

**AN INVESTIGATION OF BUSINESS VALUE OF E-BUSINESS TO
INSURANCE COMPANIES IN KENYA**

BY

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of the Requirements for the Award of Master of Business Administration
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DECLARATION

I declare that this research project report is my original work and has never been submitted anywhere for a degree or qualification of the same in any other university or institute of higher learning.

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DEDICATION

This research project is dedicated to my dear wife, Catherine Mbithe Peter, my full Supporter on this project in motivation, writing and in spirit.

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ABBREVIATIONS AND ACRONYMS

E-business	Electronic Business
E-Commerce	Electronic Commerce
E-Procurement	Electronic Procurement
ERP	Enterprise Resource Planning
EU	European Union
GDP	Gross Domestic Product
GoK	Government of Kenya
ICTs	Information and Communications Technologies
IS	Information Systems
IT	Information Technology
JIT	Just In Time
PWC	PriceWaterhouseCoopers
ROA	Return on assets
ROI	Return on investment
SMEs	Small and Micro Enterprises
SPSS	Statistical Package for Social Sciences
SWOT	Strengths, Weaknesses, Opportunities and Threats
TMS	Transactional Management Systems
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
WB	World Bank
WTO	World Trade Organization

ABSTRACT

This study sought to investigate the business value of e-business by insurance companies in Kenya. The study was guided by the following specific objectives: (i) to assess the extent of adoption of e- business by insurance companies in Kenya; (ii) to determine the factors influencing the implementation of e-business in the insurance sector in Kenya; and (iii) to estimate the financial benefit derived from adoption of e-business amongst insurance firms in Kenya. A descriptive research design was used to undertake the study. The population from which the study was undertaken was all the companies licensed to undertake insurance business in Kenya, whose number stood at 43 as at June 2010. A representative sample of 26 insurance companies, representing 60% the whole population was selected at random. Primary data was collected with the aid of a semi-structured questionnaire. Content analysis was employed for data pertaining to the background of the respondents and Company while data pertaining to the objectives of the study was analyzed by employing descriptive statistics such as frequencies, mean and standard deviations. Descriptive statistics are used to describe the basic features of the data in a study.

Findings of the study show that the factors influencing implementation of e-business in the insurance sector in Kenya are categorized into two - technological and managerial. The findings of study also indicate that all the respondent insurance companies had at least implemented some form of e-business solutions and the applications were used in a number of areas, including the following: finance, customer support, procurement, staff management, communication and money transfer and hence these solutions were of great business value to insurance companies in Kenya.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The advent of electronic business (e-business) has heralded some fundamental changes in the way that existing businesses operate (Gates and Hemingway, 2000; Hammer and Champy, 2001). In some industries entirely new business models have emerged (Laudon and Traver, 2008) offering significant scope for reshaping supply chains (Shunk *et al.*, 2007), transforming established value chains and information flows (Evans and Wurster, 2000) and facilitating peer production and innovation (Tapscott and Williams, 2008). In order to participate fully in the new online business environment, businesses continue to have to make significant financial investments, not only in information and communication technologies (ICTs) but also in the processes and people necessary to operate them (Quan, 2008, Clayton, 2005).

E-business is defined as the use of internet-based ICTs to conduct business (including sharing information, maintaining relationships and conducting transactions) within and between organizations (Poon and Swatman, 1999). Researchers have stated that e-business provides many opportunities to create better business economics (Oliver 1999) and some have gone as far as indicating that e-business is the “great equalizer”. If these statements are true then it would appear that insurance firms should be receiving some sort of benefit from the implementation of these technologies. At the beginning the focus of the internet services provided by insurance companies was on information-based services. Since then insurance companies have moved to create and provide also interactive services in the internet. The reasons behind this development include cutting costs, speeding up transactions and service, better accessibility and other benefits

(Ahonen 2002). At the moment it is possible to buy some simple insurance services, such as travel insurance, via internet, but so far full line of insurance cover is not available (Järvinen et al. 2001; Ahonen, 2002). However, many insurance companies have prioritized business-to-business web-facilities that enable corporate customers to update their insurance cover, seek claim compensation and to get information via internet.

Waters (2000) argued that e-business has become an inescapable fact of life, nearly as essential to commerce as the telephone. The five most important impacts of e-business activities were identified as: enhancing company image, improving information exchange with customers, faster responses to customers, providing access to new customers and creating new business opportunities. The least important impacts of e-business included: improving stock market valuation, reducing number of suppliers, reducing staff levels, increased outsourcing and attracting new investments (Korchak and Rodman 2001, Rendleman 2001, Poon 2000). An extensive study by Muffatto and Payaro (2004), found that investing in e-business drivers improves operational excellence, which in turn improves financial performance.

The insurance industry plays a significant role in a growing economy in terms of providing indemnification of risks faced by both individuals and companies, in addition to being an institutional investor. The insurance industry in Kenya is not an exception to this. After independence in 1963 the Government of Kenya saw the need to have some control of the insurance sector. The market was then dominated by branch offices of foreign insurance companies particularly from the United Kingdom and India. The insurance companies' act of 1960 was based on the UK legislation. In 1978 the Minister for Finance issued an order stopping

the operations of branch offices and all insurance companies had to be locally incorporated. Thereafter in the early 1980's the process of drafting a law to regulate the insurance sector was started by the government with the support of UNCTAD.

In 1986 the Insurance Act was enacted with an enforcement date of 1st January 1987. The insurance act Cap 487 introduced the Office of the insurance regulator and stipulated the various requirements for registration of insurance companies, reinsurance companies, insurance brokers, insurance agents, loss adjusters, assessors, insurance surveyors and other service providers. Kenya is one of the largest insurance markets in Africa. There were 43 licensed insurance companies in 2009, twenty two companies wrote general insurance only and seven wrote long term insurance only while fourteen were composite. There were 201 licensed insurance brokers, 21 medical insurance providers, 2664 insurance agents, 2 locally incorporated re-insurers, 23 loss adjusters, 1 claims settling agent, 8 risk managers, 213 loss assessors/investigators, 30 insurance surveyors and 8 risk managers (AKI, 2009).

According to Rajkumar (2001), e-business system contributes significantly to national productivity growth through the removal of non-value added activities in the business process. However, the adoption of e-business has been slow in Kenya. While some authors have noted the practical difficulties in getting the systems operational (Ernst and Young, 2001), there is virtually no discussion of implementation and management models of e-business in Kenya or of the financial benefits of these models for the companies, suppliers, and the customers or for those whose responsibility it is to implement and manage e-business. In fact, there appears to be little consideration of the management or organizational issues associated with e-business.

The real financial benefits of e-business have led to maximization of their use by insurance companies in Europe and America. Insurance Companies have gone beyond the basic utilization of e-business in advertising their products to availing their customers with other valuable services. Such additional services are accessing and payment of premiums, printing cards for proof of insurance, requesting policy changes, confirming of status and progress of claims reported, saving and retrieving quotes, printing statement of accounts and receiving policy documents electronically.

Information that was downloaded from the Association of Kenya insurer's member's directory indicates that only sixteen insurance companies in Kenya do not have websites. An examination of the individual websites have indicated that they are utilized for various purposes by different insurance companies including advertising products, posting product prices, computing fund values, viewing clients statements, staff e-mail, posting company financial information among others. Annual reports and accounts, magazines and monthly bulletins for twenty various insurance companies obtained for various years between years 2005 to 2009 disclosed that various insurance companies had implemented a form of e-business solution that included an intranet, electronic money transfer solutions (including the recent M- pesa by Safaricom Kenya Limited and Zap by Zain Kenya Limited solutions), an ERP solution, an e- procurement system, a workflow management system (paperless office) e.t.c. Some of the solutions were integrated to other systems internally (within the organization) or externally (with other organizations) while others were stand alone systems.

The overriding objective of insurance companies is to attain profitable growth. Virtually all

insurance companies in Kenya have pursued this objective through physical geographical spread by establishing branch offices in all major towns in Kenya. It is commonly agreed that most of the branches result to unprofitable growth on the individual insurance companies due to the heavy duplicate functions and cost of control. It is then paramount that if these companies adopted e-business, huge savings would accrue as e-business penetration and presence cannot match physical branches. The Kenyan government is rolling out plans to create digital villages for the entire rural population which when this is successfully implemented, the insurance companies that will have implemented e-business will enjoy a 24 hour, 7days a week business environment, sales and customer service hence a seamless customer loyalty and market penetration.

1.2 Statement of the problem

The Insurance industry players need to get in the e-business game or they are going to be shut out of a critical part of the marketplace," Jerry Jasinowski, President, National Association of Manufacturers (Wall Street Journal, 2000). The importance of e-businesses has been well documented in reports by the U.S. government as well as independent organizations (Arthur Andersen and NSBU 2000, Williams 1999, Small Business Administration 2000).

In the Kenyan context, e-commerce and e-business related studies include the following: Mbuvi (2000) surveyed the potentials for the adoption of e-commerce by tour operators in Nairobi. The findings indicate that the potentials of adoption of e-commerce by tour operators in Nairobi include cut-down in turn around times increased reduced expenses and hence increased profitability and efficient and effective handling of customer complaints. Musembi (2001)

undertook an investigation into the factors that have influenced the adoption of e-commerce in the retailing industry. The findings indicate that the influencing factors include the need to remain competitive by adopting new technologies, decision by top management and efficiency and effectiveness in service delivery. Muganda (2001) investigated the business value of e-commerce in selected firms in Kenya which were not from the insurance industry. Muganda established that the business value included increased profitability due to reduced operational costs emanating from online transactions and efficiency in service delivery among others.

Ncube (2002) undertook a study of SMEs in the craft industry in Kenya. The findings indicate that the SMEs have been slow in adopting e-business and those that had implemented e-business mostly used the internet for communication. Very few of them either hosted websites or transacted on the same. Muyoyo (2000) studied the factors influencing the adoption and implementation of e-business technologies in companies quoted at the Nairobi Stock Exchange. Muyoyo's context of e-business is more general covering various aspects of e-business. The study respondents were information systems managers who are enablers in implementing technology systems in organizations. The findings indicated that the companies quoted on the Stock Exchange had intended to reduce the turn-around times for their transactions, reduce operational costs and eventually increase their profitability.

It is clear that there are gaps from the above studies in a Kenyan context in that (ii) Even though it is clear that insurance companies use one form or the other of an e-business solution, the state or level of implementation and use is not known (i) The factors that influenced implementation of e-business for the insurance industry in Kenya have not been addressed and reported (iii)

There has been an attempt to analyze benefits accruing from use of e-business in the developed world due to advancement of technology and use of e-business solutions including insurance companies in the America and Europe. The benefits including (financial benefits) that accrue from e-business use for insurance Companies in a Kenyan context have not been evaluated in the past while an attempt has been done in other industries. The current study is therefore more focused on filling the above research gaps and respondents will be managers in charge of financials of insurance companies in Kenya as they are direct users of the technology in e-business process and transactions.

1.3. Objectives

The objectives of the study were:

1.3.1. General Objective

To establish the business value of e-business to insurance companies in Kenya

1.3.2. Specific objectives

1. To assess the extent of adoption of e- business by insurance companies in Kenya
2. To determine the factors influencing the implementation of e-business in the insurance sector in Kenya
3. To investigate financial benefit of adoption of e-business amongst insurance firms in Kenya.

1.4. Research Questions

The research sought to answer the following questions:

- (i) What is the extent of implementation and use of e-business solution by insurance companies in Kenya?

(ii) What are the factors influencing the implementation of e-business in the insurance sector in Kenya?

(iii) What is the financial benefit resulting from implementing e-business in insurance firms in Kenya?

1.5. Significance of the Study

The study will be useful to government policy makers who could use the information to identifying the shortcomings of the e-business systems and improve on the same as appropriate.

The research findings shall also aid in the formulation and enforcement of legislation that would facilitate full implementation of e-business system at all times and in all sectors of the economy.

The study will also benefit the business community and firms intending to implement e-business systems. They will be able to understand the challenges that are likely to be encountered in e-business implementation and how to cope and overcome them.

Academicians and researchers will definitely find utility in the study as it is likely to stimulate further research. The study will thus contribute to the existing body of knowledge in the area of e-business.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature related to the purpose of the study. The review was undertaken in order to eliminate duplication of what has been done and provide a clear understanding of existing knowledge base in the problem area. The literature review and past studies is based on authoritative, recent, and original sources such as journals, books, thesis and dissertations.

2.2 An overview of e-business

E-business allows for the extended organization to be connected. This means that all employees, customers/clients, suppliers, and other stakeholders, regardless of geographic region, are interconnected. E-business uses: Common electronic data standards with computer automation technology to electronically interconnect information systems, integrate internal and external data streams, and automate business processes between trading partners (McGee, 2000). E-business allows service providers to interact with their suppliers and customers (Follit, 2000). This improved relationship causes increased loyalty, and then results in increased profits and a competitive advantage for the firm.

2.2.1 E-business components

E-business technology consists of operating systems such as Windows NT, server hardware, and management platforms scheduled to arrive in the near future. This will enable IT managers to make significant changes to their system architectures (Wagner *et al.*, 1999). System or server consolidation has also emerged as an approach to solving these problems. Infrastructures will

then become more important to managers as systems are re-engineered to become more flexible. Managers also look for scalability as they experience continuous pressure to expand hardware and software service levels (Wagner *et al.*, 1999; Roberts and Hersch, 2000). They look for hardware and software that can handle performance scalability as well as maintaining the flexibility required to handle a mixture of workload requirements.

2.3 Extent of implementation and use of e-business and factors that influence its implementation by firms

The Insurance Institute of Kenya in its 22nd annual conference quoted low market penetration of life business at 1% of Gross National Product noting that it was too low compared to world average of 7.5%. As such, insurance companies in Kenya were being persuaded to embrace technological developments so as to attain their objectives of profitable growth and one of the many ways was to embrace the full use of e-business. While addressing the official opening of the Insurance Institute of Kenya (IIK), 22nd annual conference on November, 16th 2007, the minister for Finance urged the insurance industry to adopt information technology in order to improve its access to clients.

In Kenya, most of the insurance companies have adopted one form or the other of e-business within the insurance chain ranging from purchase of products, payment of premiums, account servicing and claims requests and processing in addition to procurement and transacting with stake orders and intermediaries i.e. suppliers, banks, reinsurers, insurance brokers and other insurance companies. On the technological front, the Kenyan government in addition to laying down a fiber optic cable that will ultimately reduce costs of internet connectivity, has established

digital villages all over the country which will maximize access by all citizens. With this development and the realization by insurance companies in Kenya that e-business is one of the fastest growing areas of application of technologies; there is no doubt that the current state of e-business implementation which is not very well established will attain high levels of advancement. The evaluation of benefits arising from the implementation of IT is traditionally a very difficult task. This holds true for micro as well as for macro level (Kauffman and Walden, 2001; Vehovar *et al.*, 2001; Ahmad *et al.*, 2004). The measurements of the corresponding contribution at a national level are particularly complicated (OECD, 2004; Atrostic and Nguyen, 2002), although very important.

Locally empirical studies on e-business are rare. Musembi (2001) undertook an investigation into the factors that have influenced the adoption of e-commerce in the retailing industry. Respondents to the instruments of data collection were managers in charge of various retail outlets. The findings that came out of his study were: The need to remain competitive by adopting new technologies, decision/ influence by executive management and efficiency and effectiveness in service delivery to customers. Muyoyo (2000) studied the factors influencing the adoption and implementation of e-business technologies in companies quoted at the Nairobi Stock Exchange. Muyoyo's context of e-business is more general covering various aspects of e-business. The study respondents were information systems managers who are enablers in implementing technology systems in organizations. The findings indicated that the companies quoted on the Stock Exchange had intended to reduce the turn-around times for their transactions, reduce operational costs and eventually increase their profitability.

The international empirical studies on e-business implementation are also relatively rare and they rarely touch the specific issues of evaluation. One exception is the e-business Watch project, which monitors the e-business activities in the European Union (EU). Recently, with the so-called Sector Impact Studies (www.ebusiness-watch.org/ (accessed 15 July 2003)) they also focused on the effects of e-business on productivity, which is an important component of e-business evaluation. Some indirect findings are also reported in the SIBIS survey, conducted in 2002 among European enterprises (SIBIS, 2003).

The lack of proper quantitative methods to justify the IT contribution was partially compensated with the increase in alternative measures. Typically these are expressed as the benefits of competitive advantages, innovativeness, indirect gains, and in particular, with some perceptual and attitude measurements (Beheshti, 2004). Within this context, the satisfaction measures have become especially popular.

According to the research carried out by International Data Corporation (2000) in more than 650 companies, which accomplished the projects of introducing e-business, only 33 per cent of companies used any of the existing return on investment (ROI) analysis, 16 per cent of surveyed companies did not know if the analysis had been carried out, and 51 per cent of companies did not use any of the traditional ROI analysis. In the companies that carried out ROI analysis, the results met expectations in more than 50 per cent (Cummings, 2001). The specific assessment of e-business was also systematically conducted in Slovenia (RIS, 1999, 2002; Vehovar and Jovan, 2003) in the continuous national research on e-commerce RIS 1996-2002, where, in 1998, a third (32 per cent) of enterprises could not have properly estimated the amount of their profit made on

the internet. This percentage further increased during the last years. The recent survey on e-business was conducted in December 2002/January 2003 among 1,282 Slovenian companies. One result, relevant to our research, is the following, namely, that the majority of firms believe that e-business should lower costs by more than 10 per cent to justify its implementation (RIS, 2002).

The above-mentioned research shows many attempts on how to evaluate investments in e-business, despite various associated difficulties that go along with it. The question on whether and why companies introduce a formal evaluation of e-business projects has not been properly explained in the research. Marr and Neely's (2001) study of performance measurement practices in e-businesses remains a rare example of empirical research. Their study paints a picture of e-businesses measuring many different dimensions of performance. Yet, they report near universal dissatisfaction with existing measurement systems. This leads the authors to "question the appropriateness of existing performance measurement systems in today's digital economy" (Marr and Neely, 2001). Whilst many e-business researchers have argued that new kinds of performance measurement are needed for e-businesses (Tonchia, 2002), it is far from clear how, or even if, existing models of performance measurement need to be modified to make them suitable for the internet environment. Nor is there any consensus amongst practitioners as to which measures are effective for measuring e-business performance (Hinton and Barnes, 2005a).

Recently, many researchers have studied e-commerce or e-business implementation success. For instance, Bradford and Florin (2003) integrated innovation and information systems (IS) theories to develop and test a model of ERP implementation success. The analytical results revealed that

top management support, training, perceived complexity of ERP and competitive pressure significantly influence the ERP implementation success. Stylianou *et al.* (2003) examined the effect of various environmental, organizational and personal factors on management attitudes to e-commerce. Ranganathan *et al.* (2004) investigated the assimilation of web technology systems into internal supply-chain functions and their external diffusion into inter-organizational supply-chain networks, and explored the relevant environmental determinants. These findings indicate that the internal assimilation and external diffusion of web technologies both significantly affect the benefits of Supply chain management.

A more recently survey by Zhu (2002) adapted the technology-organization-environment framework to investigate six factors (technology readiness, firm size, global scope, financial resources, competition intensity and regulatory environment) affecting value creation of e-business. Although these studies have provided significant insights into the relationship between various factors and the benefit of e-business, exactly how factors related to organizational learning and knowledge management affect the impact of e-business on firm performance has received little empirical attention. E-business enables firms to conduct electronic transactions with any business partners along the value chain, and creates opportunities for companies to establish interactive relationships with business partners (such as suppliers, logistics providers, wholesalers, distributors, service providers and end customers), improve operating efficiency, and extend their reach, all at a very low cost (Ash and Burn, 2003). E-business implementation success refers to the impact of e-business application on firm performance in term of downstream markets, internal operations and upstream procurement (Zhu, 2002).

2.3.1 Critical success factors of e-business

Identifying the critical success factors allows a firm to realize the full advantages of achieving e-business solutions. The first critical success factor is to identify a suitable vision for the firm. This vision is important as it provides everyone in the organization with direction on where to go. The second critical success factor is that the firm must also have an e-business champion who will help make this vision a reality. This person must be a strong leader who owns the e-transformation process of a company. This person must also be visual, energetic, and passionate about the transformation. The third critical success factor is the creation of a healthy company culture. With this energized corporate structure, all employees will be involved in the corporate decision-making process.

The fourth critical success factor is the development of a plan to achieve the e-transformation (Marzulli, 2000). This plan needs to be in document form and include milestones and metrics that describe the e-transformation journey. The e-business champion and senior management should review this plan regularly. The fifth critical success factor deals with corporate communication (Marzulli, 2000). A rigorous communication strategy must be implemented within the firm. This allows the organization to receive more feedback from constituents. This is imperative when e-business solutions are complex. Another critical success factor for an e-business firm is its ability to create flexible e-business solutions. This will allow the firm to grow in the future as well as personalize to various suppliers and customers. Currently, this is a drawback for e-business because of the complexity of implementing integrated software, especially dealing with legacy systems. If an organization can observe all of the above critical success factors, the expected e-business solutions can be achieved.

According to Marzulli (2000), the critical success factors in exploiting e-business to enhance customer management include: **Value proposition**; the products and services offered must add up to a truly compelling value proposition for the target audience, **Trusted brand**; interacting with a computer can be highly impersonal, so efforts must be invested into creating an experience for customers that encourages trust, **Multi-channel customer management**; in many industries, customers expect consistent sales and services over all channels, both physical and virtual, **Web site quality**; there are many aspects of quality in Web sites, for example usability, “stickiness”, resilience, security, continuity of service. All must be of a high standard if the e-business value proposition is to be well received in practice and **Culture/language/geography**; despite the global nature of the World Wide Web, the reality is that geography and ethnicity create huge differences in culture and of course language. Successful e-businesses recognize that different web sites are required for different audiences.

2.3.2 Integrating e-business strategy

In common with any other business activity, e-business needs to be guided by a business strategy. An e-business strategy is the means by which an organization seeks to achieve its e-business objectives. Typically, the organization has a range of strategic options, which support the achievement of its objectives. Some options will be related to increasing volume, while others will relate to improving profitability in existing market segments. Typical options in this last category include reducing costs, increasing prices, streamlining operations, and changing the product mix. The key feature of strategy is that it offers a clear statement of the basis for differentiation from competitors.

E-business strategy formulation must be aligned with other strategy formulation in a business. The relationship between e-strategy and other business strategies is dependent on whether the business is a pure-play or internet start-up, or whether e-business is one of several channels through which the business delivers products and services. The extent to which e-strategy is integrated with other business strategies is also dependent upon the extent of integration of business activities. Some businesses have contained the perceived risk associated with e-business by creating separate companies for their e-business activities. Such a model inevitably leads to an independent e-business strategy. The greater the impact of e-business on the overall business, the more significant is e-business strategy, and the more important it is for the organization to understand and articulate clearly the relationships between e-business strategy and other strategies. Typically e-business strategy needs to interface with, accommodate, or be accommodated by: corporate strategy, marketing strategy, information systems strategy, financial strategy, operations strategy, research and innovation strategy and possibly production strategy (Rosa, 2000).

2.4 Benefits derived from implementation of e-business

In a recent survey, 94 per cent of executives stated that the main reason they launched e-business initiatives was to provide or receive superior customer service and satisfaction (Violino, 1999; Rosa, 2000). This result shows that organizations intend to develop a better tie with their own customers, thus leading to increased loyalty. It also shows that a firm integrating with its own suppliers will receive improved service and satisfaction. This will lead to increases in the efficiency of operations and the performance of the business. Mbuvi (2000) surveyed the potentials for the adoption of e-commerce by tour operators in Nairobi. The findings supported

the result of the above survey on the business executives. The implementation of e-business resulted to cut-down in turnaround times, reduced expenses and hence increase to profitability, efficiency and effective handling of customer complaints.

The increase in the speed of fulfilling orders is another benefit of e-business. By interconnecting with suppliers, orders will be received faster and should be filled at a quicker speed. This allows a firm to substantially reduce its inventory levels. By bringing the organization closer to a just-in-time (JIT) inventory scheme, storage costs as well as the cost related to obsolete inventory would become virtually nonexistent. This technology provides a positive impact on the profit figures of a corporation as the organization will concentrate to its call business. E-business also allows for organizations to continually track their orders. This makes a large impact on the planning and scheduling functions. Once again, operations become more efficient as a result of the improved scheduling capabilities of e-business applications (Yasin, 2000).

The potential benefits and characteristics of e-business, especially for indirect goods and services, are described and proved in a huge number of articles and studies. According to Muffatto and Payaro, the main results are that e-business decentralizes operative tasks and centralizes strategic business processes. This reduces transaction costs (e.g. decreasing process time and media discontinuities or reducing personnel expenditures) and purchasing costs (Muffatto and Payaro, 2004). According to Kalakota and Whinston, the benefits of e-business fall into two major categories:

Efficiency and Effectiveness- E-business's efficiency benefits include lower transactional costs,

faster cycle times, reduce maverick or unauthorized buying, well organized reporting information, and tighter integration of the business functions with key back-office systems. For instance, the practice of e-leads to increased control over the supply chain, proactive management of the key data, and higher-quality purchasing decision within organizations (Kalakota and Whinston, 2001).

Chaffey classified benefits of e-business adoption to **tangible benefits** and **intangible benefits** as follows:

(i) Tangible benefits: increased sales from new sales lead giving rise to increased revenue from: new customers, new markets, existing customers (repeat-selling), and existing customers (cross-selling); **Marketing cost reduction** from: reduced time in customer service, online sales; and reduced printing and distribution costs of marketing communications; **Supply-chain cost reductions** from: reduced levels of inventory, increased competition from suppliers, and Shorter cycle time in ordering.; and administrative cost reductions from more efficient routine business processes such as recruitment, invoice payment and holiday authorizations.

(ii) Intangible benefits: these include Corporate image communication; enhancement of brand; more rapid, more responsive marketing communications including faster product development lifecycle enabling faster response to market needs; improved customer service; learning for the future; meeting customer expectations to have a web site; identifying new partners, supporting existing partners better; better management of marketing information and customer information; and feedback from customers on products (Chaffey, 2004).

Another set of e-business benefits is given by Chaffey as follows: (i) Reduced purchasing cycle time and cost; (ii) Enhanced budgetary control (achieved through rules to limit spending and improved reporting facilities); (iii) Elimination of administrative errors (correcting errors is traditionally a major part of a buyer's workload); (iv) Increasing buyers' productivity (enabling them to concentrate on strategic purchasing issues); (v) Lowering prices through product standardization and consolidation of buys; (vi) Improving information management (better access to prices from alternative suppliers and summaries of spending); (vii) Improving the payment process (this does not often occur currently since payment is not always integrated into e-business systems).

According to Wyld (2004), there is a plethora of literature espousing the benefits of an e-business solution. These benefits would be identified as drivers for any implemented solution. They include: (i) Price reduction; (ii) Improved contract compliance; (iii) Shortened Procurement cycle times; (iv) Reduced administration costs; (v) Enhanced inventory management; (vi) Improved visibility of customer demand; (vii) Improved visibility of supply chain; (viii) Reduced operating and inventory costs; (ix) Increased accuracy of production capacity; (x) Enhanced decision making, and; (xi) Improved market intelligence. Considering the benefits which are defined by Wyld (2004), the following theories provides definition and description for some of benefits regarding his theory:

(i) Price Benefits - According to Shaw and Gebauer (2004), price benefits are derived as a result of better demand management capability of e-business systems. Web-based systems provide a centralized and more accurate visibility of the enterprise-wide selling and procurement of products and services. This helps to consolidate the demand at the enterprise-level and negotiate

lower prices with suppliers. Procurement costs are reduced through economies of supplier search and increased price competition among suppliers (Croom, 2005).

(ii) Shortened Procurement cycle times - According to New England Camera Club Council (2002), e-business, through the implementation of e-procurement has the ability to reduce resources currently involved in paper and manually based procurement processes through improved payment processes and decreased cycle time. Workflow - from producing a purchase request through to payment - can be managed electronically by e-procurement processes, reducing errors and processing time. These efficiencies enable a reduced cycle time from requisition to payment.

(iii) Reduced transaction and administration costs - The efforts (time, money and human resource) spent on carrying out any exchange become transaction cost (process or administration costs). The existence of transaction costs indicates a waste of time and efforts of purchasing personnel in non-value added activities, such as performing data entry and correcting errors in paperwork. Reduction in transaction cost is one of the most attractive benefits from e-procurement adoption.

(iv) Improved visibility of customer demand and supply chain - Companies that have successfully integrated e-business into their operations can capture the full range of advantages e-business provides, including stronger relationships with customers, distributors, retailers, suppliers, and business partners (Price Waterhouse Coopers (PWC), 2002).

(v) Reduced operating and inventory costs - According to Puschmann and Rainer (2005), e-business efficiency benefits consist of process, products and inventory savings. By adopting e-business, supply-chain cost reductions come from reduced levels of inventory, increased competition from suppliers and shorter cycle time in ordering (Puschmann and Rainer, 2005).

(vi) Enhanced decision-making- Business benefits achieved through successful e-business initiatives include cost reductions, improved information, increased efficiencies, self-service approach, integrated supplier management and the strategic use of purchasing staff (Ernst and Young, 2001).

2.5 Conclusion

E-business is revolutionizing the way that business is conducted. E-business does more than e-commerce as it interconnects the whole and extended organization, thus allowing for improved communication among suppliers, employees, and customers. The high quality communication then leads to high efficiency, as processes take less time and cost. The organization thus enjoys improved profitability and competitive advantages over its competitors. E-business also allows the organization to provide service to many new parties that it never knew before. The costs of implementing and maintaining e-business are high. This situation is typical to any new technology adoption. However, the benefits generated from e-business far outweigh its costs. Before a firm undertakes any e-business projects, it must first determine if it is capable of handling it. While implementing any e-business solution, the firm should have various critical success factors, such as vision, flexibility and security in place. If implemented correctly, the e-business solutions will pay off tremendously.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter aims at defining the research design and methodology used in the study. It contains a description of the study design, target population, sample design and size, data collection instruments and procedure.

3.2 Research Design

To undertake the study, a descriptive research design was used. This is a scientific study done to describe a phenomena or an object. In this case the study phenomenon is evaluation of financial benefit of e-business. This kind of study involved a rigorous research planning and execution and often involves answering research questions. It involved an extensive well-focused literature review and identification of the existing knowledge gap. The method was preferred as it permits gathering of data from the respondents in natural settings. In this case, it was possible for the researcher to administer the data collection tools to the respondents in their workstations, which was relatively easy, with high likelihood of increasing the response rate (Wolman and Kruger 2001).

3.3 Population of Study

The population from which the study was undertaken was all the companies licensed to undertake insurance business in Kenya, whose number stood at 43 as at June 2010. The researcher was guided by the latest list of registered insurance companies from the Association of Kenya Insurers. In addition, all the 43 insurance companies were studied at their head offices located in Nairobi. The respondent from each of the companies was the manager in charge of finance or in the absence of such a manager any other manager who represents finance matters of

the Company, Appendix I (Association of Kenya Insurers, September 2009).

3.4 Sampling design

It would have been desirable to use a census of the whole population of the insurance companies in Kenya, but owing to such limitations as the time to be covered to each insurance company and the costs that would be involved in covering them among other reasons, a representative sample of 26 insurance companies, representing 60% the whole population was selected at random, which is within the limits of the generally accepted statistical conditions. A two - stage stratified random sampling technique was employed to select the insurance companies. The insurance companies are classified according to their businesses as follows: - General Insurance Companies; Life Insurance Companies; and Composite Insurance Companies. Out of the various strata, a sample of 50% will be picked using the random numbers table, giving each one of them a number unique to itself. The researcher will then pick the numbers at random and count up to 26. This procedure is considered effective as each insurance company will have a non zero chance of being included in the study. Table 3.1 below presents the sample size.

Table 3.1: Sample size

No.	Strata (Category of Insurance companies)	Population size (Number of companies)	Sample size (60% of the population)
1	General Companies	22	13
2	Life Companies	7	4
3	Composite Companies	14	9
Total		43	26

Source: Author, (2010)

3.5 Data collection

3.5.1 Data Collection Instrument

The questionnaire, which was the main data collection instrument, enabled the researcher to gather in-depth information on phenomena under investigation. The questionnaire consisted of

five sections as follows: Section I – Background information of the respondent and Company; Section II – State of e-business solutions implementation and use by insurance companies in Kenya; Section III – Factors influencing implementation of e-business solutions in insurance organizations in Kenya; Section IV – Benefits derived from adoption of e-business solutions by insurance companies in Kenya; and Section V - Financial benefit of adoption of e- business solutions to the insurance organizations in Kenya

3.5.2 Data collection procedures, validity and reliability

The questionnaire was pre-tested on five randomly selected respondents to enhance effectiveness and hence data validity. Since all insurance companies have their head offices located in Nairobi, the method of administration was ‘drop and pick later’ for the attention of the manager in charge of finance; since they are the direct users e-business solutions. A letter of introduction stating the purpose of the study and confidentiality of the responses was attached to each questionnaire. In addition, the researcher made telephone calls to the respective respondents to further explain the purpose of the study and set a time frame for the completion of the questionnaires.

3.6 Data Analysis and Reporting

According to Marshall and Rossman (1999), data analysis is the process of bringing order, structure and interpretation to the mass of collected data. Once data has been collected through questionnaires and secondary sources, it was systematically organized in a manner to facilitate analysis. Responses were coded and categorized based on the categories summarized in 3.5.1 above. For purposes of the current study, content analysis was employed for data pertaining to the background of the respondents and Company while data pertaining to the objectives of the study was analyzed by employing descriptive statistics such as frequencies, mean and standard

deviations. Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. Together with simple graphic analysis, they form the basis of virtually every quantitative analysis of data. Descriptive statistics help us to simplify large amounts of data in a sensible way. Correlations were undertaken between incremental financial benefits and the E-business solutions used.

For the current study, Statistical Package for Social Sciences (SPSS) was used in data entry and analysis. SPSS is preferred because it is very systematic and covers a wide range of the most common statistical and graphical data analysis. The information was presented and discussed as per the objectives and research questions of the study with the aid of frequency tables, charts, graphs, mean and standard deviations. For purposes of the current study, the data was analyzed by employing descriptive statistics such as frequencies. The following variables were assessed: the companies background information (type of business, control, number of years in existence and size) against the state of implementation and use of e-business solution; use or (non – use) of e-business versus the factors that influenced adoption (non-adoption) of e-business; establish if there were any changes in terms of benefits before and after implementation of e- business; and E-business versus accruing financial gains.

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

The study targeted 26 insurance companies in Kenya. The persons in charge of finance gave their responses and the relevant documentation relating to e-business in their respective organizations. Out of the 26 questionnaires sent out, 25 questionnaires were returned completed, a 96.2% response rate. The information is presented and discussed as per the objectives and research questions of the study.

4.2 Demographic information of the respondents firms

4.2.1 Number of years in operation

The findings show that at least 17 of the respondent insurance companies had been in operation in Kenya for a period exceeding 10 years, a period long enough for them to understand business environment in the country. The responses were thus expected to be objective.

4.2.2 Number of Branches

The findings show that majority of the insurance companies (14) had at least 10 branches countrywide, an indicator that the many of them were large in size.

4.2.3 Type of business operated by Insurance companies

The findings show that majority of the respondent insurance companies (12) offer general services, 9 of the insurance companies offer composite services and only 4 of the insurance companies offer life services.

4.2.4 Control of Insurance companies in Kenya

The findings show that that majority of the respondents insurance companies (14) are locally controlled, 7 of the insurance companies are both locally and foreign controlled while only 4 of the insurance companies are foreign controlled, informing influence of use of e-business.

4.3 Business value of E-Business by Insurance Companies in Kenya

This section presents a summary of the responses pertaining to the objectives of the study.

4.3.1 The extent of adoption of e- business by insurance companies in Kenya

In order to meet the first objective of the study, “to assess the extent of adoption of e- business by insurance companies in Kenya” respondents were asked various questions with respect to state of implementation and use of e-business solutions in their respective organizations. Firstly, the respondents were asked to indicate whether their respective companies had implemented any form of e-business solution. All the respondent organizations (100%) indicated that they had at least implemented some form of e-business solution.

4.3.1.1 Number of years that e-business had been in operation

The findings show that majority of respondent insurance companies (17) have implemented e-business for a period of more than 4 years, 6 of the insurance companies have implemented e-business for a period of between 3 and 4 years and only 2 of the insurance companies have implemented e-business for a period of between 1 and 3 years. Further, all the respondents indicated that their respective organizations used e-business in their day today transactions.

4.3.1.2 Features of e-business applications in use

The respondents were asked to indicate if their organizations had implemented e-business system and to tick the features that describe its applications from the following list and state the area of e-business the applications as appropriate from the following possible choices: Finance, Customer support/Solution, Procurement, Staff Management, Communication and Money transfer. The responses are summarized and presented in table 4.1 below.

Table 4.1: Features of e-business applications in use

Features of e-business applications in use		Area of e-business application						Mean	Standard deviation
		Finance	Customer Support	Procurement	Staff management	Communication	Money Transfer		
Settling supplier invoices	Percent	16	4	76	0	0	4	2.72	0.89
	Frequency	4	1	19	0	0	1		
Marketing and advertising Company products and services	Percent	0	40	0	0	60	0	9.92	5.19
	Frequency	0	10	0	0	15	0		
Receiving client's queries online	Percent	0	36	0	0	36	28	7.16	5.37
	Frequency	0	9	0	0	9	7		
Automatic generation of client's account due	Percent	72	0	0	0	0	28	2.40	2.29
	Frequency	18	0	0	0	0	7		
Online and real-time customer database and profile	Percent	28	36	0	0	36	0	7.16	5.37
	Frequency	7	9	0	0	9	0		
Online settlement of claims	Percent	36	32	0	0	0	32	5.80	4.20
	Frequency	9	8	0	0	0	8		
Online procurement of office Supplies and Services	Percent	4	0	64	0	0	32	4.52	2.47
	Frequency	1	0	16	0	0	8		
Links and networks with re-insurance companies	Percent	28	0	0	0	56	16	9.64	7.24
	Frequency	7	0	0	0	14	4		
Links and networks with other insurance companies	Percent	16	12	0	0	72	0	6.08	3.66
	Frequency	4	3	0	0	18	0		
Links and networks with intermediaries	Percent	24	40	0	0	24	12	10.52	8.75
	Frequency	6	10	0	0	6	3		

Continued

Features of e-business applications in use		Area of e-business application						Mean	Standard deviation
		Finance	Customer Support	Procurement	Staff management	Communication	Money Transfer		
Links and networks and suppliers	Percent	12	0	48	0	28	12	13.68	11.36
	Frequency	3	0	12	0	7	3		
Online customer quotations	Percent	0	72	0	0	28	0	5.36	5.50
	Frequency	0	18	0	0	7	0		
Listing of products and services	Percent	24	44	0	0	32	0	6.56	5.35
	Frequency	6	11	0	0	8	0		
Interfaced with other office systems	Percent	16	12	8	40	24	0	3.72	1.89
	Frequency	4	3	2	10	6	0		
Provides secure transactions	Percent	28	0	0	4	24	44	14.92	9.48
	Frequency	7	0	0	1	6	11		
Receiving payments online and real-time	Percent	52	0	0	0	0	48	6.80	4.25
	Frequency	13	0	0	0	0	12		
Searching for company information online	Percent	0	40	20	0	40	0	9.40	6.38
	Frequency	0	10	5	0	10	0		
Sending and receiving emails and data files	Percent	0	12	20	24	44	0	7.84	6.45
	Frequency	0	3	5	6	11	0		
Sending bills and clients statements online	Percent	28	24	16	0	24	8	9.64	3.56
	Frequency	7	6	4	0	6	2		
Tracks inquiries lodged and services offered	Percent	0	28	0	32	40	0	7.76	5.33
	Frequency	0	7	0	8	10	0		
Checking and updating prices online	Percent	24	4	32	0	40	0	5.12	3.14
	Frequency	6	1	8	0	10	0		

The findings in table 4.1 above show the features that describe e-business system applications and the area of e-business applications as follows:

Settling supplier invoices online – Whereas (76%) used e-business in procurement, (16%) of the respondents applied e-business in finance and (4%) of the respondents applied e-business in customer support/solution.

Marketing and advertising company products and services – Whereas (60%) of the respondents applied e-business in communication and (40%) of the respondents used e-business in customer support.

Receiving client's queries online – Whereas (36%) of the respondents applied e-business in customer support/solution, another (36%) applied e-business in communication and only (28%) of the respondents applied e-business in money transfer.

Automatic generation of client's account due – Whereas (72%) applied e-business in finance and (28%) of the respondents applied e-business in money transfer.

Online and real-time customer database and profile – Whereas (36%) of the respondents applied e-business in customer support/solution, another (36%) of the respondents applied e-business in communication and (28%) of the respondents used e-business in finance.

Online settlement of claims – Whereas (36%) of the respondents applied e-business in finance, (32%) of the respondents applied e-business in money transfer and another (32%) used e-business in customer support.

Online procurement of office supplies and services – Whereas (64%) applied e-business in procurement, (32%) of the respondents applied e-business in money transfer and (4%) of the respondents used e-business in finance.

Links and networks with reinsurance companies – Whereas (56%) applied e-business in

communication, (28%) of the respondents used e-business in finance and (16%) of the respondents applied e-business in money transfer.

Links and networks with other insurance companies – Whereas (72%) applied e-business in communication, (16%) of the respondents applied e-business in finance and (12%) of the respondents used e-business in customer support/solution.

Links and networks with intermediaries – Whereas (40%) applied e-business in customer support, (24%) of the respondents applied e-business in finance, (24%) of the respondents used e-business in communication and (12%) of the respondents used e-business in money transfer.

Links and networks with suppliers – Whereas (48%) applied e-business in procurement, (28%) of the respondents applied e-business in communication, (12%) of the respondents applied e-business in money transfer and (12%) applied e-business in finance.

Online Customer quotations – Whereas (72%) applied e-business in customer support/communication and (28%) of the respondents applied e-business in communication.

Listing of products and services – Whereas (44%) of the respondents used e-business in customer support/solution, (32%) of the respondents applied e-business in communication and (24%) of the respondents used e-business in finance.

Interface with other office systems – Whereas (40%) used e-business in staff management, (24%) of the respondents used e-business in communication, (16%) of the respondents used e-business in finance, (12%) applied e-business in customer support and (8%) used e-business in procurement.

Providing secure transactions – Whereas (44%) applied e-business in money transfer, (24%) of the respondents used e-business in communication, (28)% of the respondents applied e-business in finance, and (4%) of the respondents applied e-business in staff management.

Receiving payments online and real-time - With respect to receiving payments online and real-time, findings show that majority of the respondents (52%) applied e-business in finance and (48%) of the respondents applied e-business in money transfer.

Searching for company information online – Whereas (40%) of the respondents applied e-business in communication, (40%) of the respondents applied e-business in customer support and (20%) of the respondents used e-business in procurement.

Sending and receiving emails and data files – Whereas (44%) applied e-business in communication, (24%) of the respondents applied e-business in staff management, (20%) of the respondents applied e-business in procurement and (12%) of the respondents applied e-business in customer support.

Sending bills and clients statements online – Whereas (28%) applied e-business in finance, (24%) of the respondents applied e-business in communication, another (24%) of the respondents applied e-business in customer support, (16%) of the respondents applied e-business in procurement and (8%) of the respondents applied e-business in money transfer.

Tracks inquiries lodged and services offered – Whereas (40%) applied e-business in communication, (32%) of the respondents used e-business in staff management and (28%) of the respondents applied e-business in customer support/solution.

Checking and updating prices online – Whereas (40%) applied e-business in communication, (32%) of the respondents applied e-business in procurement, (24%) of the respondents applied e-business in finance and (4%) of the respondents applied e-business in customer support.

4.3.1.3 Extent to which insurance companies' e-business solution (s) has been used by customers in seeking products and services

In order to assess the extent to which the organization's e-business solutions has been used by

customers, respondents were asked to tick appropriately each of the statements in the tables with the following options: The responses are summarized and presented in table 4.2 below.

Table 4.2: Services offered on website

Services offered on website		Strongly disagree	Disagree	Somehow agree	Agree	Strongly agree	Mean	Standard deviation
Follow up claims	Percent	4	8	60	24	4	3.16	0.80
	Frequency	1	2	15	6	1		
Confirmation of premiums due and payments made	Percent	0	4	48	48	0	3.44	0.58
	Frequency	0	1	12	12	0		
Confirmation of policy status	Percent	0	4	52	44	0	3.40	0.58
	Frequency	0	1	13	11	0		
Renewal and reporting changes in the policy	Percent	0	12	56	32	0	3.20	0.65
	Frequency	0	3	14	8	0		
Obtaining quotations	Percent	0	0	52	44	4	3.52	0.59
	Frequency	0	0	13	11	1		
Making electronic payments	Percent	0	4	56	36	4	3.40	0.65
	Frequency	0	1	14	9	1		
Confirming fund values	Percent	0	0	36	60	4	3.68	0.56
	Frequency	0	0	9	15	1		
Buying new products	Percent	0	0	40	52	8	3.68	0.63
	Frequency	0	0	10	13	2		
Launching complains	Percent	0	16	28	40	16	3.56	0.96
	Frequency	0	4	7	10	4		

Follow up claims - at least (88%) of the respondents agreed; Confirmation of premiums due and payments made – at least (96%) of the respondents agreed; Confirmation of policy status – at least (96%) of the respondents agreed; Renewal and reporting changes in the policy – at least (88%) of the respondents agreed; Obtaining quotations – all the respondents agreed; Making electronic payments - at least (96%) of the respondents agreed; Confirming fund values - all the respondents agreed; Buying new products - all the respondents agreed; and Launching complains

- at least (84%) of the respondents agreed

4.3.2 Factors influencing the implementation of e-business in the insurance sector in Kenya

In order to meet the second objective of the study, “to determine the factors influencing the implementation of e-business in the insurance sector in Kenya”, various questions were posed to the respondents.

4.3.3.1 Role played by respondent in initiation and implementation of e-business

The respondents were asked to indicate the role they played in the initiation and implementation of e-business. The findings show that the majority respondents (64%) were project team leaders and 36% of the respondents were team leaders in the implementation of e-business in their organizations. The initial challenges faced in the e-business implementation include lack of top management support (56%), staff resistance and reduction (32%) and ICT resources (12%). The current challenges faced in the use and utilization of e-business after implementation includes the following: fast changing technology (48%), staff training (28%) and fear of internet security (24%).

4.3.2.4 Factors influencing effectiveness of adoption of e-business in insurance companies in Kenya

The respondents were asked to indicate the extent to which the following factors have influenced the effectiveness of adoption of e-business in their organization. The responses are summarized and presented in table 4.3 below.

Table 4.3: Factors that influence effectiveness of adoption of e-business

Technical factors that influence effectiveness of adoption of e-business		Not at all	Neutral	Somehow	Much	Very much	Mean	Std. dev.
Technological drivers								
Transactions that are not interfered with by unauthorized persons	Percent	0	0	68	32	0	3.32	0.48
	Frequency	0	0	17	8	0		
Ease of integration to other internal business processes and systems	Percent	0	0	76	24	0	3.24	0.44
	Frequency	0	0	19	6	0		
Ease of integration to other external business processes and systems	Percent	0	0	40	48	12	3.72	0.68
	Frequency	0	0	10	12	3		
Adequate resources and appropriate supporting ICT infrastructure	Percent	0	0	44	56	0	3.56	0.51
	Frequency	0	0	11	14	0		
Possible quantitative measurement of value addition to business and profits	Percent	0	0	68	32	0	3.32	0.48
	Frequency	0	0	17	8	0		
Security of the net	Percent	12	84	4	0	0	1.92	0.40
	Frequency	3	21	1	0	0		
Unlimited connectivity across the country hampering access	Percent	0	4	80	12	4	3.16	0.55
	Frequency	0	1	20	3	1		
Security of the net	Percent	12	84	4	0	0	1.92	0.40
	Frequency	3	21	1	0	0		
Unlimited connectivity across the country hampering access	Percent	0	4	80	12	4	3.16	0.55
	Frequency	0	1	20	3	1		
Managerial and strategic success factors								
Effective project implementation leadership supported by appropriate human resource capacity	Percent	0	4	72	24	0	3.20	0.50
	Frequency	0	1	18	6	0		
Forming alliances with stakeholders	Percent	0	0	76	24	0	3.24	0.57
	Frequency	0	0	19	6	0		
Appropriate organizational structure	Percent	0	4	28	68	0	3.64	0.57
	Frequency	0	1	7	17	0		
Stakeholders support	Percent	0	0	32	64	4	3.72	0.54
	Frequency	0	0	8	16	1		
Supporting regulatory environment	Percent	0	4	40	52	4	3.56	0.65
	Frequency	0	1	10	13	1		
Supportive business strategic plan	Percent	0	4	76	20	0	3.16	0.47
	Frequency	0	1	19	5	0		
Budgetary support	Percent	0	0	64	36	0	3.36	0.49
	Frequency	0	0	16	9	0		

Findings in table 4.3 above show that the technical factors that influence effectiveness of adoption of e-business include the following, as indicated by all the respondents: transactions that are not interfered with by unauthorized persons; ease of integration to other internal business processes and systems; Ease of integration to other external business processes and systems; Adequate resources and appropriate supporting ICT infrastructure; and Possible quantitative measurement of value addition to business and profits. Other technical factors that influence effectiveness of adoption of e-business include unlimited connectivity across the country hampering access, as indicated by (96%) of the respondents.

The findings also show that the managerial and strategic success factors that influence effectiveness of adoption of e-business include the following, as indicated by all the respondents: Forming alliances with stakeholders; Stakeholders support; and Budgetary support. The other factors, as indicated by (96%) of the respondents include: Effective project implementation leadership supported by appropriate human resource capacity; appropriate organizational structure; supporting regulatory environment; Supportive business strategic plan; and budgetary support.

4.3.2.5 Benefits derived from adoption of e-business solutions by insurance firms in Kenya

In order to assess the benefits derived from adoption of e-business solutions by organizations, respondents were asked to rate their level of agreement with each of the statements listed the tables below. For each of the statement, respondents were asked to select a level of agreement from the following choices: Strongly disagree=1; Disagree=2; Somehow agree=3; Agree=4; Strongly agree=5. The responses are summarized and presented in table 4.4 below.

Table 4.4: Benefits derived by the organization from usage of e-business

Benefits derived by the organization from usage of e-business		Not at all	Neutral	Somehow	Much	Very much	Mean	Standard deviation
Faster and efficient transactions	Percent	0	0	8	48	44	4.36	0.64
	Frequency	0	0	2	12	11		
Increased strategic marketing strategies	Percent	0	0	84	16	0	3.16	0.37
	Frequency	0	0	21	4	0		
Reduced operational costs	Percent	0	0	72	24	4	3.32	0.56
	Frequency	0	0	18	6	1		
Improved integrity of the process	Percent	0	12	44	44	0	3.32	0.69
	Frequency	0	3	11	11	0		
Increased Marketing transparency	Percent	0	0	52	48	0	3.48	0.51
	Frequency	0	0	13	12	0		
Price reduction in services offered	Percent	0	4	48	48	0	3.44	0.58
	Frequency	0	1	12	12	0		
Shortened customer service cycle times	Percent	0	4	48	48	0	3.44	0.58
	Frequency	0	1	12	12	0		
Reduced transactional and administration costs	Percent	0	4	56	36	4	3.40	0.65
	Frequency	0	1	14	9	1		
Improved organization	Percent	0	0	44	48	8	3.64	.64
	Frequency	0	0	11	12	2		

Findings in table 4.4 above show that the benefits derived by the organization from usage of e-business, as indicated by all the respondents include: Faster and efficient transactions; Increased strategic marketing strategies; Reduced operational costs; Increased Marketing transparency; and Improved organization. Other benefits, as indicated by at least (96%) of the respondents include: Price reduction in services offered; Shortened customer service cycle times; and reduced transactional and administration costs. In addition, improved integrity of the process was a benefit, as indicated by (88%) of the respondents.

4.3.3 Financial benefit derived from adoption of e-business amongst insurance firms in Kenya.

The respondents were asked to provide their estimated % benefit accruing on adoption of e-business by their firms. The responses are summarized and presented in table 4.5 below.

Table 4.5: Financial benefits

Financial benefits		Below 10%	Between 11-20%	Between 21-30%	Above 30%	Mean	Std. dev.
Gain through interconnectivity with other organizations	Percent	0	0	64	36	3.36	0.49
	Frequency	0	0	16	9		
Planning and scheduling of functions	Percent	0	0	64	36	3.36	0.49
	Frequency	0	0	16	9		
Improvement in customer service and satisfaction	Percent	0	0	52	48	3.48	0.51
	Frequency	0	0	13	12		
Speed in fulfilling office supplies orders	Percent	0	0	64	36	3.36	0.49
	Frequency	0	0	16	9		
Better/ improved service from service providers	Percent	0	0	48	52	3.52	0.51
	Frequency	0	0	12	13		
Financial gain resulting from improved internal communication	Percent	0	0	52	48	3.48	0.51
	Frequency	0	0	13	12		
Departmental collaboration leading to work-place productivity	Percent	0	0	48	52	3.52	0.51
	Frequency	0	0	12	13		
E-business decentralizes operative tasks and centralizes strategic business process reducing transaction costs	Percent	0	4	44	52	3.48	0.59
	Frequency	0	1	11	13		
E-business lead to increased control over the whole insurance process/chain	Percent	0	0	44	56	3.56	0.51
	Frequency	0	0	11	14		
Gain accruing from higher quality purchasing decision within the organization as a result of e-business solution	Percent	0	0	52	48	3.48	0.51
	Frequency	0	0	13	12		
New customers, new markets, existing customers (repeat selling) and existing customers (cross-selling) – all lead to increased sales. Give an estimate % resulting from e-business	Percent	0	0	52	48	3.48	0.51
	Frequency	0	0	13	12		
Marketing cost reduction from: reduced time in customer service, online insurance sales and marketing	Percent	0	0	48	52	3.52	0.51
	Frequency	0	0	12	13		
Savings from wastages and inefficient manual processes	Percent	0	0	76	24	3.24	0.44
	Frequency	0	0	19	6		

Continued

Financial benefits		Below 10%	Between 11-20%	Between 21-30%	Above 30%	Mean	Std. dev.
Corporate image communication e.g. brand response to market needs and service to customer	Percent	0	0	56	44	3.44	0.51
	Frequency	0	0	14	11		
Acquisition of new partners, supporting existing partners better and feedback from partners	Percent	0	0	56	44	3.44	0.51
	Frequency	0	0	14	11		
Reduction in operational costs i.e. due to staff reduction and paperless office	Percent	0	0	48	52	3.52	0.51
	Frequency	0	0	12	13		
Direct contact and selling to customers hence heavy savings on commissions paid to intermediaries	Percent	0	0	68	32	3.32	0.48
	Frequency	0	0	17	8		
E-business create virtual offices surpassing benefits of operating physical branch offices	Percent	0	0	60	40	3.40	0.50
	Frequency	0	0	15	10		
Elimination of errors / time taken to correct errors from manual processes	Percent	0	0	44	56	3.56	0.51
	Frequency	0	0	11	14		
Increased sales due to lower pricing resulting from reduction in operating costs	Percent	0	0	52	48	3.48	0.51
	Frequency	0	0	13	12		

Findings of the study indicate that the following financial benefits were grouped above 21% by all the respondents: Gain through interconnectivity with other organizations; Planning and scheduling of functions; Improvement in customer service and satisfaction; Speed in fulfilling office supplies orders; Better/ improved service from service providers; Financial gain resulting from improved internal communication; Departmental collaboration leading to work-place productivity; E-business lead to increased control over the whole insurance process/chain; Gain accruing from higher quality purchasing decision within the organization as a result of e-business solution; New customers, new markets, existing customers (repeat selling) and existing customers (cross-selling) – all lead to increased sales. Give an estimate % resulting from e-business; Marketing cost reduction from: reduced time in customer service, online insurance sales and marketing; Savings from wastages and inefficient manual processes; Corporate image communication e.g. brand response to market needs and service to customer; Acquisition of new partners, supporting existing partners better, feedback from partners e.t.c; Reduction in operational costs i.e. due to staff reduction and paperless office ; Direct contact with and selling to customers hence heavy savings on commissions paid to intermediaries; E-business create virtual offices surpassing benefits of operating physical branch offices; Elimination of errors / time taken to correct errors from manual processes; and Increased sales due to lower pricing resulting from reduction in operating costs. In addition E–business decentralizes operative tasks and centralizes strategic business process reducing transaction costs, was considered a financial benefit as indicated by (96%) of the respondents who categorized it between (11 and 20%).

With respect to departmental collaboration leading to work-place productivity, the findings

show that (48%) of the respondents estimated a percentage (%) of between 20 and 30% while (52%) of the respondents estimated more than 30%. With respect to e-business decentralizing operative tasks and centralizing strategic business process that reduce transaction costs, the findings show that the majority respondents (52%) estimated more than 30%, (44%) of the respondents estimated a percentage of between 20 and 30% and (4%) of the respondents estimated a percentage of between 11 and 20%.

Table 4.6: Correlation between Incremental Financial Benefits derived from use of E-business Solutions

Financial Benefits		Percentage Estimated Financial Benefits				Mean score	Std. dev.
		Upto 10%	11 – 20%	21 – 30%	Above 30%		
Gain through interconnectivity with other organizations	Percentage	0	0	64	36	3.36	0.49
	Frequency	0	0	16	9		
Planning and scheduling of functions	Percentage	0	0	64	36	3.36	0.49
	Frequency	0	0	16	9		
Improvement in customer service and satisfaction	Percentage	0	0	52	48	3.48	0.51
	Frequency	0	0	13	12		
Speed in fulfilling office supplies orders	Percentage	0	0	64	36	3.36	0.49
	Frequency	0	0	16	9		
Better/ improved service from service providers	Percentage	0	0	48	52	3.52	0.51
	Frequency	0	0	12	13		
Financial gain resulting from improved internal communication	Percentage	0	0	52	48	3.48	0.51
	Frequency	0	0	13	12		
Departmental collaboration leading to work-place productivity	Percentage	0	0	48	52	3.52	0.51
	Frequency	0	0	12	13		
E–business decentralizes operative tasks and centralizes strategic business process reducing transaction costs	Percentage	0	4	44	52	3.48	0.59
	Frequency	0	1	11	13		
E-business lead to increased control over the whole insurance process/chain	Percentage	0	0	44	56	3.56	0.51
	Frequency	0	0	11	14		
Gain accruing from higher quality purchasing decision within the organization as a result of e-business solution	Percentage	0	0	52	48	3.48	0.51
	Frequency	0	0	13	12		
New customers, new markets, existing customers (repeat selling) and existing customers (cross-selling) – all lead to increased sales. Give an estimate % resulting from e-business	Percentage	0	0	52	48	3.48	0.51
	Frequency	0	0	13	12		

Continued

Financial Benefits		Percentage Estimated Financial Benefits				Mean score	Std. dev.
		Upto 10%	11 – 20%	21 – 30%	Above 30%		
Marketing cost reduction from: reduced time in customer service, online insurance sales and marketing	Percentage	0	0	48	52	3.52	0.51
	Frequency	0	0	12	13		
Savings from wastages and inefficient manual processes	Percentage	0	0	76	24	3.24	0.44
	Frequency	0	0	19	6		
Corporate image communication e.g. brand response to market needs and service to customer	Percentage	0	0	56	44	3.44	0.51
	Frequency	0	0	14	11		
Acquisition of new partners, supporting existing partners better and feedback from partners	Percentage	0	0	56	44	3.44	0.51
	Frequency	0	0	14	11		
Reduction in operational costs i.e. due to staff reduction and paperless office	Percentage	0	0	48	52	3.52	0.51
	Frequency	0	0	12	13		
Direct contact and selling to customers hence heavy savings on commissions paid to intermediaries	Percentage	0	0	68	32	3.32	0.48
	Frequency	0	0	17	8		
E-business create virtual offices surpassing benefits of operating physical branch offices	Percentage	0	0	60	60	3.40	0.50
	Frequency	0	0	15	10		
Elimination of errors / time taken to correct errors from manual processes	Percentage	0	0	44	56	3.56	0.51
	Frequency	0	0	11	14		
Increased sales due to lower pricing resulting from reduction in operating costs	Percentage	0	0	52	48	3.48	0.51
	Frequency	0	0	13	12		

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents conclusions drawn from the research findings and the recommendations for practice and for further studies.

5.2 Conclusions

The findings of study indicate that all the respondent insurance companies (100%) had at least implemented some form of e-business solution and at least 68% of the respondent insurance companies had used e-business to conduct day to day business for at least 4 years. The e-business applications were used in a number of areas, including the following: finance, customer support, procurement, staff management, communication and money transfer.

Further, the findings show that insurance companies have used the e-business solutions to offer the following services on their websites: follow up claims; confirmation of premiums due and payments made; confirmation of policy status; renewal and reporting changes in the policy; obtaining quotations; making electronic payments; confirming fund values; buying new products; and launching complains.

Findings of the study show that the factors influencing implementation of e-business in the insurance sector in Kenya are categorized into two: technological and managerial. These are presented as follows: (i) *Technological factors* - Transactions that are not interfered with by unauthorized persons; ease of integration to other internal business processes and systems; ease of integration to other external business processes and systems; adequate resources and appropriate supporting ICT infrastructure; possible quantitative measurement of value

addition to business and profits; and unlimited connectivity across the country hampering access; and (ii) *Managerial and strategic success factors* - Effective project implementation leadership supported by appropriate human resource capacity; forming alliances with stakeholders; appropriate organizational structure; stakeholders support; supporting regulatory environment; supportive business strategic plan; and budgetary support.

Findings of the study also show that the actual benefits derived by the insurance companies from usage of e-business include the following: Faster and efficient transactions; increased strategic marketing strategies; reduced operational costs; improved integrity of the process; increased marketing transparency; price reduction in services offered; shortened customer service cycle times; reduced transactional and administration costs; and improved organization.

Further, the findings show that the adoption of e-business by insurance companies had increased financial returns by at least 21%. The increase in the financial returns is attributed to improvements made in the following areas: gain through interconnectivity with other organizations; planning and scheduling of functions; improvement in customer service and satisfaction; speed in fulfilling office supplies orders; better/ improved service from service providers; financial gain resulting from improved internal communication; departmental collaboration leading to work-place productivity; e-business decentralizes operative tasks and centralizes strategic business process reducing transaction costs; e-business lead to increased control over the whole insurance process/chain; gain accruing from higher quality purchasing decision within the organization as a result of e-business solution; new customers,

new markets, existing customers (repeat selling) and existing customers (cross-selling) – all lead to increased sales.

5.3 Recommendations

Based on findings of the study, it is expected that the stakeholders, who include the management of insurance companies will gain a better understanding of the issues to be addressed in implementation of the e-business systems in order to enhance service delivery.

Not only does e-business act as a new channel of interacting and communicating among the various stakeholders, but also changes the way an organization works and practices. Most of the potential legal issues namely liability risks, contract enforceability, security and global trading, arising from e-business are not new, rather these challenges are magnified when compared to performing these tasks via the traditional modes. However with proper training and strategic use of the technology, e-business can maintain higher security than conventional ones. It requires the users to overcome their human psychological barriers of staying in their comfort zone, and change their existing work practices.

To embrace the technology, the organizational stakeholders should be aware of and understand the legal issues arising from implementing e-business. To tackle these legal issues more effectively, the various strategies – legislation, self-regulation, and technology and information security management should be combined. Each strategy has its pros and cons; therefore organizations have to analyze and work out the most suitable and effective instruments to resolve these legal issues. E-business users should plan and strategize such that e-business can integrate smoothly in their work practices, culture, as well as that of their working partners.

E-business involves efforts to change how functions, such as spending and budgets, employing staff, buying goods and services, and managing technological and organizational activity are carried out. It also has the potential to transform the relations between suppliers and customers. However, while e-business is a label used globally, inscribed within its design may be a number of different assumptions and requirements relating to for example, technology, objectives, information, staffing and skills and institutional contexts. Therefore, its implementation may not be as simple as taking a design from one context into another one. Further insights are required into how information systems (IS) enabled business innovation strategies are constructed and enacted in context.

5.4 Limitations of the Study

Though the researcher was determined to undertake the study to completion within the given time frame, various constraints were encountered as earlier envisaged. The time allocated for data collection may not have been sufficient to enable the respondents complete the questionnaires as accurately as possible, considering that they were at the same time carrying out their daily duties and priority is of essence. The researcher preferred to administer the data collection tools to only the People in charge of finance function, however, this was practically not possible as some of them may have delegated this request since they were either too busy or were away on official duties. The competitive nature of the insurance industry in Kenya also meant that some of the information sought was of confidential nature and could not be divulged for fear of giving a potential competitor an upper hand. The respondents were however re-assured that all information provided would be for academic project purpose only and will be treated confidentially.

5.5 Suggestion for further research

The findings of this study, it is hoped, will contribute to the existing body of knowledge and form basis for future researches. The following areas of further research are thus suggested: Whereas the current study focused on e-business solutions and firm performance in insurance companies in Kenya and respondents were managers in charge of finance, future studies could focus on responses from the suppliers and user departments; future studies could also seek to establish whether e-business solutions are applicable to other sectors of the economy; and further studies can also focus on the challenges faced in implementation of the e-business solutions and the possible mechanisms that could be employed to overcome the challenges. Since this research did not focus much on quantifying the business value of e-business in monetary terms, this could also be an area of interest in the future as well.

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APPENDIX I: INSURANCE COMPANIES IN KENYA

I. GENERAL COMPANIES		III. COMPOSITE COMPANIES	
1.	African Merchant Assurance Company (AMACO)	1	Blue Shield Insurance Company
2.	AIG Insurance Company	2	British America Insurance Company
3.	APA Insurance Company	3	Cannon Assurance (Kenya) Limited
4.	Concord Insurance Company	4	Co-operative Insurance Company
5.	Direct line Assurance Company	5	Corporate Insurance Company
6.	Fidelity Shield Insurance Company	6	Geminia Insurance Company
7.	First Assurance Company	7	Heritage A.I.I Insurance Company
8.	Gateway Insurance	8	Insurance Company of East Africa (ICEA)
9.	General Accident Insurance Company	9	Jubilee Insurance Company
10.	Intra Africa Assurance Company	10	Kenindia Assurance Company
11.	Invesco Insurance Company	11	Madison Insurance Company
12.	Kenya Orient Insurance Company	12	Mercantile Life and General Insurance Company
13.	Lion of Kenya Insurance Company	13	Monarch Insurance Company
14.	Mayfair Insurance Company	14	UAP Provincial Insurance Company
15.	Occidental Insurance Company		
16.	Pacis Insurance Company Limited		
17.	Phoenix of East Africa Assurance Company		
18.	REAL Insurance Company		
19.	Kenya Alliance Insurance Company		
20.	Standard Assurance Company		
21.	Tausi Assurance Company		
22.	Trident Insurance Company		
II. LIFE INSURANCE COMPANIES			
1.	Apollo Life Assurance Company		
2.	CFC Life Assurance Company		
3.	Metropolitan Life Insurance Kenya Ltd.		
4.	Old Mutual Life Assurance Company		
5.	Pan Africa Life Assurance Company		
6.	Pioneer Life Assurance Company		
7.	Trinity Life Assurance Company		

Source: Association of Kenya Insurers, June 2010

APPENDIX II: QUESTIONNAIRE

This questionnaire has been designed to collect information from Managers in charge of Finance of Insurance companies in Kenya and is meant for academic purposes only. The questionnaire is divided into four sections. Please complete each section.

All the information in this questionnaire will be treated in confidence.

SECTION I: BACKGROUND INFORMATION

1. Name of Insurance Company (Optional).....
2. Job Title of Respondent.....
3. Number of years the Insurance company has been in operation.....
4. Number of Branches.....
5. Ownership (Please tick as appropriate)
 - (a) Private
 - (b) Public
 - (c) Family
6. Type of business (Please tick as appropriate)
 - (a) General
 - (b) Life
 - (c) Composite
7. Control (Please tick as appropriate)
 - (a) Foreign controlled
 - (b) Locally controlled
 - (c) Both local and foreign Controlled
8. Total number of employees in your organization (Please tick as appropriate)
 - (a) Below 50
 - (b) 51 to 100
 - (c) 101 to 150
 - (d) More than 150
9. How long have you worked in your current organization? (Please tick as appropriate)
 - (a) Less than 1 years
 - (b) Between 1 and 3 years
 - (c) Between 3 and 4 years
 - (d) 4 years and above

SECTION II: STATE OF IMPLEMENTATION AND USE OF E-BUSINESS SOLUTIONS BY INSURANCE COMPANIES IN KENYA

10. Has the Company implemented any form of e-business solution? (Please tick as appropriate)

Yes

No

11. If yes, when was e-business as a modern solution implemented in your organization?

State the year-----

12. If yes, does your Company use e-business in its day today transactions? (Please tick as appropriate)

Yes

No

If yes, please tick the estimated % use

1 – 20%

21 – 40%

41 – 60%

61 – 80%

81 - 100%

13. If your Company has not implemented or has implemented some form of e-business solution and does not use it, give reasons (Please tick as appropriate)

(a) Perceived Complexity

(b) Small size and volume of business

(c) Inadequate resources

(Finances, Technology and Human)

(d) Lack of support by executive and owners

(e) Others (Please Specify)-----

14. If your Company has not implemented or has implemented some form of e-business solution and does not use it, are there plans to implement or start using the solution? (Please tick as appropriate)

Yes

No

If yes, please state month and year -----

15. If your organization has implemented e-business system, please tick the features that describe its business applications from the following list and state the area of e- business application (i.e. Finance, Customer support/Solution, Procurement, Staff Management, Communication, Money transfer e.t.c.)

E-business activities	Response (Tick)	Area of the e-business Solution
Settling supplier invoices online		
Marketing and advertising Company products and services		
Receiving client's queries online		
Automatic generation of client's account due		
Online and real-time Customer database and profile		
Online settlement of claims		
Online procurement of office Supplies and Services		
Links and networks with reinsurance Companies		
Links and networks with other insurance Companies		
Links and networks with intermediaries i.e. insurance brokers, assessors, loss adjusters, insurance agents e.t.c		
Links and networks with suppliers		
Online Customer quotations		
Listing of products and services		
Interfaced with other office systems		
Provides secure transactions		
Receiving payments online and real-time		
Searching for Company information online		
Sending and receiving emails and data files		
Sending bills and clients statements online		
Tracks inquiries lodged and services offered		
Checking and updating prices online		

16. Indicate the extent to which your organization's e-business solution (s) has been used (would be used) by customers in the following while seeking your products and services (Tick as appropriate)

Not all=1; Neutral=2; Somehow= 3; Much= 4; Very Much= 5

Service offered on website	1	2	3	4	5
Follow up of claims					
Confirmation of premiums due and payments made					
Confirmation of policy status					
Renewal and reporting changes in the policy					
Obtaining quotations					
Making electronic payments					
Confirming fund values					
Buying new products					
Launching complains					

SECTION III: FACTORS THAT INFLUENCED IMPLEMENTATION OF E-BUSINESS SOLUTIONS IN THE INSURANCE SECTOR IN KENYA

17. What role did you play in the initiation and implementation of e-business in the organization? (Please tick as appropriate)

- (a) Project team leader
- (b) Team Member
- (c) Others

Please Specify-----

18. What were the initial challenges you faced in the e-business implementation? (Please tick as appropriate)

- (a) Lack of top management support
- (b) Staff resistance and reduction
- (c) ICT resources
- (d) Others (Please Specify -----)

19. What are the current challenges you face in the use and utilization of e-business after implementation? (Please tick as appropriate)

- (a) Fast changing technology
- (b) Staff training
- (c) Fear of internet security
- (d) Others (Please Specify)-----

20. Please indicate the extent to which the following factors have influenced the effectiveness of adoption of e-business in your organization. (Tick as appropriate)

Not at all=1; Neutral= 2; Somehow=3; Much= 4; Very much=5

Factors that influence effectiveness of adoption of e - business	1	2	3	4	5
Technological drivers					
Transactions that are not interfered with by unauthorized persons					
Ease of integration to other internal business processes and systems					
Ease of integration to other external business processes and systems					
Adequate resources and appropriate supporting ICT infrastructure					
Possible quantitative measurement of value addition to business and profits					
Security of the net					
Unlimited connectivity across the country hampering access					
Managerial and strategic success factors					
Effective project implementation leadership supported by appropriate human resource capacity					
Forming alliances with stakeholders –suppliers, technology providers, customers, reinsurance Companies, insurance agents and brokers and other insurance companies					
Appropriate organizational structure					
Stakeholders support					
Supporting regulatory environment					
Supportive business strategic plan					
Budgetary support					

SECTION IV: BENEFITS DERIVED FROM ADOPTION OF E-BUSINESS SOLUTIONS BY INSURANCE FIRMS IN KENYA

21. Listed below are benefits derived from adoption of e-business solution(s) by organizations. Please indicate the extent to which you agree that your organization has benefited/ would benefit in terms of the listed benefits (Tick as appropriate).

Strongly disagree= 1; Disagree=2; somehow agree=4; strongly agree=5

Benefits derived by the organization from usage of e-business	1	2	3	4	5
Faster and efficient transactions					
Increased strategic marketing strategies (The marketing department becomes more focused on strategic tasks only)					
Reduced operational costs					
Improved integrity of the process (Less corruption and risk)					
Increased Market transparency (Integrity)					
Price reduction in services offered					
Shortened customer service cycle times					
Reduced transactional and administration costs					
Improved organization – customer relationship					
Others (specify)					

SECTION V: FINANCIAL BENEFIT ACCRUING FROM IMPLEMENTING E-BUSINESS SOLUTIONS BY INSURANCE FIRMS IN KENYA

22. Please provide your percentage estimated financial benefit that accrued after implementing e-business solution (s) in your organization (by ticking) and provide these estimates in Kshs (M)

Below 10 % = 1, Between 11 – 20% = 2; Between 21 – 30% = 3; above 30 % - 4

	FINANCIAL BENEFIT	1	2	3	4
1	Gain through interconnectivity with other organizations (Insurance related or Otherwise)				
2	Planning and scheduling of functions				
3	Improvement in customer service and satisfaction				
4	Speed in fulfilling office supplies orders				
5	Better/improved service from service providers				
6	Financial gain resulting from improved internal communication				
7	Departmental collaboration leading to work -place productivity				
8	E-business decentralizes operative tasks and centralizes strategic business process reducing transaction costs – by what percentage estimate				
9	E-business lead to increased control over the whole insurance process/chain				
10	Gain accruing from higher quality purchasing decision within the organization as a result of e-business solution				
11	New customers, new markets, existing customers (repeat selling) and existing customers (cross-selling) – all lead to increased sales. Give an estimate % resulting from e-business				
12	Marketing cost reduction from: reduced time in customer service, online insurance sales and marketing				
13	Savings from wastages and inefficient manual processes				
14	Corporate image communication e.g. brand response to market needs and service to customer				
15	Acquisition of new partners, supporting existing partners better, feedback from partners e.t.c				
16	Reduction in operational costs i.e. due to staff reduction and paperless office				
17	Direct contact and selling to customers hence heavy savings on commissions paid to intermediaries				
18	E-business create virtual offices surpassing benefits of operating physical branch offices				
19	Elimination of errors / time taken to correct errors from manual processes				
20	Increased sales due to lower pricing resulting from reduction in operating costs				