population is going to be informal sector SMEs in the Highrise area of Nairobi. The participants of this study are made up of different kinds of informal sector SMEs in the Highrise area chosen purposely on the basis that they will be representative of the larger population.

3.4.2 Sample Frame

The informal sector SMEs are small to medium sized enterprises that operate outside of the formal economic framework that hosts larger businesses and organizations. They often require much lower capital to begin operations and are often a sole-trader or a small partnership between entrepreneurs. Informal sector SMEs within our sample frame range from those that offer services (barbershops, salons) to those that sell goods ('Jua Kali' artisans, shoe-sellers, clothing sellers).

3.4.3 Sample Size

The size of the sample being dealt with in this study is 50 individual informal sector SMEs with half (25) being retail business and half (25) being service providers.

3.5 Data Sources

The survey is going to be cross-sectional in nature because it is carried out at one particular time and not over a long period of time. Cross-sectional studies are much more cost and time-effective to perform than other available options. That is because there is no follow-up required with this type of research, once the information is collected from the entire study group, it can be analyzed because only that single time reference is being considered (Gaille, 2018). Data must be collected over a long-time frame to show relevant, long-term results (Joshi, 2016). Due to time constraints, longitudinal surveys are not able to be carried out. In order to mitigate the lack of a long-term picture, some questions in the survey are going to be asked from a historical perspective. Furthermore, the questionnaire consists of a combination of multiple-choice questions (for quantitative answers) and open-ended questions (for qualitative answers). Because quantitative data does not give detailed insights on why respondents make their decision on technology adoption, our study follows up the close ended questions choice with open ended questions that allow the respondent to elaborate their reasoning. This combination of closed-ended and open-ended questions is what makes our questionnaire a useful tool: it provides us with quantitative and qualitative data at the same time.

3.6 Data analysis

This study will conduct data analysis through the utilization of SPSS software. Exporting quantitative data from this study's survey research to SPSS's proprietary .sav format makes the process of pulling, manipulating, and analyzing data clean and easy. SPSS automatically sets up and imports designated variable names, variable types, titles, and value labels, meaning that on our part as researchers, effort will be minimal and once survey data is exported to SPSS, the opportunities for statistical analysis are many (Foley, 2019). Graphs and charts will be used to display the details of the frequencies of different factors impacting social media uptake by informal sector SMEs in Kenya.

3.7 Data Collection

The questionnaire that this study will distribute to the target population as per the study objective is to be used for primary data collection from targeted respondents in the current study for purposes of obtaining empirical data for analysis. The questions are developed to cover various aspects of social media marketing and the SMEs performance. The tool contains both open-ended and closed-ended questions. The close-ended questions provide insight as to which decisions were/weren't made in the adoption of the technology under study, whereas the open-ended questions allow for respondents to give further details into the factors behind their decisions. The research also uses desk study which is a secondary table research that considers evaluation of the pre-current information already gathered from other studies and books on the matter, this is primarily for the factors that can only be studied from a historical perspective due to time constraints i.e. trialability and observability. Desk studies enable the exploration of the prevailing units of statistics with the aid of following a secondary studies strategy. In that manner current statistics that are amassed with the aid of different researchers may be used and interpreted from the perspective advanced for this study's purposes (Pavlovic, 2016)

The questionnaires will be given to the owners of the business because they are capable of providing valid responses in relation to the study objective. The questionnaires consisted of two sections, Section A seeks to gather and analyze general descriptive information about the respondent, while section B concentrates on operational information surrounding use of social media for marketing by the informal sector SME respondent.

3.8 Ethical Considerations

A preliminary phase is going to be conducted where the interviewer makes himself known to the subjects of the study and obtains permission from them in order to carry out research. This will be done in the form of a consent form as shown in Appendix I. This is in order to establish trust with the subjects and to brief them on the nature of the survey. Before the interviews are conducted, interviewees will be briefed with information about the interviewer, observe functions, consent form and interview questions (Bryman, 2012). We are going to protect respondents by keeping their personal information such as name and locale confidential. This study has strived to ensure confidentiality in the consent form entailed as Appendix I.

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APPENDICES

Appendix I: Confidentiality agreement/Consent Form

This research is about the "factors influencing social media uptake by informal sector SMEs in Kenya". It is totally voluntary and you have the option of declining to participate. If you choose to participate, your personal details (i.e name, contact information and location information) and that of your business will remain strictly confidential. If you agree to participate, please sign in the space below as informed consent of participation. Thank you. Having fully understood and read the consent form, I am willing to participate in the survey and agree to fill in the questionnaire.

Section A: Demographic Information

Respond by ticking (\checkmark) on the appropriate box or explain your response

1. What is your age bracket? (Please tick one)

i.Below the age of 20 years () ii. Specified Age gap between 21 - 30 years ()

iii. Specified Age gap between 31 - 40 years ()

iv. Specified age bracket between 41 -50 years ()

v. Specified age bracket between 51 - 60 years () vi. Above 60 years ()

2. Gender. (Please tick one)

Male (). ii. Female ()

3. What is your current level of education?

i. Certificate Level ().

- ii. Diploma Level ().
- iii. Bachelors ()

iv. Masters Level ().

v. PhD Level ()

vi. Other

23

Section B: Operational information

Respond by ticking (\checkmark) on the appropriate box

4. Would you prefer using social media to market your products ?

Yes () No ()

5. If No (to question 4), specify your reasons

.....

••••••

Compatibility

6. Which social media platform have you used in the last 30days to market your goods

Facebook () Instagram () Jiji/ olx () Pigiame ()

Others specify ()

7. Why do you use the above platforms?

It is cheaper () It is compatible with my business functions () I trust the platform () It is user friendly ()

8. What business functions have been enhanced by your use of the above platforms?

.....

Relative advantage

9. On a scale of 'very unsatisfied' to 'very satisfied', what extent is social media advantageous to your business? . In which 1 is less advantageous and 5 means very advantageous?

Very unsatisfied () unsatisfied () neutral () satisfied () very satisfied ()

Complexity

10. Did you require additional training/briefings in order to carry out your social media marketing activities?

Yes () No ()

11. With reference to question 10, give your reasons

.....

Thank you

Appendix I	I: Budget
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Budget	NO.of items	Unit cost	Total Cost
Personal Services	1	1000	1000
Printing of Questionnaires	500	2	1000
Transport	1	200	200
Indirect Costs	1	1500	1500
Total Costs			1,900

Table 3.1: Budget Table

4.0 CHAPTER FOUR: DATA RESULTS, ANALYSIS AND DISCUSSION

4.1 INTRODUCTION

This chapter carries out data analysis, presentation and interpretation of the collected information. The information collected has been presented in bar chart, pie chart, and graphs format. The data was collected in an effort to fulfil the research objectives and to provide useful answers to the research questions.

4.2 Response rate

150 responses were targeted by the study , from whom 108 (72%) successfully returned the questionnaires. According to Muganda et al. (1999) a response rate of 70% and above is ideal, hence this study successfully met that minimum of 70% responses.

Table 4.1	Response Rate
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Response	frequency	percentage
Actual response	108	72
None response	42	28
total	150	

Source : Primary research findings (2020)

4.3 Demographic information

Demographic information paints a picture of the population being surveyed and the particular groups within that population based on different criteria i.e. sex, age bracket, level of education, social media usage for marketing, and preferred social media platform etc. The demographic information aids the study in understanding the personal as well as professional background of the respondents that participated in the questionnaire.

4.3.1 Age bracket

According to the respondents' answers, 83.2% were between the age of 21-30; 6.5% below the age of 20; 6.5% between age 31-40; 2.8% between age 41-50; and 0.9% between age 51-60. The findings make it evident that a majority of the social media users present in the population are of the younger demographic.

Q1. What is your age bracket? 107 responses

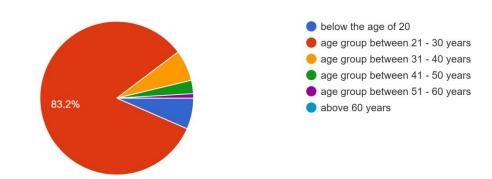


Figure 4.1 Age Brackets

Source: Primary Data (2020)

4.3.2 Gender

The responses under the sex/gender question were majority male with 63.6% while 36.4 % were female. This indicated a larger population of males were willing to respond to the questionnaire.

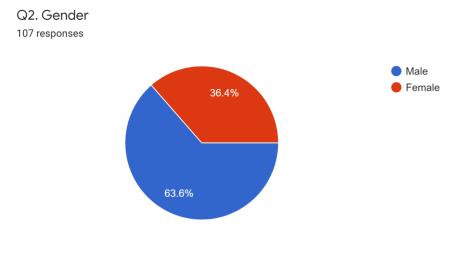


Figure 4.2 Gender

Source: Primary Data (2020)

4.3.3 Level of education

The level of education was an important variable to research within the population. Out of the 108 respondents who participated, only 2 refused to answer this question thus indicating that most of the respondents (106) have achieved at least a high school certificate. 7 of the respondents have achieved Certificate level (6.6%); 27 have achieved Diploma level (25.5%); 61 respondents have reached Bachelors Degree level (57.5%); another 7 have reached Masters level (6.6%); 0 respondents indicated they have completed Phd level; with 4 respondents being Secondary certificate level (3.8%) and 0 having below primary level. Majority of the respondents thus fell within the Bachelors degree bracket (57.5%)

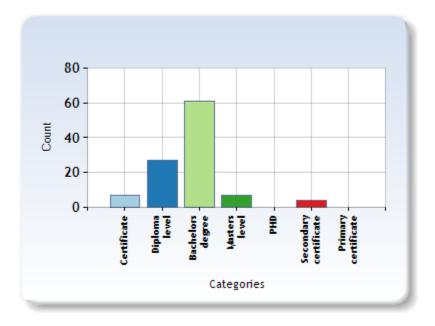
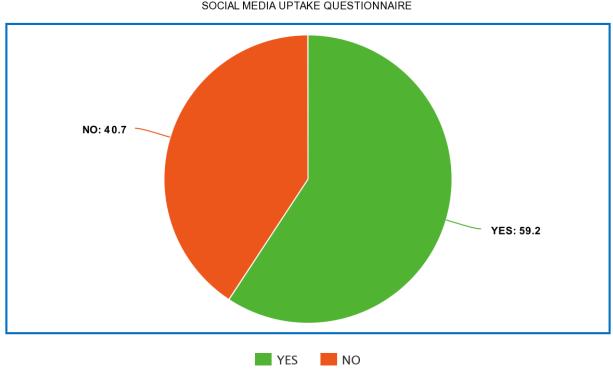


Figure 4.3 Educational level of respondents

Source: Primary Data (2020)

4.3.4 Social media marketing usage

This question was aimed at finding out just how many people utilize social media platforms for their marketing functions. The findings of the research showed that roughly 60% (59.2%) of the people use social media for marketing while 40% do not. This implies that more than half the population is savvy to the marketing functions that social media platforms can enhance and aid with.



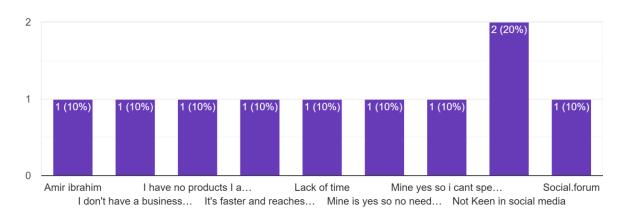
SOCIAL MEDIA MARKETING SOCIAL MEDIA UPTAKE QUESTIONNAIRE

meta-chart.com

Figure 4.4 Social media marketing frequency

4.3.5 Reasons for not using social media

The next question aimed at interrogating those respondents who do not use social media for marketing on their reasons for choosing not to. Out of the 10 respondents who answered this question, 5 of them answered the question correctly whereas the other 5 did not read the instruction carefully hence their answer was invalid. Out of the 5 who answered correctly, 2 of them said they are not keen on social media usage thus implying they are either not interested or are not knowledgeable enough on how to use it. The other 3 respondents indicated reasons such as: lack of time, having no ready products to market yet, and not having a business that can be marketed through social media.

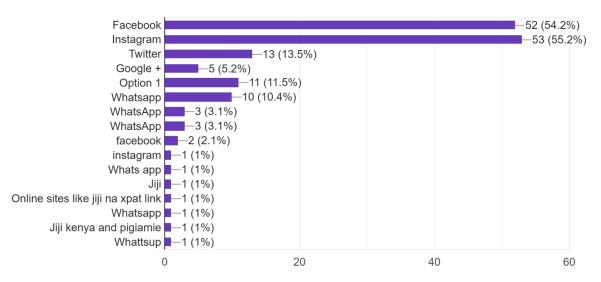


Q5. if your answer above is NO (QUESTION 4) please specify your reasons 10 responses

Figure 4.5 Non-social media usage reasons

4.3.6 Preferred social media platforms

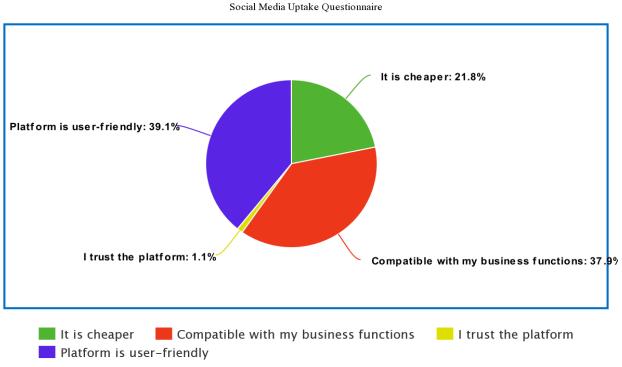
Question 6 aimed at identifying the specific social media platforms that each respondent uses. The question specifically identified usage rate over the past month (30 days). 56.3% of the sample indicated use of Instagram, 67.8% market on Facebook and Twitter had 13.5% of respondents. Google+ was the fourth main platform that the study asked about and 5.2% of respondents indicated that they use it. The study also gave an additional opportunity for respondents to fill in a custom answer indicating any other social media platform that they use to market. Whatsapp was the most frequented custom answer with 9.4% of respondents answering that they use it. These findings thus indicate that Facebook is the most preferred social media platform for marketing within the population followed by Instagram and Twitter. Whatsapp also performs well seeing that it has more respondents than Google+. A computerial error divided the responses of Facebook in two (Facebook came out as Option 1 in some respondents who filled in a custom answer chose to answer with an e-commerce website rather than a social media platform i.e. Jiji/Xpatlink. These answers however were disqualified.



Q6. Which social media platform have you used in the last 30 days to market your products ⁹⁶ responses

Figure 4.6 Social Media platform preference

4.3.7 Reason for preferring the platform



Reasons for preference Social Media Untake Questionnaire

meta-chart.com

This question aimed at identifying the factors that lead the respondent SMEs to use their preferred social media platform. Majority of the respondents to this question stated that they use their preferred platform due to it being user-friendly (39.1%), followed by 37.9% indicating that they prefer their chosen platform because it is compatible with their business functions. 21.8% stated that using their preferred platform is cheaper with only 1.1% preferring their platform out of sheer trust in the platform.

Figure 4.7 Reasons for social media platform preference

4.3.8 Advantage of using the platform

Question 8 was a likert scale aimed at identifying the degree of relative advantage that each respondent feels they gain out of the use of their preferred social media platforms. From a scale of 1 to 5, the respondents were asked to answer according to how much they feel social media is advantageous to their business. Majority of the respondents (40.7%) answered that social media platforms are very advantageous to their business, followed by 34.9% who answered with a 3 representing a neutral feeling about social media advantage towards their business. 23% answered with a 4 indicating they gain significant advantage.

Q8. on a scale of 1-5, to what extent is social media advantageous to your business? where 1 is not advantageous and 5 very advantageous

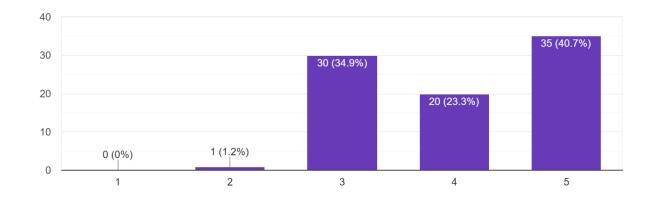
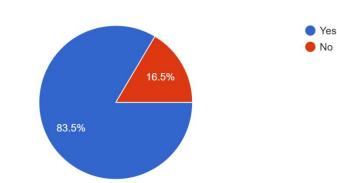


Figure 4.8 Social media advantage

86 responses

4.3.9 Ease of social media marketing

Question 9 interrogated respondents on the ease of using social media to market their goods/services. It was a simple Yes or No question. The majority of respondents (83.5%) answered Yes that it is easy to market via social media with 16.5% answering that it's not easy for them to market via social media thus indicating that they encounter difficulties when doing



Q9. Is it easy to market your products through social media? ⁸⁵ responses

Figure 4.9 Ease of social media marketing

Source: Primary Data (2020)

4.3.9 Reasons for ease of use/lack of ease

Question 10 interrogated respondents on their specific reasons for their ease of using social media or difficulties faced when attempting to use social media for marketing purposes. This was a qualitative aspect hence required custom fill in answers from respondents. Some of the answers for ease of use include a readily available audience, and widespread access of social media. On the other hand, some of the respondents who stated they have difficulty in marketing via social media provided answers such as it is hard to find reliable customers on social media and high levels of competition

Reason for not using social media	Ν	Mean	Std. Deviation
Does not have a business that can use social media	108	10.8	0.8944
No products to market	108	10.8	0.8944
Lack of time	108	9	1.7320

Table 4.2: Information on reasons for not using social media

so.

Not keen on social media	108	5.4	3.8210

N=108

The respondents' views on Reason for not using social media according to table 4.2 above: In an ascending order for the case of Does not have a business that can use social media the mean is 10.8 and std. Deviation of 0.8944. Lack of time mean of 9 and std. Deviation of 1.7320. For the case of it takes advantage of social media influencing a mean of 4.2667 and std. Deviation of 0.75815 and for the case of Not keen on social media a mean of 5.4 and std. Deviation of 3.8210. Of the respondents who answered this question correctly, it is apparent that the majority of them lack adequate time and/or are not keen on social media.

Preferred platform	Ν	Mean	Std. Deviation
Facebook	108	2.5	6.3640
Twitter	108	7.7	2.5100
Instagram	108	4.5	4.4159
Google+	108	21.6	4.0743
Other	108	36	5.7446
Invalid response	108	9.8	1.0954

Table 4.3: Information of social media platform preference

N=108

The respondents' views on Preferred platform varied according to table 4.3 above: In an descending order for the case of facebook a mean of 2.5 and std. Deviation of 6.3640. For the case of Twitter a mean of 7.7 and std. Deviation of 2.5100. For the case of instagram a mean of 4.5 and

std. Deviation of 4.4159 and for the case of Google+ a mean of 21.6 and std. Deviation of 4.0743. For the case of other platforms the mean was 36 std. Deviation and 5.7446 Evidently the majority of respondents use Facebook to market their products. Notably, many of the respondents use other medias which are considered e-commerce rather than social media like JIJI, PIGIAME, JUMIA etc

Reason for preference	Ν	Mean	Std. Deviation
It is cheaper	108	4.9	4.1352
It's compatible with my business functions	108	3	5.7446
I trust the platform	108	36	5.7446
The platform is user-friendly	108	2.8	6.0166

Table 4.4: Information on the reason for the chosen preference

N=108

The respondents' views on Reason for preference to use various marketing tools according to table 4.4 above: for the case of it being cheaper a mean of 3.9576 4.9 and std. Deviation of 4.1352. For those who felt the platform is compatible with their business functions a mean of 3 and std. Deviation of 5.7446. For those who felt trust was the main factor, there was a mean of 36 and std. Deviation of 5.7446 and for the case of the platform being user-friendly a mean of 2.8 and std. Deviation 6.0166. It is apparent from the results that the majority felt agreed a preference for the platforms that are compatible to their business needs and that saves them costs relatively. Many also preferred platforms because they feel they are user friendly. There was an almost even split between the options of "it is cheaper", "it is compatible" and "it is user friendly". These are 3 of the 4 factors the study was assessing. The findings support (Wang et al, 2014) notion that compatibility plays an important role in innovation adaptation. Those who responded that social media is cheaper for them also agree with Von Pape's (2009) conclusion that using this innovation gives them more advantage in relation to the status quo. The status quo in this case being traditional methods of marketing which turn out to be more costly than social media marketing.

Advantage towards business of using social media	N	Mean	Std. Deviation
Score 1 - Not Advantageous	108	108	10.3923
Score 2	108	90	9.4234
Score 3	108	3.09	5.65
Score 4	108	4.64	4.3197
Score 5 - Very Advantageous	108	2.65	6.1685

 Table 4.5: Information regarding relative advantage of using social media towards

 business

N=108

With regards to the relative advantage of using social media towards their business, table 4.5 displays that 'No advantage gained' had a mean of 108 and std deviation of 10.3923; score 2 had a mean of 90 and a std deviation of 9.4234; score 3 which is supposed to be neutral had a mean of 3.09 and a std deviation of 5.65; score 4 had a mean of 4.64 and a std deviation of 4.3197; score 5 which represents very advantageous had a mean of 2.65 and a std deviation of 6.1685. Like Tornatzky and Klein (2012) said, relative advantage displays a positive correlation with the adoption of new innovations/ideas. This is evident with the data collected because most of the people who adopted social media agreed that it provided a relative advantage to their business. With reference to Von Pape (2009), this implies that the businesses who responded positively to this segment feel that social media has enabled them to perform better than the status quo of traditional marketing.

5.0 CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the findings, a conclusion that is based on the study's findings, limitations encountered in the study, it gives suggestions for future research and contributes recommendations from our findings in relation to the objective of this research which was to understand the different factors impacting social media uptake on SMEs in the informal sector in Kenya.

5.2 Summary of the findings

The aim of this research was to understand the influential factors impacting social media uptake on SMEs in the informal sector in Kenya. The total number of respondents to the survey were 108 which resulted in a participation rate of 72%.

The study indicated that the majority of people who use social media are between the ages of 21-30. The survey also showed that most of the responders had attained a bachelor's degree. This information implied that these people represent a sizable population who have just completed their studies and are upcoming entrepreneurs that are using social media to advertise their product and create a platform for themselves. It reflected the notion that those who are educated up to at least Bachelor's degree level seem to be more empowered to use social media and have more use for it than those who are not. Furthermore, the survey indicated that 60% of the respondents use social media for marketing purposes while 40% of the respondents do not. this indicated that more than half of the population uses social media for marketing purposes, while others may not use this platform because of various reasons for example: they lack the knowledge on how the platform work, they may not be keen or interested in the technology, they lack the adequate time to monitor social media, they may not have ready products to advertise or their business is incompatible with social media marketing. Essentially, the analysis implied that social media uptake is influenced not only by the level of education attained by the respondent, but it is also impacted by the specific business functions that the respondents wish to fulfil through the use of social media marketing

The research further indicated that the most preferred social media platform was Facebook in the lead, followed by Instagram and finally Twitter. The information collected in the survey showed that the main reasons people prefer their social media platform of choice is because the platform is compatible with their business functions, the platform is user-friendly and it is relatively cheaper to use than other traditional marketing methods.

Moreover, 40% of the respondents said that using social media platforms is advantageous to their business, this is a good indicator that social media uptake has impacted SMEs in the informal sector in kenya. The research also showed a positive relationship between social media uptake by SMEs and the availability of customers and wider market outreach (ability to attract customers from all over the country) while others prefer not to uptake social media because according to their experiences, when using social media you are not able to specifically target your audience and the competition is high.

5.3 Conclusions

The study has proven that social media uptake does in fact influence SMEs in the informal sector in Kenya. For small and medium sized enterprises finding a suitable platform to advertise their products, social media has proven to be a useful resource. However, the SME must find the right platform that is suitable for their business activities and a platform that would allow them to attract their target audience with ease. With social media there are very many different platforms with different types of users whereby you are spoiled for choice. using social media has proven to be advantageous to the users and they are benefiting from it.

However this field has not fully been exploited because there are still some SMEs that have not adapted to using social media, this is because they do not know how to use these platforms or they may believe that they have products/services which cannot be marketed effectively via social media. There is a need to further educate some SME owners on some of the benefits of using social media and how it may help in the growth of their business.

5.4 Recommendations

In cognizance of the relationship between educational level and social media uptake, the study recommends some efforts in educating students about the commercial benefits of social media use even before reaching university level. People deserve to know how to use this very essential tool known as social media whether or not they make it to the tertiary level of education or not. If more Kenyans are educated and aware of how to use social media for business when they come out of high school, they will be much more empowered to make something of themselves and their businesses. After all, not every single citizen can afford a university education, however, every Kenyan can earn a living with the right skills (including social media skills). The study recommends this be done via more initiative from the government of Kenya through the related ministries (ICT, Youth, Trade/Industrialization) to implement educational/training programmes that ensure ICT skills are taught countrywide and that at the very base of a Kenyan's knowledge, they have at least some knowhow of operating technology and interacting on the internet.

The study also recommends some partnership between social media platforms and the Kenyan government to make access more widespread across the country and to tailor-make some custom

social media marketing tools that are more compatible with the specific business functions of Kenyan informal sector SMEs.

5.5 Suggestions for further research

This study was done to understand the influential factors impacting social media uptake on SMEs in the informal sector of Kenya. It only looked at SMEs in the informal sector meaning that there is a need for further study looking at factors impacting social media on small-to-medium sized enterprises in the formal sector as well as factors impacting social media uptake of larger sized businesses in Kenya. This will give a more holistic perspective of the dynamics of social media marketing in Kenya as a whole.

There should also be further studies on the deeper intricacies that surround decision making when it comes to technology adoption by Kenyans in general because social media is just an element in the wider scope of technology and where people are slow to adopt technology in general, they are bound to be slow in adopting social media.

Moreover, throughout the course of surveying respondents it was evident that the distinction between e-commerce and social media platforms is considerably blurry to many. Therefore, it is important for studies to be done into what distinguishes social media and e-commerce sites as well as how the two have become more integrated in today's digital landscape.