

ABSTRACT

The study assessed the effect of social commerce on SMEs Business performance in Tanzania. The study was conducted in Arusha City involving SMEs especially those dealing with mobile phone business. The study employed descriptive survey research design and quantitative research approach. Convenience sampling was used as the researcher selected respondents depending on their availability in the study area. The closed ended questionnaires were used to collect primary data from respondents. Secondary data were gathered from various sources including both published and unpublished sources. Data were collected, coded and then entered in software (SPSS version 22) whereby frequency and percentage were used to analyse the demographic characteristics of respondents and descriptive statistics such as mean and standard deviation were used to analyse data from the three research questions. Findings revealed that to a higher extent business owners use social commerce due to accessibility of the internet, because it is a customer's choice. The findings further revealed that there were various means of social commerce used among the SMEs and that they used social commerce always and often. The study concluded that social commerce was effective among SMEs in the study area. Furthermore, as a result of social commerce, there were indicators of its business performance. Among them included an increase in sales, increase in number of customers, increase in profit, increased efficiency in doing business, has made digital transaction easy, has enhanced competition and has increased business coverage. The study concluded that the use of social media among business owners in Arusha City is increasing due to the availability of internet from various telecommunication companies in the Country. The study further concluded that due to the increase in internet uses, customers prefer viewing various products online before buying decisions. The conclusion was made that there is business performance among the SMEs in Arusha City as a result of social commerce. It has simplified the way of doing business and has increased sales and profit. The study concluded that among the factors that make social commerce vital for business owners is its ability to receive customer's feedback which is vital for business improvement. The study recommended that to increase the number of business owners who use social commerce, internet should be stable and accessed with affordable prices. It was recommended that Tanzania Communication Regulatory Authority should address issues relate to cyber such as hacking and forgery. The recommendation was made that SMEs should be given enough education on the effective use of social commerce so as to reduce the challenges of online theft.

