Electronic commerce (e-commerce) offers considerable exploitable potential for micro, small, and medium enterprises (MSMEs). The innovation presents vast opportunities for business organisations to infuse efficiencies in their operations and processes in order to serve their customers more efficiently, enter new markets, and rationalise their business processes. Despite the potential, however, there is evidence of slow uptake of e-commerce by MSMEs in developing countries including Kenya. Failure to attain an adoption level threshold continues to prevent firms from reaping the full benefits inherent in the use of the technology. Additionally, little is known about the e-commerce environment among Kenya’s MSMEs, a situation that is likely to impact negatively on adoption decisions. Further, in spite of the heightened enthusiasm by academics and researchers, many of the studies conducted in the area of e-commerce have been scanty and general in coverage, with some even producing conflicting results. The objectives of this study were to analyse the e-commerce environment within Kenya’s MSMEs sector; analyse the effect of the determinants of slow e-commerce adoption against organisational, environmental, and technological factors among Kenya’s MSMEs; and explain the interactive effect of the various determinants on the likelihood of e-commerce adoption.

The study employed a mixed research design, proportionate stratified random sampling and simple random sampling procedures were used to select a sample of 540 firms from a population of 1,800 firms in Nairobi. Primary data were collected using a predesigned and tested questionnaire. Data were analysed using descriptive statistical techniques, non-parametric methods (chi-square), and logistical regression analysis. The study established that the MSMEs e-commerce environment was characterised by small, non-manufacturing firms and the ICT capacity of the firms increased with firm size. The firms had relatively younger firm owners/managers with high levels of education and whose perception of innovation characteristics had a significant bearing on e-commerce investment decisions. The study also found that level
of education, gender, and age; firm size, sector of operation, market focus, and supply and customer pressure perception of innovation significantly influenced the adoption of e-commerce. Using the logistic regression analysis, the study established that the likelihood of adoption was, either individually or interactively, significantly affected by organisational, technological and environmental factors. The study recommends that decisions regarding the adoption of e-commerce should take into account all critical technological, organisation, and environmental factors with the key objective of addressing the barriers inhibiting enhancement of the likelihood of adoption.