

**EFFECTIVENESS OF INTERNATIONAL  
E-COMMERCE STRATEGY AMONG SELECTED  
REGISTERED MOTOR VEHICLE DEALERS IN  
NAIROBI, KENYA**

BY:

WABOI ANDREW WAMAE

A research project submitted to The University of Nairobi, School  
of Business in partial fulfilment for the award of Master of  
Business Administration.

NOVEMBER, 2011

## Declaration

This management research project is my original work and has not been presented for a degree in any other university.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Andrew Wamae Waboi

D61/70648/2008

This Management research project has been submitted for examination with my approval as the University supervisor.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Dr. Zachary B. Awino

Lecturer, School of Business,

University of Nairobi.

## **Dedication**

I dedicate this research project to the Almighty God for making all things possible; to mum and dad for their love, guidance and support and encouragement in all that i have done, for believing in me and opening up the doors in my life; to my wife Mary and my son Louis for their unconditional love, support and for patiently watching and waiting.

After climbing a great hill, one only finds that there are  
Many more hills to climb "*Nelson Mandela*"

## **Acknowledgements**

I would like to thank my supervisor Dr. Zack Awino for his dedicated efforts in guiding me to complete this management research project. I would also like to thank my lecturers Dr. Martin Ogutu, Prof. Aosa, Dr. Yabs, Dr. Mududa and Mr. Maalu for imparting the management knowledge to me through their lectures and illustrations. To my colleague Charles Borura i am grateful for his guidance during data analysis stage of my project.

# Table of Contents

<b>Declaration.....</b>	<b>ii</b>
<b>Dedication .....</b>	<b>iii</b>
<b>Acknowledgements.....</b>	<b>iv</b>
<b>List of figures .....</b>	<b>X</b>
<b>Abstract.....</b>	<b>xii</b>
<b>Chapter One : Introduction .....</b>	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 The Concept of International E-commerce Strategy.....	1
1.1.2 Motor Vehicle Dealership in Kenya .....	3
1.2 The Research Problem .....	4
1.3 Research Objective .....	5
1.4 Value of the Study .....	5
<b>Chapter Two: Literature Review.....</b>	<b>7</b>
2.1 Introduction.....	7
2.2 Theories and Concepts of E-commerce Strategy .....	7
2.2.1 E-commerce Defined .....	7
2.2.2 The Nature of E-commerce.....	9

2.2.3 The Internet Economy.....	10
2.2.4 Features of E-commerce Technology .....	11
2.2.5 International E-commerce Strategy .....	12
2.2.6 Benefits of E-Commerce.....	13
2.2.7 Challenges in E-commerce .....	14
2.3 Empirical Literature .....	16
<b>Chapter Three: Research Methodology .....</b>	<b>18</b>
3.1 Introduction.....	18
3.2 Research Design.....	18
3.3 Population .....	18
3.4 Sampling .....	19
3.5 Data Collection .....	19
3.7 Data Analysis.....	20
<b>Chapter Four: Data Analysis and Interpretation of Findings</b>	<b>21</b>
4.1 Introduction.....	21
4.2 Data Analysis.....	21
4.2.1 Year the firm was established .....	21
4.2.2 Type of Firm .....	22
4.2.3 Main Product or Services.....	23
4.2.4 Significant Source of Revenue.....	23

4.2.5 Number of Employees .....	24
4.2.6 Number of vehicles sold and purchased annually.....	25
4.6.7 Kind of Suppliers firms trade with.....	26
4.6.7 Kind of customers firms trade with.....	27
4.6.8 Involvement in International Trade.....	28
4.6.8 Imports and import countries reported.....	29
4.6.9 Importers using e-commerce.....	31
4.6.10 Exports and export countries reported .....	31
4.6.11 Exporters using E-commerce .....	32
4.6.12 Identification of international trading partners .....	33
4.6.13 E-commerce applications in use .....	34
4.6.14 E-commerce applications usage.....	35
4.6.15 E-commerce usage perspectives .....	37
4.6.16 Reasons for using Ecommerce.....	38
4.6.17 Benefits derived from using Ecommerce.....	39
4.6.18 Functions supported by E-commerce.....	40
4.6.19 Percentage of sales and purchases supported by E-commerce .....	40
4.6.20 Contributions made by e-commerce .....	41
4.6.21 Challenges of using e-commerce .....	42

## **Chapter Five: Summary, Conclusion and Recommendations.43**

5.1 Introduction.....	43
5.2. Summary of Findings.....	43
5.3. Conclusion .....	44
5.4. Recommendations.....	45
5.5 Suggestions for Further Studies .....	46
5.6 Limitations of the study .....	46
5.6 Implications on policy and practice .....	47
<b>References .....</b>	<b>49</b>
<b>Appendices .....</b>	<b>55</b>
<b>Appendix 1: University of Nairobi Introduction Letter.....</b>	<b>55</b>
<b>Appendix 2: List of registered motor vehicle dealers along selected roads in Nairobi.....</b>	<b>57</b>
<b>Appendix 3: Questionnaire.....</b>	<b>58</b>



## List of tables

Table 4.1: Main Products and Services.....	23
Table 4.2: Significant Sources of Revenue.....	24
Table 4.3: Number of employees.....	24
Table 4.4: Annual number of vehicles purchased and sold. ....	25
Table 4.5: Descriptive statistics of number of vehicles purchased and sold. ....	26
Table 4.6: E-Commerce applications used. ....	35
Table 4.7: E-Commerce applications usage.....	36
Table 4.8: E-Commerce usage perspectives. ....	37
Table 4.9: Reasons for using e-commerce.....	38
Table 4.10: Functions supported by e-commerce.....	40
Table 4.11: Statistics of percentage sales and purchases supported by e-commerce. ....	40
Table 4.12: E-commerce contributions.....	41
Table 4.13: Challenges of using e-commerce.....	42

## List of figures

Figure 4.1 Year firm was established. ....	21
Figure 4.2: Type of firm.....	22
Figure 4.3: Kinds of suppliers firms trade with. ....	27
Figure 4.4: Kinds of customers' firms trade with. ....	28
Figure 4.5: Firm engaged in international trade?.....	29
Figure 4.6: Imported items per country of import. ....	30
Figure 4.7:Importers using e-commerce. ....	31
Figure 4.8: Exported items per country of export.....	32
Figure 4.9: Exporters using Ecommerce.....	33
Figure 4.10: How international trading partners are identified.....	34
Figure 4.11: Benefits derived from using e-commerce. ....	39

## **Abbreviations and Acronyms**

<b>B2B</b>	Business to Business
<b>B2C</b>	Business to Customer
<b>DTI</b>	Department of Trade and industry
<b>E- Business</b>	Electronic Business
<b>E-commerce</b>	Electronic Commerce
<b>G2B</b>	Government to Business
<b>G2C</b>	Government to Customer
<b>IBM</b>	International Business Machines
<b>ICT</b>	Information and Telecommunication Technology
<b>IMRG</b>	Interactive Media in Retail Group
<b>SME</b>	Small and Medium Sized Enterprises
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UK</b>	United Kingdom
<b>UON</b>	University of Nairobi
<b>WTO</b>	World Trade Organisation
<b>WWW</b>	World Wide Web

# Abstract

This management research project sought to find out the effectiveness of international e-commerce as a business strategy and how it has led to business growth for motor vehicle dealers in Nairobi, Kenya. This objective was pursued by doing a survey among registered motor vehicle dealer firms selected based on their locations, that is, those that are situated along some major roads in Nairobi. It is believed that the findings of this report can be extrapolated to all motor vehicle dealers in Nairobi. The literature review looked at the definition of e-commerce, various forms of e-commerce, nature and features of e-commerce, e-commerce as a business strategy and its application in the international context; its benefits and challenges. A study through the literature showed that e-commerce when well harnessed would bring informational, operational and strategic benefits to any firm enabling the firm to use the world as its oyster. Application of e-commerce must however be implemented with the challenges of using e-commerce in mind. This will be helpful so as to be able to come up with ways to overcome such challenges some of which can be fatal for the business, if not appropriately tackled. Data analysed showed that most of the firms studied were established as from the year 2000 possibly because of the development of ICT that has been supporting this industry. These firms studied ranged from small to big firms with some firms selling below 100 vehicles per year while others selling above 400 units per year. Similarly some firms employed less than 10 employees while others employed over 30 employees. 63 percent of the firms studied were car bazaars while a 27 percent were agents of international companies. 95% of motor vehicle dealers in Nairobi practice international trade with a majority of them using international e-commerce in their purchasing, marketing and sales functions. International e-commerce has been widely practised in purchasing of motor vehicles, mostly second hand motor vehicles; spare- parts and vehicle accessories. These are mainly sourced from Japan, Dubai and the UK. The few firms which export their merchandise out of Kenya, sell mainly motor vehicles and spare- parts to customers in Uganda, Rwanda, DRC and Southern Sudan.

In all these international business dealings e-commerce has played a crucial role to support the transactions. Additionally, international e-commerce has provided motor vehicle dealers in Nairobi with a platform that has helped among others: increase revenues; increase the number of customers and suppliers; provide more information about products and business partners. Similarly international e-commerce has helped these businesses access better products and services; reduce time of doing business and associated costs and improve relationships with their suppliers and customers. These benefits relate well with the main reasons why these firms started using e-commerce in the first place which are; e-commerce is faster than traditional commerce, has information richness and would help the firms keep up with other firms. These findings have led to the conclusion that international e-commerce has been a very effective strategy for businesses in the motor vehicle industry in Nairobi, Kenya. The major drawback cited that impacts on the effectiveness of international e-commerce strategy is the effect of the established business traditions and conventions. A recommendation for government intervention through clear policies has been proposed to address this problem. Additionally awareness of benefits and use of e-commerce need to be created by the business community so as to foster a wider acceptance of this method as a way of doing business, which offers greater benefits than traditional brick, mortar and paper based commerce.

# **Chapter One**

## **Introduction**

### **1.1 Background of the Study**

The motor vehicle industry in Kenya has in the recent past relied on imports of used and new vehicles as well as new and used spare parts from various countries in the world. This import business has grown in leaps and bounds over the last few years with motor bazaars being established along major roads in Nairobi and other major towns in Kenya. Factors that can be attributed to this would include the favorable prices for imported merchandise, government policies on taxation and product quality and most importantly the availability of the information on the merchandise in the international markets through electronic channels key among them international business and e-commerce.

It is on this basis that this research seeks to find out how e-commerce has influenced the business growth in selected motor vehicle industry players in Kenya. The study will seek to know the influences and other intricacies of international e-commerce as a competitive strategy as applied in this important industry in the Kenyan economy.

#### **1.1.1 The Concept of International E-commerce Strategy**

Over the past decade, e-commerce has increasingly provided an alternative way for buyers and sellers to transact business worldwide. The term e-commerce, which is short for electronic commerce, is the act of buying or selling goods, services, or information over an electronic network. Transactions are negotiated electronically and are completed when agreement is reached to transfer ownership of goods or rights to receive services or information for a specified price. (Willis,2004).

The Cabinet Office (1999) use the term e-commerce to encompass not only the buying and selling described above but also the use of Internet technologies, such as email and intranets, to exchange or share information either within the firm itself or with external stakeholders. It is this latter, wider definition of e-commerce that is used in this study.

According to Craig (2010) international e-commerce is poised for explosive growth; The Internet is bringing value, selection and convenience directly to consumers all over the world. In addition, Internet penetration rates are steadily increasing in Europe. These rates are at only 50 percent in Europe and 17 percent in Asia, compared with 73 percent in North America. In some markets, such as Japan, online sales are expected to increase by as much as 40 percent annually, according to Reuters. The growth in search and social networking is also booming and fueling the viral popularity of e-commerce brands. Bold and innovative e-commerce brands that capitalize on such growth will be known around the world.

The nature of suppliers and recipients of goods and services in e-commerce is also of importance; there are three of consequences: individual consumers, businesses and governments. (Laudon and Traver 2008; Esselaar and Miller, 2001) The existence of those three actors leads to the following well-known categories of e-commerce: First, Business-to-consumer (B2C) e-commerce involves direct business transactions between individual consumers and supplying companies whether domestically or internationally. Second Business-to-business (B2B) e-commerce, which links businesses in the value chain to each other, enables all manner of commercial and administrative transactions to be conducted over private telecommunications circuits, or over the public Internet, much more cheaply and timeously than before. Third Government-to-consumer (G2C) and Government-to-Business (G2B) e-commerce. These categories reflect similar transactions to B2C and B2B e-commerce but in this case government agencies are involved. This category of e-commerce is especially important in the African context because of the relatively large role that government plays in African economies.

### **1.1.2 Motor Vehicle Dealership in Kenya**

Kenya is a developing country whose manufacturing industry is still largely underdeveloped especially for large commercial manufacturing. It is for this reason that Kenya does not manufacture vehicles and vehicle parts within its borders, despite some multinational companies setting up vehicle assembly plants and show rooms for new vehicles in Kenya. However many motor vehicle dealers in Kenya are engaged in the import of new and used motor vehicles as well as spare parts from countries with well developed vehicle manufacturing industry key among them Japan, Singapore, Dubai and the UK among others.

All motor vehicle dealers in Kenya are registered by Kenya Revenue Authority to sell motor vehicles and associated spare parts. In addition most of the new motor vehicle dealers in Kenya are members of Kenya Motor Industry Association (KMI). Similarly most of the used car dealers are registered by Kenya Auto Bazaar Association (KABA). Many of these Kenyan motor vehicle dealers interact with their suppliers and customers in the internet through Business to Business (B2B) and Business to Consumer (B2C) international e-commerce channels.

According to Munyori (2009) the used car business in Kenya has growth exponentially in the last few years. About 80,000 units are imported annually, against the Kenya Motor Industry Association's 13,000 units for new vehicles. Since 2002, the number of used imports has grown by about 40 per cent annually. The reason for this is because the used cars are cheaper than the new ones, and they come in a wider variety. The ratio of used cars to new ones is almost 7: 1.

This study will seek to understand the e-commerce practice among this group of businesses as well as opportunities and challenges in international e-commerce that accrue to them. It will also seek to establish how this strategy has been effective in spurring business growth such kind of businesses.



## 1.2 The Research Problem

E-commerce particularly B2B e-commerce is being promoted as a means of enabling producers in developing countries to become more integrated within the global economy on economic terms that are favorable for them. Reductions in transaction costs accompanying e-commerce implementations often using the public internet are expected to facilitate more efficient international trade. The new internet-based trading platforms are expected to make it easier for supplier firms to find buyers for their products and to complete their sales. There is also an expectation that supplier firms will develop direct one-to-one trading relationships with their upstream and downstream trading partners, bypassing traditional intermediaries and potentially enabling them to relocate within traditional sector value chains. (Benjamin and Wigand 1995; Leebaert 1998; Malone and Laubacher 1998; Malone *et al.* 1987).

Similarly there have been many observations that e-commerce offers a radically new means of enabling producers and buyers to trade with each other regardless of where they are located geographically offering firms in developing countries new exchange mechanisms that enable them to compete on a more equal basis in world markets (Goldstein and O'Connor, 2000; UNCTAD, 2000; 2001; United Nations, 2000; World Trade Organization (WTO), 1998; Panagariya, 2000; Xie 2000).

Studies have been done in the past on the area of e-commerce in Kenya: Muganda (2001) looked at the business value of ecommerce in Kenya; Kiyeng (2003) investigated the impact and challenges of ecommerce on e-Sokoni a B2B ecommerce firm; Musembi (2001) studied the factors influencing the adoption of ecommerce by supermarkets in Kenya; Muyoyo (2004) looked at the factors influencing adoption and implementation of e-business technologies to companies quoted at the Nairobi Stock Exchange; Wataku (2007) studied the extent to which the adoption of ecommerce has facilitated business in the clearing and forwarding sector. These researchers among others have looked into the various aspects of e-commerce application in different sectors of the Kenyan economy.

However none of these studies have looked at the effectiveness of international e-commerce strategy in any firm or industry in Kenya. Similarly no study has been particular to the motor vehicle industry in Nairobi, Kenya. This study is therefore aimed at bring out the salient issues that are largely unknown when ecommerce practices are carried out by motor vehicle dealers in Kenya; the successes, challenges and other strategic and operational issues that arise from such interactions. The study will therefore seek to provide answers to the question: How has international e-commerce strategy been effective in spurring business growth among the selected motor vehicle dealers in Nairobi, Kenya and what have been the underlying issues in this business model?

### **1.3 Research Objective**

To establish the effectiveness of international e-commerce as a strategic choice for selected registered motor vehicle dealers in Nairobi, Kenya.

### **1.4 Value of the Study**

Each research study being undertaken is of importance and the research findings; recommendations and conclusions assist various groups of people in different ways. The research study being undertaken is important in the following ways:

First, it will add to the theory of international ecommerce. Second is to future scholars and management researchers since it will provide a stepping stone for further research by enlightening them on the overall influence of international e-commerce strategy on the growth of motor vehicle industry in Kenya and provision of useful data that can be used in future research. Third is to the motor vehicle dealers; the study will seek to provide knowledge of how the international e-commerce strategy can be exploited to influence the business growth in the motor vehicle industry. Fourth is to e-commerce solution providers; the study will provide information to be able to provide value maximizing solutions to the industry.

Fifth the government will benefit from the vital statistics provided by this research. This research will also shed more light to the government on the effectiveness of the various initiatives the government has undertaken to enhance growth of the various industries through increasing ICT adoption by industry players in the economy. Recommendations of this study will also give the government pointers as to which direction to take to boost e-commerce adoption in the motor vehicle industry and other industries in Kenya. This can be done by way of policy or legislation. Lastly the researcher will greatly benefit by gaining an insight of literature review on the research topic. The researcher will also benefit through analysis of theoretical applications within the area of study. The research study will also help the researcher to fulfill the requirement for the award of a Masters Degree at the University of Nairobi.

# **Chapter Two**

## **Literature Review**

### **2.1 Introduction**

This chapter gives both theoretical and empirical literature on international e-commerce strategy in general and more specifically as applied to small and medium sized companies (SMEs) in developing countries (DCs).

### **2.2 Theories and Concepts of E-commerce Strategy**

This section explores the theoretical literature and concepts of e-commerce as a business strategy. It defines what e-commerce is all about, its features, nature as well as various opportunities it offers traders. E-commerce challenges have also been explored as well as the concept of strategy in general.

#### **2.2.1 E-commerce Defined**

E-commerce can be defined as any form of economic activity conducted over computer-mediated networks (McCormick et al, 2002). According to Laudon and Traver (2008) e-commerce is the use of the internet and the web to transact business. Their focus is on digitally enabled commercial transactions between and among organizations and individuals. Digitally enabled transactions include all transactions mediated by digital technology. Commercial transactions involve the exchange of value (for example money) across organizations or individual boundaries in return for products and services. According to Mahadevan (2000) the definition of e-commerce does not include organizations that have merely set up some web sites displaying information on the products that they sell in the physical world; only those organizations that conduct commercial transactions with their business partners and buyers over the net (either exclusively or in addition to their brick and mortar operations) are considered.

Laudon and Traver (2008) distinguish two terms that are many a time mistakenly confused to mean the same; e-commerce and e-business. For example some argue that e-commerce encompasses the entire world of electronically based organizational activities that support a firm's market exchanges – including a firm's entire information systems infrastructure (Rayport and Joworski, 2003). Others argue, on the other hand, that e-business encompasses the entire world of internal and external electronically based activities, including e-commerce (Kalakota and Robinsorn, 2003). According to Laudon and Traver (2008) e-business refers to the digital enabling of transactions and processes within a firm, involving information systems under the control of the firm; e-business does not include commercial transactions involving an exchange of value across organizational boundaries. E-business applications turn into e-commerce precisely when an exchange of value occurs. A similar view is posited by Mesenbourg (2001).

Ngai and Wat (2002) explain that extant literature tends to posit varied definitions of e-commerce. This lack of a common definition may be attributed to the fact that e-commerce consists of a complexity of elements which makes researchers and practitioners suggest definitions with leanings towards their research orientation, professional orientation, or the product, service and technological infrastructure involved (Wigand, 1997; Kao and Decou, 2003). Ngai and Wat (2002) in a review of e-commerce research, however, outline four definitions from different perspectives:

First from a communications perspective, e-commerce is the delivery of information, products/services, or payments via telephone lines, computer networks, or any other means. Second, from a business process perspective, e-commerce is the application of technology toward the automation of business transactions and workflow. Third from a service perspective, e-commerce is a tool that addresses the desire of firms, consumers, and management to cut service costs while improving the quality of goods and increasing the speed of service delivery. Fourth from an online perspective, e-commerce provides the capability of buying and selling products and information on the Internet and other online services (Ngai and Wat, 2002)

E-commerce can thus be defined, with a consideration of the four perspectives (above), as “sharing of business information, maintaining business relationships, and conducting business transactions by means of telecommunications networks” (Zwass,1996). This includes electronically supported commercial transactions involving both organizations and individuals (Akel and Phillips, 2001).

Zwass’ definition also emphasizes that e-commerce is more than the mere use of ICTs (Wigand, 1997); neither is it solely restricted to commercial or business activities that characterize the actual selling and buying of products, goods and services. It also entails “the pre-sale and post-sale activities” which facilitate the flow of products, goods and services within the marketplace or a system where products, goods and services are commercially exchanged (Chaffey, 2002). Depending on the extent of integration of ICTs into the business processes in the value chain, e-commerce may constitute part of the business processes or the entire process, embrace several forms of transactions (including information exchange), and yield diverse operational and strategic benefits (Fearson and Philip, 1998).

### **2.2.2 The Nature of E-commerce**

According to Esselaar and Miller (2001) e-commerce comprises business transactions conducted using electronic communications processes and facilities (and especially the Internet). Within that broad definition, there are three categories of interest.

First is trade in physical goods. This involves consumers purchasing goods from anywhere on the globe by placing orders and paying over the Internet. Of importance is that entrepreneurs have the world as their oyster, being able to advertise their products, receive orders, ship and receive payment electronically, “levelling the playing field” and enjoying vastly larger markets for their goods.

Second is trade in offline teleservices and virtual goods; Many services such as capturing data, digitizing drawings and maps, translating, computer programming, etc. do not have to be done at a client's physical premises, and there are also so-called virtual goods like downloadable files and digital images that can be created anywhere for electronic delivery to the client. All that is necessary for these types of trade is effective electronic communications. Businesses can thus capitalise on a lower wage environment in their countries and offer such goods and services at significantly better rates than, other businesses elsewhere in the world as well as acquire virtual goods with no concern about physical location.

Third is trade in online teleservices; In similar fashion, firms can offer real-time teleservices such as Call Centres. What is needed in addition to the criteria applicable to off-line services, are good and reliable bandwidth and reasonable telecommunication rates to make it possible for trained service agents, wherever they are, to respond to customer queries, whether for airline and shipping companies, electronics suppliers, banks or whatever. (Esselaar and Miller ,2001).

### **2.2.3 The Internet Economy**

The growth of Internet based businesses, known as e-commerce is anything but meteoric. It has dwarfed the historical growth patterns of other sectors of the industry and brought about what is now called the internet economy. Over years, several organizations doing business through the Internet have come out with their own set of unique propositions to succeed in the business. For instance some firms have demonstrated how it is possible to "dis-intermediate" the supply chain and create new value out of it. Other firms have made business sense out of providing free products and services. On the other hand others have identified new revenue streams for their businesses. It is increasingly becoming clearer that the propositions that these organizations employed in their business could collectively form the building blocks of a business model for an Internet based business. (Mahadevan, 2000)

Barua et al. (2004) proposed a four-layer framework for measuring the size of the Internet economy as a whole. The internet infrastructure layer addresses the issue of backbone infrastructure required for conducting business via the net. This layer is largely made up of telecommunication companies and other hardware manufacturers such as computer and networking equipment. The internet applications layer provides support systems for the Internet economy through a variety of software applications that enable organizations to commercially exploit the backbone infrastructure. The internet intermediary layer includes a host of companies that participate in the market making process in several ways. Finally, the internet commerce layer covers companies that conduct business in an overall ambience provided by the other three layers.

#### **2.2.4 Features of E-commerce Technology**

Laudon and Traver (2008) identify eight features of E-commerce Technology: First is .Ubiquity – it is available just about everywhere, at all times. (Shapiro and Varian, 1999; Tversky and Kahneman, 1981). Second is global reach – E-commerce technology permits commercial transactions to cross cultural and national boundaries far more conveniently and cost effectively than is true in traditional commerce. (Internet Worldstats, 2007); Evans and Wurster, 1997).

Third is universal standards – Technical standards of the Internet, and therefore the technical standards for conducting e-commerce, are universal standards – they are shared by all nations around the world. (Bakos, 1997; Kambil, 1997). Fourth is richness - Information richness refers to the complexity and content of a message (Evans and Wurster, 1999; Fink, et. al., 2004). Fifth is interactivity – Unlike any of the commercial technologies of the twentieth century, with the possible exception of the telephone, e-commerce technologies allow for interactivity, meaning they enable two-way communication between merchant and consumer.



Sixth is information density – The internet and the web vastly increase information density - the total amount and quality of information available to all market participants, consumers, and merchants alike (Sinha, 2000). Seventh is personalization/ customization - E-commerce technologies permit personalization: merchants can target their marketing messages to specific individuals by adjusting the message to a person's name, interests, and past purchases. The technology also permits customization- changing the delivered product or service based on a user's preferences, or prior behavior. Eighth is social technology: user content generation and social networking – In a way quite different from all previous technologies, the internet and e-commerce technologies have evolved to be much more social by allowing users to create and share content in the form of text, videos, music, or photos with a worldwide community.

### **2.2.5 International E-commerce Strategy**

Oster (1994) defines strategy as a set of concrete plans to help organization accomplish its goals. Mintzberg (1978) views strategy as a pattern in a stream of actions or decisions. Hitt et al (2003) view strategy as an integration and coordinated set of commitments and actions designed to exploit core competencies and gain competitive advantage. Similarly Dess et al (2008) views strategy as the analyses, decisions and actions an organization undertakes in order to create and sustain competitive advantages. Chandler (1962) defines the term strategy as 'the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals'.

Discussing the potential development of the strategy and organization fields, Whipp has written that 'the strategy field has clearly defined information technology as a critical feature to be managed and that strategies for international business are another area where strategy may develop' (Whipp, 1996). As the internet is not confined within national boundaries, it is becoming a medium for international trade as well as domestic business. E-commerce is beginning to revolutionize the traditional procedures involved in processing business transactions as a result of which many organizations are adopting it. (Korir, 2005).

While e-commerce relies on information technology, it also facilitates to some extent doing business internationally. The use of e-commerce can provide an important source of competitive advantage in the current business environment and it is likely that not using e-commerce will be a disadvantage in the future (DTI, 2002; Hawkins, 1998; IBM, 2003a; Kalakota and Robinson, 2000; Zott et al., 2000). An increasing number of governments have realized the importance of e-commerce and are trying to ensure that their enterprises are not left behind in international competition. (Kalakota and Robinson, 2000).

### **2.2.6 Benefits of E-Commerce**

It has been argued that the use of e-commerce opens up a number of opportunities for firms and institutions to achieve several benefits starting from reduction in transactional costs (Pare, 2003; Moodley, 2002, 2003). These interrelated e-commerce benefits can be broadly categorized around three objectives which define the value firms in developing countries seek from or can obtain from e-commerce; strategic, informational and operational (Reekers and Smithson, 1994; Fearson and Phillip, 1998; Ratnasingam and Pavlou, 2003).

Strategic benefits are associated with improving market performance of the organization. E-business offers opportunities for firms to increase their market performance by extending the firm's market reach through entry into global commodity chains and access to new customers and into new markets. (Moodley, 2003; Bakos, 1991; Le, 2002); Ranganathan, 2003; Ratnasingam and Pavlou, 2003); UNCTAD, 2001; Wehn and Mansell, 1998).

Informational benefits are associated with improving marketplace information and communication. Information on a firm's products and services can be published on its web site in detail which would also make it relatively available to interested trading partners and consumers in a timely manner. (Evans and Wurster, 1999); Zaheer et al., 1998; Ratnasingam and Pavlou, 2003; Amit and Zott, 2001). Informational benefits are a contributory requisite to achieving strategic benefits in e-commerce.

Operational benefits are associated with achieving cost reductions and efficiency in operations, which facilitate the delivery of an organization's product or service in the marketplace. (Wigand et al., 1997; World Bank, 2001; Zhu and Kraemer, 2002; UNCTAD, 2001; Mbarika and Okoli, 2003; Moodley, 2003; Le, 2002).

These three broad objectives characterise the intent of adopting e-commerce within a developing country firm and correlate with several frameworks and value propositions argued in the extant literature on e-commerce in both developing and developed countries (Evans and Wurster, 1999; Amit and Zott, 2001; Chopra et al., 2001; Zhu and Kraemer, 2002; Le, 2002; Ranganathan, 2003; Wresch, 2003; Moodley, 2003; Barua et al., 2004; Molla, 2004). Though all these three benefits tend to be interrelated (an organization can achieve one benefits while trying to achieve another), a firm can start from operational benefits and orient its strategies and streamline its processes to achieve informational and strategic benefits.

### **2.2.7 Challenges in E-commerce**

In general, the main issues of concern that act as barriers to the increased uptake of information technology and e-commerce in small and medium sized companies (SMEs) in developing countries are the following (Zorayda, 2003; Laudon and Traver, 2008 ). First is lack of awareness and understanding of the value of e-commerce. Most SMEs in developing countries fail to see the value of e-commerce to their businesses. Many think e-commerce is suited only to big companies and that it is an additional cost that will not bring any major returns on investment.

Second is lack of ICT knowledge and skills. People play a vital role in the development of e-commerce. However, technology literacy is still very limited in most developing countries. There are also doubts about whether SMEs can indeed take advantage of the benefits of accessing the global market through the Internet, given their limited capabilities in design, distribution, marketing, and post-sale support.

Third are financial costs. Cost is a crucial issue. The initial investment for the adoption of a new technology is proportionately heavier for small than for large firms. The high cost of computers and Internet access is a barrier to the uptake of e-commerce. Faced with budgetary constraints, SMEs consider the additional costs of ICT spending as too big an investment without immediate returns.

Fourth is Infrastructure. The national network/physical infrastructure of many developing countries is characterized by relatively low teledensity, a major barrier to e-commerce. There are also relatively few main phone lines for business use among SMEs. Fifth is Security. Ensuring security of payments and privacy of online transactions is key to the widespread acceptance and adoption of e-commerce. While the appropriate policies are in place to facilitate e-commerce, lack of trust is still a barrier to using the Internet to make online transactions. Moreover, credit card usage in many developing countries is still relatively low. Also, consumers are reluctant to use the Internet for conducting transactions with SMEs due to the uncertainty of the SMEs' return policy and use of data.

Sixth is other privacy and security related issues. In addition to security there are other related reasons and unresolved issues, such as tax evasion, privacy and anonymity, fraud adjudication, and legal liability on credit cards. It is necessary to distinguish these concerns from the general security concerns (that is, transaction privacy, protection and security) since they may not be addressed by the employment of an effective encryption method (or other security measure).

## 2.3 Empirical Literature

When consideration of the various uses of e-commerce it has been observed that e-commerce is not a simple innovation; rather it is a cluster of separate innovations (Prescott and Conger, 1995; Van Slyke, 1997; White et al., 1998). Companies can choose which of these innovations they make use of and in what sequence. This view is supported by the limited number of studies that have been undertaken to date on the use of electronic commerce in the specific context of small and medium enterprises (SMEs), which include Hamill and Gregory (1997), Webb and Sayer (1998), Dutta and Evrard (1999) and Poon and Swatman (1999). These studies identify a wide range of business activities for which enterprises are using e-commerce, reinforcing the observation that e-commerce is a cluster of separate innovations:

First is to provide information on company (Hamill and Gregory, 1997); Second is to provide information on goods or services, and third is to take orders (Webb and Sayer ,1998; Dutta and Evrard, 1999; Poon and Swatman, 1999); Fourth is to receive payment (Webb and Sayer, 1998; Dutta and Evrard, 1999); Fifth is to deliver digital goods or services, and sixth is after sales service or contact (Webb and Sayer ,1998); Seventh is to identify new inventory suppliers, Eighth is to order and make payment for inventory purchasing, and Ninth is for non inventory purchasing (such as travel, stationery) (Dutta and Evrard ,1999); Tenth is for communication (email) with customers or suppliers, Eleventh is for internal communication between employees, Twelveth is for advertising, and thirteenth is document and design exchange with customers or suppliers (Hamill and Gregory ,1997; Dutta and Evrard ,1999; Poon and Swatman ,1999); Forteenth is for external information fro example search, for competitors, regulations (Hamill and Gregory,1997; Dutta and Evrard ,1999); Fifteenth is for communication with shareholders and investors, and lastly is for recruitment. (Webb and Sayer,1998)

On the other hand Orbeta (2002), when exploring the application of e-commerce to small artisans and development organisations in Asia posits that the main factors challenging e-commerce development in developing countries are: the high cost of Internet connection relative to per capita incomes; Low financial-sector development reflected in low levels of credit card ownership (although some argue that this indicates a preference for cash transaction). Some of the following trends noticed in Asia are also replicated in many developing countries across the world:

First is the use of the ubiquitous stores as both a pick-up and delivery point. Second, there is a proliferation of public access points or Internet cafes. Third is cash on delivery (COD) and bank transfer modes of payments. Fourth, new ways of making payments are emerging. For example, riding on the popularity of the short messaging system (SMS) in the Philippines, mobile banking has been introduced with services that include bill payment and fund transfer. Fifth e-commerce applications to serve niche markets are unfolding. For example, websites selling gifts and offering money-transfer services, directed at the large number of overseas workers with better purchasing capacities, have emerged in the Philippines and Vietnam.

# **Chapter Three**

## **Research Methodology**

### **3.1 Introduction**

This chapter gives the methodology for which this research was carried out. It describes the research design, the population, the sample and data analysis tools and methods that were used in this research.

### **3.2 Research Design**

This study adopted a survey research design. The survey design is preferred because the researcher intends to collect cross sectional data on the effectiveness of international ecommerce as a business strategy. In addition, it allows large amounts of data to be collected from a substantial population in an efficient manner. Although survey design is time consuming, the method is useful as it allows comparisons to be made easily from the results. (Saunders, 2003)

### **3.3 Population**

The population for this study comprised of all the registered motor vehicle dealers operating in Nairobi County and who have established their businesses along major roads in the county. These roads are Ngong Road, Lang'ata Road, Waiyaki Way, Mombasa Road, Bunyala Road, Uhuru Highway and Argwings Kodhek Road. These are dealers whose core business is importation of motor vehicle and related components and who have shown evidence of stocking more than 10 units at any given time.

### **3.4 Sampling**

Sampling involved the selection of a few items from a particular group studied with a view of obtaining relevant data which helped in drawing conclusions regarding the entire group (Dwivedi, 2001). This was advantageous because it saved on money; labour and time while at the same time improved accuracy.

For this study the target sample of 50% of all the dealers in the population defined was used. This is because most of the registered motor vehicle dealers in Nairobi are relatively new and others are relatively small. The sampling method was judgmental.

### **3.5 Data Collection**

The study relied heavily on primary data which was collected by use of a structured questionnaire. The questionnaire was appropriate since the researcher did not need to be present to collect the data, and because the study covered samples from a wide area of the selected registered motor vehicle dealers in Nairobi county.

The questionnaires were distributed through 'drop and pick' method. There was follow-up by to ensure that questionnaires are collected on time as well as to assist respondents who had difficulty in completing the questionnaires. Respondents in the study population comprised of business managers from the selected the selected motor vehicle dealers in Nairobi. This is because this cadre of staff may have influence on the decisions made at the firm level and may have been in the firm long enough to understand the total business of the firm. Only one respondent per firm was targeted to provide responses to the questionnaire; it was deemed that the views may not vary much even if more than one respondent could have been interviewed from the same organization.



The response was quite good considering that the time limit between the distribution of the questionnaire and the collection period of only two weeks. Out of the 32 questionnaires distributed, 22 were returned a 69 percent response rate and 43 percent sample size. The 10 respondents not included here kept on promising to fill the questionnaire and they had not done so by the time of data analysis. However few respondents had to be persuaded to fill the questionnaire as they seemed to be too busy to do it. Others could not provide some data requested citing confidentiality reasons hence several non-responses appearing at data analysis section of this paper.

### **3.7 Data Analysis**

Data collected from the respondents was coded, edited for completeness, labeled, and keyed into the computer for analysis with the aid of Statistical Package for Social Sciences (SPSS). Frequency distribution tables as well as ranking were used to analyze quantitative data. Qualitative analysis was also performed for open ended questions.

# Chapter Four

## Data Analysis and Interpretation of Findings

### 4.1 Introduction

This chapter presents the analysis and interpretation of the findings of the research data on ‘Effectiveness of International E-Commerce Strategy among Selected Registered Motor Vehicle Dealers in Nairobi, Kenya.

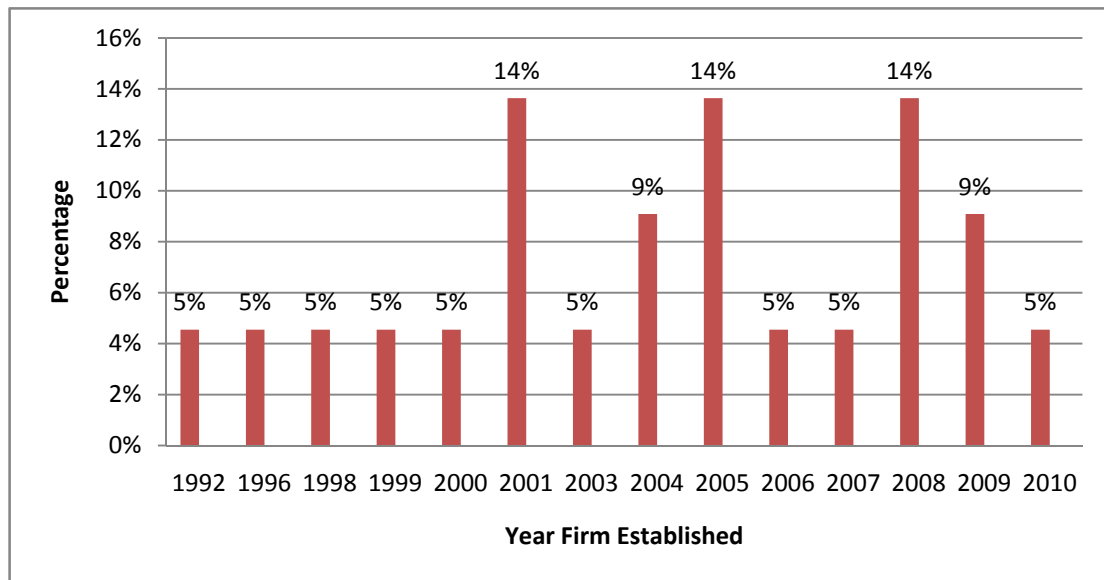
### 4.2 Data Analysis

The demographic information of the respondents was recorded, analysed and presented as follows:

#### 4.2.1 Year the firm was established

To determine the when the firms studied were established the respondents were asked the year their firms were established. From the responses the year the firms were established varied from one organisation to another and the findings were presented in Figure 4.1

*Figure 4.1 Year firm was established.*

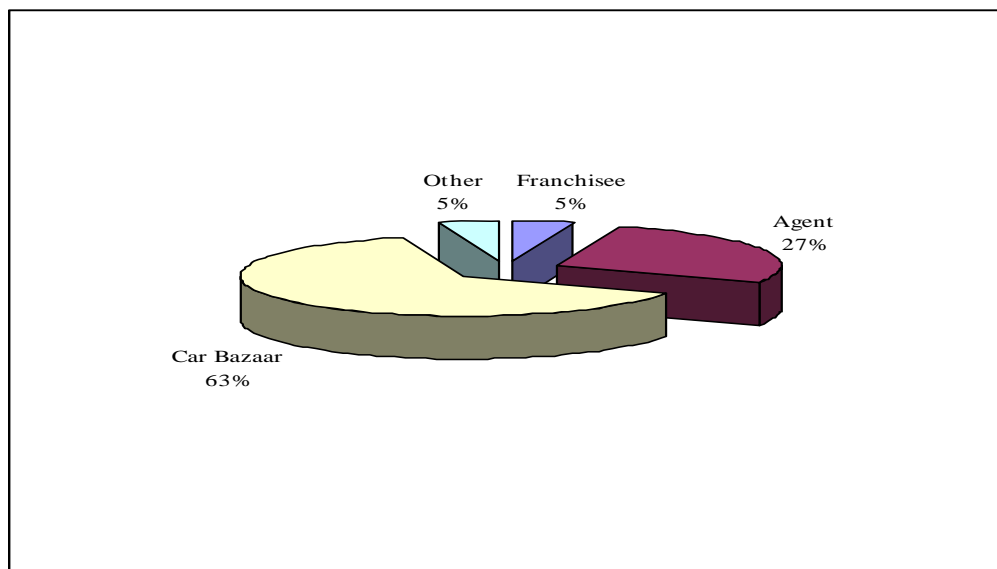


As shown in Figure 4.1 majority of the firms were established as from year 2001 an indication that the establishment of motor vehicle dealers could have been based on the prevailing economic expectations with most firms having been established in the 21<sup>st</sup> century probably due to the introduction of internet technology and explosion of the information age.

#### 4.2.2 Type of Firm

To determine the nature of the firms studied, the respondents were asked to indicate the type of their firm .Their responses are presented in Figure 4.2

*Figure 4.2: Type of firm.*



As illustrated in Figure 4.2 only three categories of firms were represented in the study with 63 percent being Car Bazaars, 27 percent being Agents, 5 percent being Franchisees while the remaining 5 percent represented other small categories. The study indicates that car bazaars are the predominant categories of car dealers who do business in Nairobi. This can be attributed to the fact that they have advantage of size which has enabled them to acquire and maintain requisite infrastructure for ecommerce and other operations. Barua et al. (2004) supports the view that in the internet economy having the right infrastructure enables firms to derive other strategic, informational and operational benefits.

### 4.2.3 Main Product or Services

To determine the goods and services offerings provided their firms the respondents were asked the main products and services offered by their firms .The responses are shown in Table 4.1.

*Table 4.1: Main Products and Services.*

<b>Main product</b>	<b>Frequency (N=22)</b>	<b>Percent</b>
Motor vehicles	22	100
Accessories	5	22
Car Hire	2	9
Consulting	1	4
Car Wash	2	9
Garage	2	9
Insurance	2	9
Licenses	1	4
Servicing	1	4
Spare Parts	6	27
Alarms	1	4
Registration	1	4

Table 4. 1 shows that the firms studied consider motor vehicles as their main product at 100 percent followed by spare parts at 27 percent, then accessories at 22% , followed by car wash, garage services and insurance at 9 per cent each, then consulting, licenses, servicing, alarms and registration at 4 percent each. This finding is important as it defines the nature of e-commerce that could be applicable for these firms as postulated by Esselaar and Miller (2001).

### 4.2.4 Significant Source of Revenue

Asked their most significant sources of revenue, Table 4.2 shows the significant sources of revenue reported by the firms studied.

*Table 4.2: Significant Sources of Revenue.*

<b>Main product</b>	<b>Frequency (N=22)</b>	<b>Percent</b>
Motor vehicles	21	95
Accessories	1	4
Car Wash	1	4
Insurance	1	4
Spare Parts	1	4

As depicted in Table 4.2 above only five products and services are considered main sources of revenue for the firms with 95 percent of the firms reporting that motor vehicles is the main source of revenue and 4 percent of the firms reporting that accessories, carwash, insurance and spare parts are significant sources of revenue. This finding is important as it also gives a basis of areas in which e-commerce can best be employed.

#### **4.2.5 Number of Employees**

To determine the size of the firms the respondents were asked the number of employees in their firms. Table 4.3 gives a summary of the number of employees for the firms studied.

**Table 4.3: Number of employees.**

<b>Number Range</b>	<b>Frequency</b>	<b>Percentage</b>
1-10	12	55
11-20	4	18
21-30	4	18
31 and above	2	9
<b>Total</b>	<b>22</b>	<b>100</b>

As illustrated in figure 3 the highest number of firms at 55 percent employed between 1 and 10 employees, followed by 11 to 20 employees and 21 to 30 employees at 18 percent. 9 percent of the firms employed over 31 employees.

This data represented a minimum number of employees of 4 and a maximum number of 60 which is a range of 56, a mean of 16 employees with a standard deviation of 14 employees. This data shows that the firms studied varied in their size hence the varying size of total workforce.

#### 4.2.6 Number of vehicles sold and purchased annually

To determine the size of business of the firm's studied the respondents were asked to indicate the number of vehicles purchased and sold. The responses are represented in a frequency table as shown in Table 4.4.

*Table 4.4: Annual number of vehicles purchased and sold.*

Number	Vehicles Purchased		Vehicles Sold	
	Frequency	Percentage	Frequency	Percentage
1-100	6	27	5	23
101-200	3	14	7	32
201-300	4	18	2	9
301-400	2	9	2	9
401 and	3	14	4	18
Non	4	18	2	9
<b>Total</b>	<b>22</b>	<b>100</b>	<b>22</b>	<b>100</b>

Table 4.4 shows the frequencies and percentages of vehicles sold and purchased per annum by the firms studied. From the table 27 percent of the firms buy between 1 and 100 vehicles, 18 percent between 201 and 300 vehicles, 14 percent between 101 and 200 vehicles and above 401 vehicles, 9 percent between 301 and 400 vehicles. There was however a non response rate of 18 percent by respondents who felt the question was sensitive.

In addition 32 percent of the firms studied sell between 101 and 200 vehicles, 23 percent between 1 to 100 vehicles, 18 percent 401 and above vehicles, 9 percent between 201 and 300 vehicles and 301 and 400 vehicles. There was also 9 percent non response for this question.

Table 4.5 shows the descriptive statistics of the data presented in Table 4.4

*Table 4.5: Descriptive statistics of number of vehicles purchased and sold.*

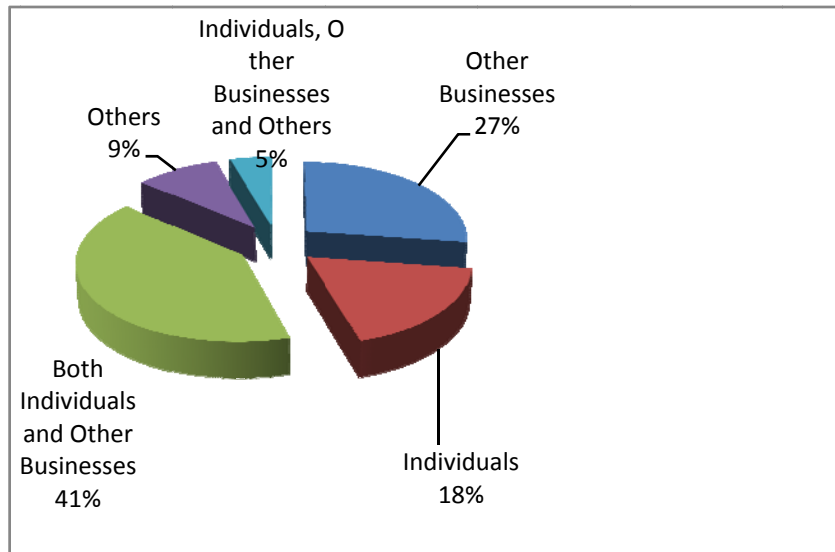
	Range	Minimum	Maximum	Mean	Std. Deviation
Number of Vehicles purchased	980	20	1000	312	307
Number of Vehicles sold	930	70	1000	310	306

Table 4.5 shows that the number of vehicles purchased ranged from a minimum of 20 and a maximum of 1000 a range of 980 with a mean of 312 and a standard deviation of 307. Similarly the Number of vehicles sold ranged from a minimum of 70 to a maximum of 1000 with a range of 930, a mean of 310 and a standard deviation of 306. These statistics show that the firms studied ranged from small to big firms. The differences between number of vehicles bought and purchased can be attributed to vehicles sold on behalf of their suppliers. The findings above indicate that the business of the firms studied range from small to big business.

#### **4.6.7 Kind of Suppliers firms trade with**

Asked to indicate the different kinds of suppliers their firms trade with, Figure 4.3 presents the responses given.

**Figure 4.3: Kinds of suppliers firms trade with.**



From Figure 4.3 ,41 percent of respondents buy from both individuals and other businesses, 27 percent from Other businesses only, 18 percent from Individuals only, 9 percent from Others, 5 percent from the three categories of suppliers that is Individuals,Other businesses and Others. This is because some businesses prefer to do business with established businesses or trusted individuals especially when e-commerce is used as the medium of transacting business. This is primarily so because of trust issues which are considered as one of the challenges in using e-commerce (Zorayda, 2003). This information is necessary because if e-commerce is used when doing business with these classes of suppliers the correct model of e-commerce whether B2C, B2B, G2B as defined by Laudon and Traver (2008) can be established.

#### **4.6.7 Kind of customers firms trade with**

Asked to indicate the kind of customers the respondents deal with Figure 4.4 illustrates the responses given.



**Figure 4.4: Kinds of customers' firms trade with.**

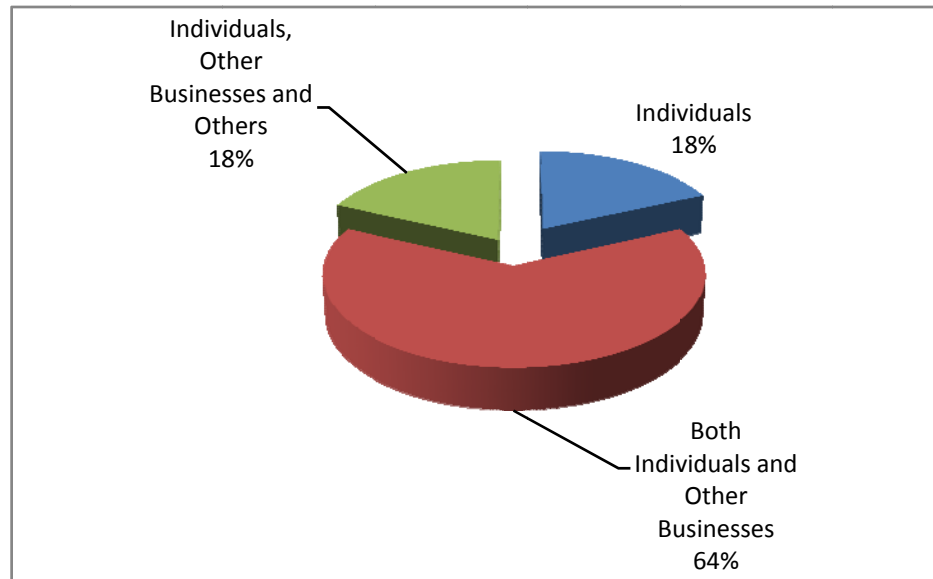
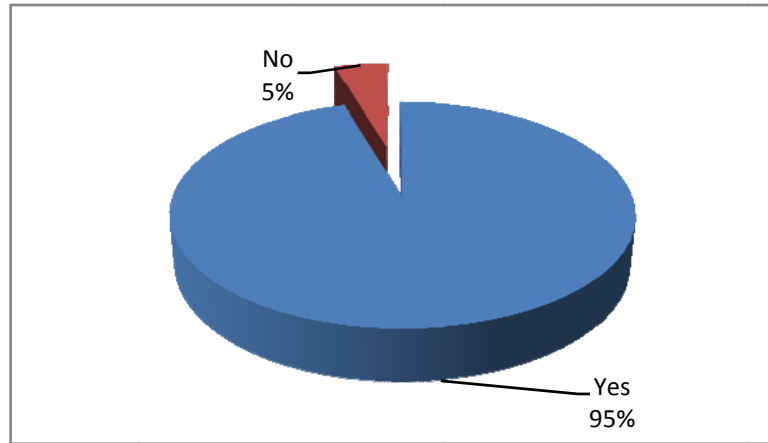


Figure 4.4 gives an indication as to the types of customers the respondent firms deal with, with 18 per cent dealing with individuals alone, 64 per cent dealing with both individuals and other businesses and 18 percent dealing with Individuals, Other businesses and others (for instance non – governmental organisations and governmental organisations). This information is necessary because if e-commerce is used when doing business with these classes of customers the correct model of e-commerce whether B2C, B2B, G2B as defined by Laudon and Traver (2008) can be established.

#### **4.6.8 Involvement in International Trade**

To determine whether the respondents' firms engage in international trade the respondents were asked to indicate if they engage in international trade or not .Figure 4.5 shows the percentage of respondent firms that engage in international trade activities.

*Figure 4.5: Firm engaged in international trade?*



From figure 4.5, 95 percent of the firms studied reported that they engage in international trade activities and only 5 percent do not. This is an indication that the motor vehicle industry in Kenya is highly reliant on international markets. This corresponds to the findings by Munyori (2009) on the growth of motor vehicle importation in Kenya.

#### **4.6.8 Imports and import countries reported**

To determine the nature of international trade the firms engage in the respondents were asked to indicate the goods they import and from which countries. Figure 4.6 shows the imports by respondent firms per country of import.

*Figure 4.6: Imported items per country of import.*

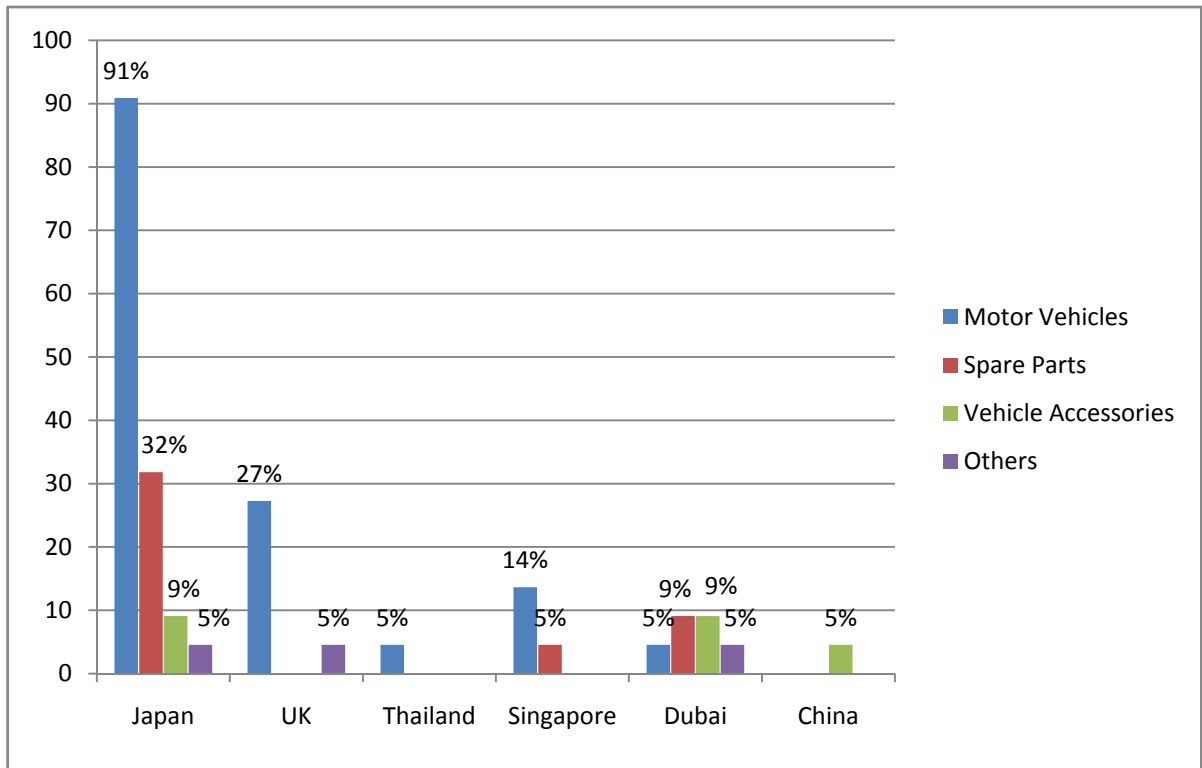


Figure 4.6 shows that 91 percent of the firms studied import motor vehicles from Japan, against 27 percent who import from UK, 14 percent from Singapore, 5 percent from Thailand and 5 percent from Dubai. Additionally 32 percent of the firms import spare parts from Japan and 9 percent from Dubai and 5 percent from Singapore. No firm imports spare parts from UK, China and Thailand. Similarly 9 percent of the firms import vehicle accessories from Japan and Dubai and 5 percent from China, with no vehicle accessories coming from UK, Thailand or Singapore. This illustrates that Japan is the preferred country for importation in the motor vehicle industry in Kenya, followed by UK then Singapore, then Dubai and lastly Thailand and China. This finding is important as it depicts the countries for which Kenyan motor vehicle dealers’ international trading partners reside and the associated merchandise traded across the borders. This data forms the basis of international e-commerce practices.

#### 4.6.9 Importers using e-commerce

When asked whether they use e-commerce during importation, the percentage of importers who indicated that they buy the various items from sellers in other countries using e-commerce is shown in Figure 4.7.

*Figure 4.7: Importers using e-commerce.*

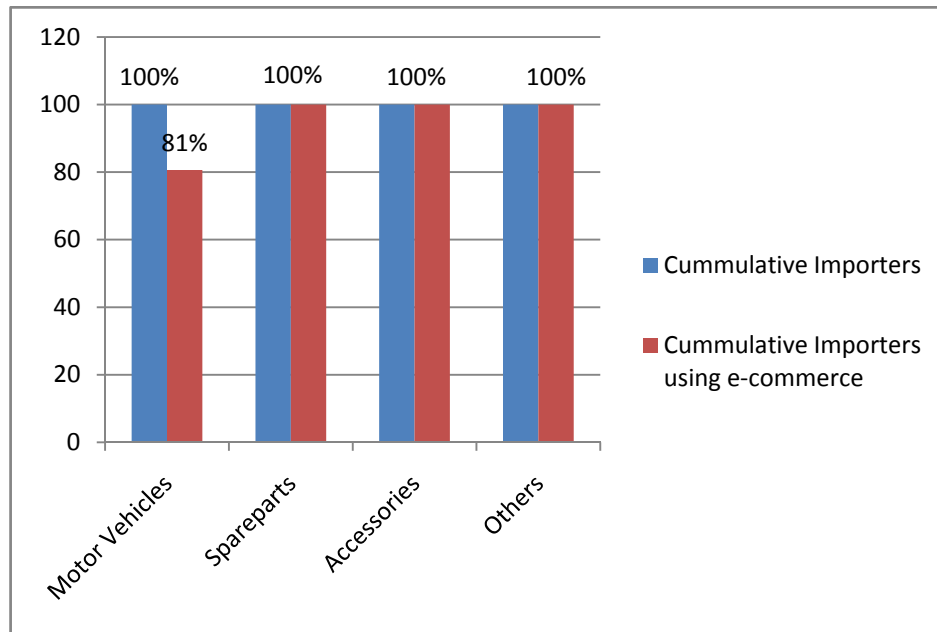
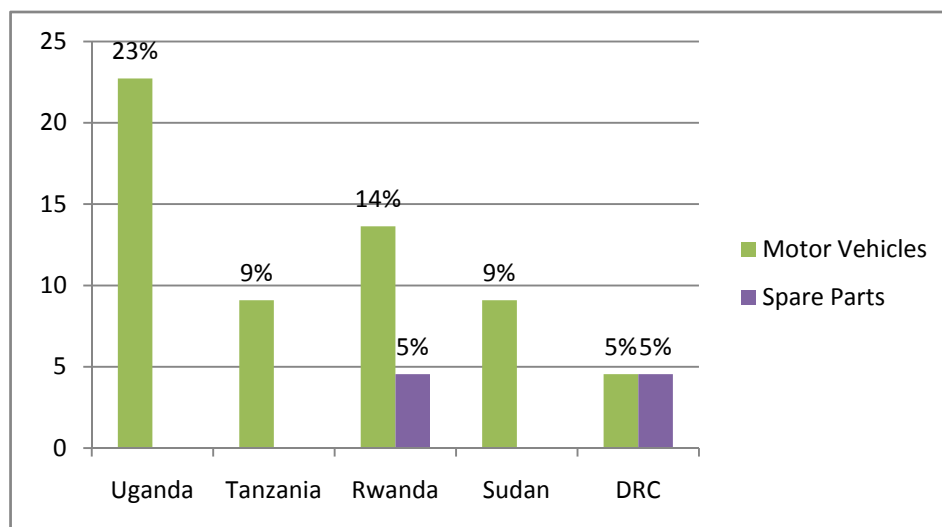


Figure 4.7 shows that 81 percent of all motor vehicle importers employ e-commerce as a method of doing business while 100 per cent of all importers of Spare parts, Accessories and Other Items employ e-commerce as a means of doing business. This shows that e-commerce is deeply entrenched as a method of purchasing merchandise internationally by motor vehicle dealers in Nairobi.

#### 4.6.10 Exports and export countries reported

To determine the nature of export trade engaged the 8 firms out of 22 who said they export to other countries were asked to indicate the type of goods exported and to which countries. The responses are as shown in Figure 4.8:

**Figure 4.8: Exported items per country of export.**

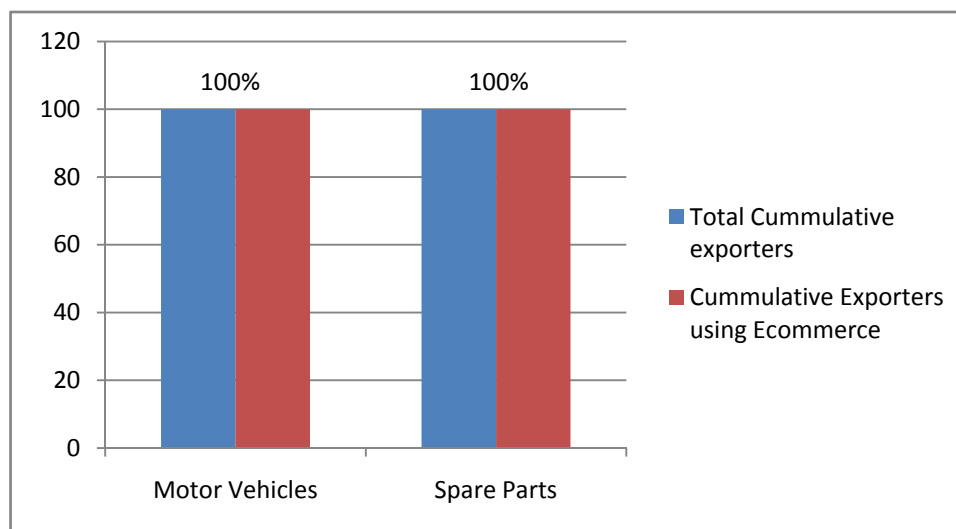


From Figure 4.8 the study shows that 23 percent of the firms export motor vehicles only to Uganda, followed by 14 percent to Rwanda, then 9 percent to Tanzania and Sudan, then 5 percent to DRC. Additionally 5 percent of the firms export spare parts to Rwanda and DRC only. This finding indicates that export of merchandise out of Kenya by motor vehicle dealers in Nairobi is limited and practiced in a small sale.

#### **4.6.11 Exporters using E-commerce**

When asked to indicate if they use e-commerce in their export transactions the percentage of exporters who sell various items to customers in other countries using ecommerce is shown in Figure 4.9.

**Figure 4.9: Exporters using Ecommerce.**



From Figure 4.9 all motor vehicle and spare parts exporters from Kenya use e-commerce in their business dealings with their customers. This means that e-commerce is deeply entrenched in the motor vehicle industry in Kenya as a method of selling to buyers from different countries.

#### **4.6.12 Identification of international trading partners**

To determine how trading partners are identified by their firms the respondents were asked to indicate the various ways in which they identify trading partners. The responses are as shown in Figure 4.10.

*Figure 4.10: How international trading partners are identified.*

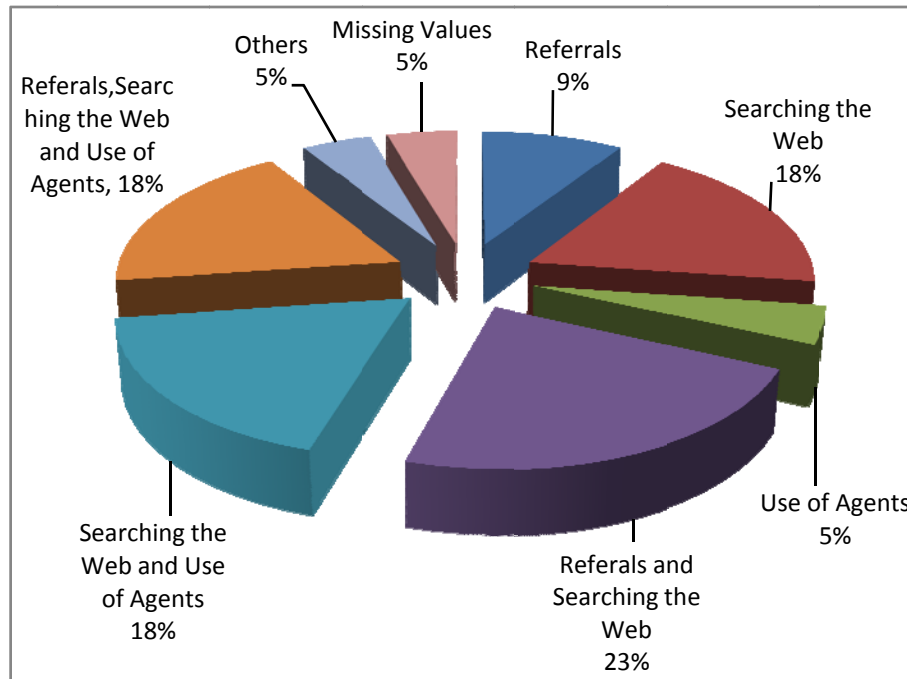


Figure 4.10 shows that a majority of the firms identify international trading partners by referrals and searching the web at 23 percent; 18 percent of the firms search the web and use agents or use referrals, search the web and use agents or just search the web. Only 9 percent of the firms use referrals alone; 5 percent use other methods while 5 percent did not answer to this question. This shows that most firms in this industry use a combination of methods to identify international trading partners and not just one method. This can be attributed to the global reach characteristic of ecommerce as well as trust concerns. Firms may want to contact new trading partners worldwide by searching the web yet they would want evidence that such partners can be trusted hence the use of referrals and agents.

#### **4.6.13 E-commerce applications in use**

To determine which e-commerce applications are used and how often this is done the respondents were asked how often they use specific e-commerce applications in a 5 point Likert scale with mean of 1 = Always; 2 = Frequently; 3 = Seldom and 4 = Never. Table 4.6 gives the responses given.

*Table 4.6: E-Commerce applications used.*

Application	N	Non-Responsive	Mean
Email	22	0	1
WWW	22	0	1
Extranet	19	3	3
EDI	19	3	3

Table 4.6 shows that email and World Wide Web (the internet) are the mostly used e-commerce applications. The motor vehicle dealers always use them with all the 22 firms studied indicating on average that they use them. 19 out of the 22 firms studied say they seldom use extranet and EDI with 3 firms failing to respond how frequently they use extranet and EDI (Electronic Data Interchange). This could be because they don't use these tools neither do they understand what they are.

#### **4.6.14 E-commerce applications usage**

To determine the usage of e-commerce applications, the respondents were asked to indicate how often their firms utilize e-commerce applications in a 5 point Likert scale with mean of 1 = Always; 2 = Frequently; 3 = Seldom and 4 = Never.

The responses are given are shown in Table 4.7



*Table 4.7: E-Commerce applications usage.*

Application Usage	N	Non-responsive(NR)	Mean
Firm Information	20	2	1
Goods and Services infor.	22	0	1
Products Mkt. Information	21	1	1
Supplier Information	22	0	1
Supplier Communication	21	1	1
Place int'l orders	22	0	1
Advertising	21	1	1
Input mkts. Information	22	0	2
Customer Information	21	1	2
Customer Communication	21	1	2
Accept int'l orders	20	2	2
Accept domestic orders	22	0	2
Place domestic orders	22	0	2
After sale contact	22	0	2
Business docs. exchange	21	1	2
Payments	22	0	2
Internal communication	21	1	2
Social contact	21	1	2
Communicate with Govt.	21	1	2
Non inventory purchasing	20	2	3
For recruitment	20	2	3

From Table 4.7 we can deduce that most motor vehicle dealers in Kenya always use e-commerce applications to get information about specific firms, to get information about specific goods and services, to get product market information, to get supplier Information, to communicate with suppliers and to place international orders.

In addition these firms frequently use e-commerce applications to get input market information, to get information about customers, to communicate with customers, to accept international orders, to accept domestic orders, to place domestic orders, for after sale contact with suppliers and customers, to exchange business documents, to process payments and for internal communication within the firms. Moreover e-commerce applications are seldom used by motor vehicle dealers in Kenya for non-inventory purchasing and recruitment. The above finding collaborates the view by Ngai and Wat (2002) on the three perspectives of e-commerce: communication perspective, online perspective and business process perspective.

#### 4.6.15 E-commerce usage perspectives

The respondents were asked to respond on five perspectives of how they use e-commerce in a 2 point Likert scale with mean of 1 = Yes; 2 = No. Table 4.8 shows the various responses to the questions asked.

*Table 4.8: E-Commerce usage perspectives.*

<b>Perspective</b>	<b>N</b>	<b>Non Responsive</b>	<b>Mean</b>
Do your suppliers have real time infor. on their stock?	21	1	1
Do your customers have real time info on firm stock?	21	1	1
Does your firm require electronic integration of Systems with Customers'?	21	1	2
Does your firm require electronic integration of Systems with Suppliers'?	22	0	1
Does firm require suppliers to use e-commerce?	22	0	1

Table 4.8 shows that on average for most motor vehicle dealers in Nairobi; their suppliers provide real time information on their stock. Similarly most of the firms provide information on stock to their customers on a real-time basis. Similarly most firms require that their firms' systems are integrated with their suppliers' systems and that their customers should use e-commerce. On the contrary the firms do not require that their systems are integrated with those of their customers.

This finding is in line with the communication perspective of e-commerce as postulated by Ngai and Wat (2002), who defines e-commerce, as the delivery of information, products/services, or payments via telephone lines, computer networks, or any other means.

#### 4.6.16 Reasons for using Ecommerce

The respondents were asked to indicate the reasons for which they started to use e-commerce in the first place and their level of importance in a 5 point Likert scale with mean of 1 = Not important; 2 = Little important; 3 = Moderately important ; 4 = Largely important and 5 = Very important. Table 4.9 shows the reasons as given in their order of importance.

*Table 4.9: Reasons for using e-commerce.*

<b>Reason</b>	<b>N</b>	<b>Non Responsive</b>	<b>Mean</b>
It's faster than traditional commerce	22	0	5
Informational Richness	21	1	5
To keep up with other firms	22	0	5
It's cheaper than traditional commerce	21	1	4
To do business 24/7	22	0	4
To get global market channels	22	0	4
To increase firm's product range	22	0	4
To get global supply channels	22	0	4
To gain experience hence long term benefit	21	1	4
To establish Business Contacts	22	0	4
To increase short term profits	21	1	4

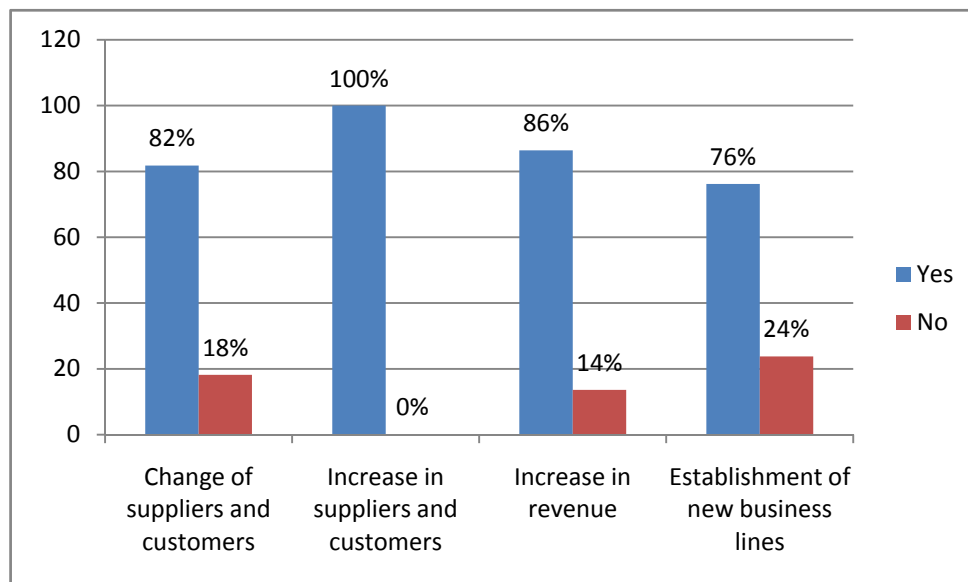
From Table 4.9 it can be deduced that the most important reasons why Kenyan motor vehicle dealers started to use e-commerce are because ecommerce is faster than traditional commerce, ecommerce offers information richness and so as to keep up with other firms.

Similarly other reasons given are just largely important. Such reasons are: e-commerce is cheaper than traditional ecommerce; e-commerce allows carrying of business 24/7; e-commerce enables businesses to get global market channels; e-commerce enables businesses to increase product range; e-commerce enables businesses to get global supply channels, to gain experience hence long term benefit, to establish business contacts and to increase short term profits.

#### 4.6.17 Benefits derived from using Ecommerce

To determine the benefits derived from using e-commerce the respondents were asked if they have achieved some defined benefits from using e-commerce. Figure 4.11 presents the responses given.

*Figure 4.11: Benefits derived from using e-commerce.*



From Figure 4.11, 100 percent of the respondents were of the view that e-commerce has led to the increase in suppliers and customers, 86 percent that it has helped increase their revenue, 82 percent that it has helped them change suppliers and customers, and 76 percent that it has helped establish new business lines. This finding is important as it helps gauge the effectiveness of using e-commerce.

#### 4.6.18 Functions supported by E-commerce

When asked which functions were supported by e-commerce the respondents gave the responses presented in the Table 4.10.

*Table 4.10: Functions supported by e-commerce.*

<b>Function</b>	<b>Frequency (N=22)</b>	<b>Percentage</b>
Payment	1	5
Purchases	17	77
Sales	15	68
Communication	1	5
Marketing	5	23

Table 4.10 shows the business functions that e-commerce is said to support in motor vehicle dealers' firms. For 77 percent of the firms e-commerce support purchases, for 68 percent sales, for 23 marketing, for 5 percent payments and communication. This finding is important as it shows that e-commerce is quite useful with its application being widespread in the industry.

#### 4.6.19 Percentage of sales and purchases supported by E-commerce

In order to give an indication of the value of e-commerce to these respondents the respondents were asked to indicate what percentage of sales and purchases are supported by e-commerce in their firms. Table 4.11 shows the statistics from the responses given.

*Table 4.11: Statistics of percentage sales and purchases supported by e-commerce.*

<b>Statistics</b>	<b>E-commerce Purchases</b>	<b>E-commerce Sales</b>
Mean	73	48
Mode	100	50

Table 4.11 shows that for all of the firms studied a mean of 73 percent of their purchases and 48 percent of sales are supported by e-commerce.

Additionally most firms reported that 100 percent and 50 percent of their purchases and sales respectively are supported by e-commerce. This finding posits that for some motor vehicle dealers' e-commerce is of utmost importance and great value especially when it comes to purchases.

#### **4.6.20 Contributions made by e-commerce**

To determine the contribution e-commerce has made to their businesses the respondents were asked the extent to which e-commerce has made specific contributions in their firm's businesses in a 5 point Likert scale with mean of 1 = No Extent ; 2 = Small Extent; 3 = Moderate Extent ; 4 = Large Extent and 5 = Very Large Extent. Table 4.12 shows the responses given in this regard.

*Table 4.12: E-commerce contributions.*

<b>E-commerce contribution</b>	<b>N</b>	<b>Non Responsive</b>	<b>Mean</b>
Better trading information	22	0	5
Larger supply base	22	0	5
Better products and services	22	0	5
Reduction in time of doing business	22	0	5
Reduction in cost of doing business	22	0	5
Better relationship with customers and suppliers	22	0	5
Gaining competitiveness in the market	21	1	5
More global business and social contacts	22	0	4
Wider market reach	22	0	4
Increased efficiency and productivity	22	0	4
Increase in total revenues	21	1	4
New product development	21	1	4

Table 4.12 shows that on average the respondents are of the view that use of e-commerce has to a very large extent provided better trading information, helped create a larger supply base, led to availability of better products and services, reduced time of doing business, reduced cost of doing business, led to better relationships with customers and suppliers and helped gain competitiveness in the market.

Similarly the respondents are of the view that the use of ecommerce has to a large extent led to gaining more global business and social contacts, provided a wider market reach, has increased efficiency and productivity, has led to increase in total revenues and has promoted new product development. The contributions accruing from e-commerce to the motor vehicle dealers in Nairobi fit into the three classes: strategic, informational and operational, as defined by Reekers and Smithson (1994).

#### **4.6.21 Challenges of using e-commerce**

The respondents were asked the specific challenges impacting on their the use of e-commerce in their businesses and the extent to which they encounter such challenges in a 5 point Likert scale with mean of 1 = No Extent ; 2 = Small Extent; 3 = Moderate Extent ; 4 = Large Extent and 5 = Very Large Extent. The responses are captured in Table 4.13.

*Table 4.13: Challenges of using e-commerce*

Challenge	N	Non Responsive	Mean
Cost of Using the Internet	22	0	3
Legal and Regulatory Framework	21	1	3
Domestic telecommunication infrastructure	21	1	3
Banking and financial environment	20	2	3
Lack of adequate skills	22	0	3
Problems related to transportation and shipping	22	0	3
Privacy and Information Security Issues	21	1	3
Trust Issues	21	1	3
Business traditions and convention issues	20	2	4
Language and support issues	22	0	3

From Table 4.13 above only business traditions and convention issues have to a large extent impacted the use of e-commerce negatively. Other factors such as cost of using the internet, legal and regulatory framework, domestic telecommunication infrastructure, banking and financial environment, lack of adequate skills, transportation and shipping problems, privacy and information security issues, trust issues and language and support issues only to a moderate extent negatively affect usage of e-commerce.

# Chapter Five

## Summary, Conclusion and Recommendations

### 5.1 Introduction

This section gives a brief summary of the findings of the study, the limitations of the study as well as a conclusion derived from the entire research project. In addition recommendations for implementation, implications on policy formulation and further research are suggested.

### 5.2. Summary of Findings

The study revealed the following findings:

Most motor vehicle dealers in Nairobi were established beginning 2001 onwards possibly due to economic and technological factors with the biggest number of motor vehicle dealers in Nairobi being car bazaars. Consequently motor vehicles, spare parts and vehicle accessories are the main merchandise that motor vehicle dealers in Nairobi buy and sell with motor vehicles being the most significant source of revenue.

Most motor vehicle dealer firms in Nairobi are small employing less than 10 employees and selling fewer than 200 vehicles per year with suppliers and customers of these motor vehicle dealers being mainly individuals and other businesses. In additions the greatest number of Motor vehicle dealers in Nairobi is involved in international trade with Japan being the greatest trading partner followed by Dubai and then the UK. Similarly these dealers export mostly motor vehicles to Uganda and Rwanda. E-commerce is the most used method of conducting international trade as opposed to the traditional paper based brick and mortar method. Most international trading partners are identified by a combination of searching the web and by referrals.



Email and the World Wide Web (internet) are the most used applications and are used for getting information about specific firms, goods and suppliers as well as communication, advertising and placing international orders. Most of the traders studied started to use e-commerce mainly because it is faster than traditional commerce, has information richness and in order to keep up with other firms. To most of these traders e-commerce has led to increase in suppliers, customers and revenue, has helped change customers and suppliers as well as helped establish new business lines. International e-commerce has also to a very great extent helped motor vehicle dealers in Nairobi get better trading information, get a larger supply base, better products and services, reduced cost and time of doing business and helped foster better relationships with customers and suppliers. However established business traditions and convention issues are the most cited challenge impacting on the effectiveness of international e-commerce as a business strategy by motor vehicle dealers in Nairobi.

### **5.3. Conclusion**

The general conclusion that can be drawn from this study is that international e-commerce as a strategic choice for motor vehicle dealers in Nairobi is widely practiced and highly effective. This has led to the majority of motor vehicle dealers in Nairobi practicing international e-commerce in all their international transactions. Additionally the use of e-commerce by motor vehicle dealers in Nairobi has been limited to the use of the internet to make purchases and sales with e-mail being used a communication medium. These two applications have been effective in spurring growth in B2B and B2C international e-commerce which are the two models of e-commerce used by these traders.

Similarly, international trade partners for motor vehicle dealers are mainly from Japan, Dubai and UK for imports and Uganda and Rwanda for export. Most of these partners are identified through searching the web and referrals. The dealers mainly import Motor vehicles, Spare parts and vehicle accessories and export motor vehicles to their trading partners. E-commerce is used and has been effective in all these dealings.

In addition, international e-commerce has provided motor vehicle dealers in Nairobi with a platform that has helped: increase revenues; increase the number of customers and suppliers; provide more information about products and business partners; access better products and services; reduce time of doing business and associated costs and improve relationships with suppliers and customers. The benefits achieved resonate well with the main reasons why these businesses started using e-commerce in the first place which are; e-commerce is faster than traditional commerce, has information richness and would help the firms keep up with other firms.

It is interesting to note that the major challenge impacting on the effectiveness of international e-commerce is a change problem that is, it is premised on conventional business practices and traditions. This means that people are unwilling to change and adopt this new method of doing business. This may be due to lack of awareness of the value international e-commerce may bring such businesses or other factors such as skills challenges, infrastructure challenges, security and privacy challenges. All in all this finding suggest that there seems to be a lack of general acceptance that ecommerce is a superior method of doing business to traditional methods.

#### **5.4. Recommendations**

It is recommended that motor vehicle dealers in Nairobi seek to extend their e-commerce usage. This can be done by exploring other uses for e-commerce such as: integrating systems with supplier's systems for exchange of crucial data and business documents; teleconferencing; video conferencing; participating in online auctions; maintaining rich and dynamic websites to enable customers get real time data on stocks offers and important information; use of web portals to interact with different stakeholders online; provision of online services such as consulting; online communities for collaboration and reviews, blogs for soliciting feedback, and such other technologies.

Considering the features of e-commerce as described by Laudon and Traver (2008) it is imperative that all the electronic technologies available be harnessed to provide informational and strategic benefits to business firms. (Evans and Wurster, 1999).

Similarly it is recommended that these dealers extend their product and service offering by seeking more products, suppliers and customers from other countries across the world through the use of e-commerce. By doing this these businesses will be using the world as their oyster as postulated by Esselaar and Miller (2001) which will help in business growth.

Finally the challenge of business traditions and established business conventions should be confronted by lobbying government to develop a policy of e-commerce. This policy will among other advantages regulate the use of e-commerce so that it is safe and widely acceptable as a way of doing business by Kenyan businessmen. Similarly awareness should be created in the business community in order to create wide acceptance of e-commerce as an alternative and superior method of conducting business.

### **5.5 Suggestions for Further Studies**

This Research focused only on the effectiveness of international e-commerce as a strategic choice for motor selected registered vehicle dealers in Nairobi. However to address the wide knowledge gap that exist in the area of e-commerce application in the motor vehicle industry in Kenya further studies can be done to determine the value of e-commerce in this industry in general. Similarly studies can be done to look at the various aspects of application of e-commerce in other geographical areas, other industries and to the country at large.

### **5.6 Limitations of the study**

This research project was limited to looking at the effectiveness of international e-commerce strategy for motor vehicle dealers in Nairobi. As a result it generated data on international trade practices and international e-commerce usage among selected registered motor vehicle dealers in Nairobi.

It also looked at the benefits and challenges arising from international e-commerce application among this group of traders. These findings can be extrapolated to all motor vehicle dealers located in Nairobi and possibly in major towns in Kenya.

The study however did not however make an in depth analysis of international trade practices among all motor vehicle dealers in Kenya nor the e-commerce practice among all motor vehicle dealers in Kenya. The study did not also try to estimate the monetary value of e-commerce to the motor vehicle dealers. Similarly this study does not provide the business growth statistics among this category of traders as a result of international e-commerce usage rather it sought to get the traders' general views on utilization, contributions, benefits and challenges of international e-commerce as an alternative method of doing business. The study did not also attempt to establish e-commerce application in domestic trade but concentrated on e-commerce application in the international arena.

## **5.6 Implications on policy and practice**

The data generated in this study will be useful in formulation of policy and legislation in Kenya. First the international trade statistics generated will aid policy makers in the motor vehicle industry to promote international trade in the industry. Similarly the Government of Kenya will have data to rely on when formulating trade policies and regulations that touch on this industry and other industries that rely on the motor vehicle industry.

Of importance is the need to promote export of motor vehicle related merchandise from Kenya, be it new motor vehicles, spare parts or re-export of imported merchandise. This will go a long way in promoting growth in this industry. Similarly with ICT and e-commerce the government can encourage its citizens to engage in international trade as they can be able to view the world as a village from which they can source and sell their merchandise.

Data on international e-commerce usage, benefits, contributions and challenges will be useful in formulating policy on ICT application in business. Applications such as e-mail, World Wide Web and its many sub systems will need to be made available to many traders in Kenya. Similarly other applications will need to be promoted so that they are acceptable for use in business. Policies touching on issues such as information security, privacy, ICT infrastructure development, international payments and international logistics need to be developed and where they exist, they need to be updated to reflect the reality of international e-commerce.

Similarly international e-commerce and in e-commerce in general need to be developed further by development of more user friendly, secure and effective business systems that will promote acceptance of this method of doing business. This will help challenge the traditional business practices and business conventions. In addition the business community need to promote e-commerce as a superior method of doing business to the traditional paper based brick and motor businesses.

## References

- Akel, M. and Phillips, R. (2001). The internet advantage: a process for integrating electronic commerce into economic development strategy. *Economic Development Review*, 17(3), 13-19.
- Amit, R. and Zott, C. (2001). Value creation in e-business. *Strategic Management Journal*, 22 (6):493-520.
- Bakos, J.Y. (1991). A strategic analysis of electronic marketplaces. *MIS Quarterly*, 15(3), 295-310.
- Barua, A., Konana, P., Whinston, A.B., & Yin, F. (2004). An empirical investigation of net-enabled business value, *MIS Quarterly*, 28(4), 585-620.
- Cabinet Office, The (1999). *e-commerce@its.best.u*, The Performance and Innovation Unit, UK.
- Chaffey, D. (2002), *E-Business and E-commerce Management*. Pearson Education Limited, Harlow, USA.
- Chopra, S., Dougan, D., & Taylor. (2001) B2B e-commerce opportunities, *Supply Chain Management Review*, 5 (3), 50-62.
- Craig, R. (2010, May 13). *Navigating the Turbulent Waters of International E-commerce: E Commerce Times (Online)*. Retrieved from [www.ecommercetimes.com/story/smb/69927.html](http://www.ecommercetimes.com/story/smb/69927.html)
- Department of Commerce. 2004a. *2002 E-commerce Multi-sector Report*.
- . 2004b. *Retail 4Q, 2003 E-commerce Report*.
- . 2003. *2001 E-commerce Multi-sector Report*.
- . 2002. *A Nation Online: How Americans Are Expanding Their Use of the Internet*.
- DTI. 2002. (2010, August 17) *Business in the Information Age— International Benchmarking Study*. Retrieved from <http://www.ukonlineforbusiness.gov.uk/benchmarking2002>.

- Dutta, S., & Evrard, P. (1999). Information Technology and Organisation within European Small Enterprises. *European Management Journal*, 17(3), 239–51.
- Dosi, G. (1988). Sources, Procedures and Microeconomic Effects of Innovation. *Journal of Economic Literature*, 26(3), 1120–71.
- Dwivedi R S, 2001. Research Methods in Behavioral Sciences-New Delhi, Macmillan India
- Evans, P., & Wurster, T.S. (1999). Getting real about virtual commerce. *Harvard Business Review*, 77(6), 85-94.
- Esselaar P.,& Miller J. (2001).Towards Electronic Commerce in Africa: A Perspective from Three Country Studies. *Southern African Journal of Information and Communication*, 2 (1), 5-15.
- Fearson, C., & Phillip, G. (1998). Self-assessment as a means of measuring strategic and operational benefits from EDI: the development of a conceptual framework, *European Journal of Information Systems*, 7(1), 5-16.
- Frank, M. Z. (1988). An Intertemporal Model of Industrial Exit. *Quarterly Journal of Economics*, 103(2), 333 – 44.
- Goldstein, Andrea, and David O'Connor. (2010, August 17). E-commerce for development: Prospects and policy issues: *OECD Development Centre Technical Papers* No. 164. Retrieved from [www.oecd.org/dev/publication/tp1a.htm](http://www.oecd.org/dev/publication/tp1a.htm) .
- Hamill, J. and Gregory, K. (1997). Internet Marketing in the Internationalisation of UK SMEs. *Journal of Marketing Management* 13(1–3), 9–28.
- Hawkins R. (1998). Creating a positive environment for electronic commerce in Europe. European Commission Advanced Communication Technologies and Services (ACTS) programme: *FAIR (Forecast and Assessment of Socio-economic Impact of Advanced Communications and Recommendations) Working Paper* No. 36.
- Heeks, R. (1999). Information and communication technologies, poverty and development, *Development Informatics Working Papers Series No. 5*, IDPM, University of Manchester, Manchester.
- IBM (2010, May 22.) .About e-business. Retrieved from [http://www- 5.ibm.com/e-business/uk/about\\_e-business/](http://www-5.ibm.com/e-business/uk/about_e-business/)

IMRG. 2003. (2010, May 22.) Internet shopping surges to 6% of all retail. Retrieved from

[http://www.imrg.org/imrg/imrgreports.nsf/\(httpRecentHotNewsForNewsandInformation\)/79A4AA2B601D736980256CD80046B9C2](http://www.imrg.org/imrg/imrgreports.nsf/(httpRecentHotNewsForNewsandInformation)/79A4AA2B601D736980256CD80046B9C2)].

Kalakota, R., & Robinson, M. (2000). *e-Business*. Addison-Wesley: Reading, MA.

Kalakota, R. and Whinston, A. (1997) *Electronic Commerce: A Manager's Guide*. Reading, MA: Addison-Wesley.

Kao, D. and Decou, J. (2003). A strategy-based model for e-commerce planning. *Industrial Management & Data Systems*, 103( 4), 238-52.

Kiyeng, P.C. (2003, October). A Survey of the Impact and Challenges of Business to Business (B2B) E-Commerce in Kenya: A case of E-Sokoni. Unpublished MBA Project, UON, Kenya.

Le, T. (2002). Pathways to leadership for business-to-business electronic marketplaces. *Electronic Markets*, 12(2), 112-9.

Mbarika, V. and Okoli, C.(2003). A framework for assessing e-commerce in Sub-Saharan Africa. *Journal of Global Information Technology Management*, 6 (3), 44.

McCormick D., Kimuyu P., & Kinyanjui M.N. (2002 September). *Can Micro-Enterprises Export?* Unpublished paper presented at International Conference on Business Systems in Africa: Institutions in Industry and Agriculture, Mombasa, Kenya.

Molla, A. (2010, August 9). The impact of e-readiness on e-commerce success in developing countries: firm-level evidence”, *Development Informatics, Institute for Development Policy and Management Working Paper Series Paper*, 18. Retrieved from [www.sed.manchester.ac.uk/idpm/publications/wp/di/index.htm](http://www.sed.manchester.ac.uk/idpm/publications/wp/di/index.htm)

Moodley, S. (2010, August 9). E-Commerce and the Export Market Connectivity of South African Garment Producers: Disentangling Myth from Reality. Retrieved from International Research Foundation for Development website: [www.irfd.org/events/wf2003/vc/papers/papers\\_africa/R34.pdf](http://www.irfd.org/events/wf2003/vc/papers/papers_africa/R34.pdf)

Moodley, S. (2003), “Whither business-to-business electronic commerce in developing economies? The case of the South African manufacturing sector”, *Information Technology for Development*, Vol. 10 No. 1, pp. 25-40.

Muckles, M. (2010, August 17). *The Rise of Internet Business and E-commerce in Kenya*. Retrieved from

<http://www.marsgroupkenya.org/yipe/Kenya%20Feature%20Jan%202009.htm>



- Muganda N. (2001, August). *An Investigation of the Business Value of E-Commerce: The Case of selected Firms in Kenya*. Unpublished MBA Project, UON, Kenya.
- Musembi M.M. (2001, August). *An Investigation into the factors that have influenced the adoption of e-commerce in the retailing Industry: The Case of Supermarkets in Nairobi*. Unpublished MBA Project, UON, Kenya.
- Muyoyo J.L. (2004, November). *Factors Influencing the Adoption and Implementation of E-Business Technologies in Companies Quoted at the Nairobi Stock Exchange*. Unpublished MBA Project, UON, Kenya.
- Ngai, E.W.T., & Wat, F.K.T. (2002). A literature review and classification of electronic commerce research, *Information and Management*, 39 (5), 415-29.
- NUA. 2003. (2010, May 22). Worldwide B2B revenues to pass one trillion. Retrieved from [http://www.nua.com/surveys/?f=VSandart\\_id=905358753andrel=true](http://www.nua.com/surveys/?f=VSandart_id=905358753andrel=true).
- Orbeta, C.A. (2010, May 22). Action Research on E-Commerce for Small Artisans and Development Organizations. Retrieved from Philippine Institute for Development Studies website: [http://www.idrc.org/en/ev-83704-201-1-DO\\_TOPIC.html](http://www.idrc.org/en/ev-83704-201-1-DO_TOPIC.html)
- Panagariya, A. (2000). E-Commerce, WTO and Developing Countries. *The World Economy* 23 (8): 959-978.
- Pare, D.J. (2003). Does This Site Deliver? B2B e-commerce services for developing countries. *Information Society*, 19(2), 123-34.
- Pettigrew, A. M. (1985) *The Awakening Giant*. Oxford: Blackwell.
- Prescott, M. and Conger, S. (1995). Information Technology Innovations: A Classification by IT Locus of Impact Research Approach. *The Database for Advances in Information Systems* 26(2-3): 20-41.
- Poon, S. and Swatman, P. (1999). An Exploratory Study of Small Business Internet Commerce Issues, *Information and Management* 35(1), 9-18.
- Ranganathan, C. (2003). Evaluating the options for business-to-business e-exchanges. *Information Systems Management*, 20 (3), 22-9.
- Ratnasingam, P. and Pavlou, P. (2003). Technology trust in internet-based interorganizational electronic commerce. *Journal of Electronic Commerce in Organizations*, 1 (1), 17-41.
- Reekers, N. and Smithson, S. (1994). EDI in Germany and the UK: strategic and operational use. *European Journal of Information Systems*, 3 (3), 169-78.

- UNCTAD. (2010, May 22). *2001 E-commerce and Development Report Trends and Executive Summary*, United Nations Conference on Trade and Development, United Nations, New York. Retrieved from [www.unctad.org/en/docs/ecdr01ove.en.pdf](http://www.unctad.org/en/docs/ecdr01ove.en.pdf)
- United Nations (2010, Feb. 04). *Report of the High-Level Panel on Information and Communication Technology*, April, 17-20. Available from the UN website: <http://www.un.org/documents/ecosoc/docs/2000/e2000-55.pdf>
- Van Slyke, C. (1997, August). *The Diffusion of Technology Cluster Innovation: The Case of the Internet*. Paper presented to Americas Conference on Information Systems, Indianapolis. Retrieved from <http://hsb.baylor.edu/ramsower/als.ac.97/papers/vslyke.htm>
- Wataku L.L. (2007, October). *The extent to which the adoption of E-commerce has facilitated Business in Clearing and Forwarding firms in Nairobi*. Unpublished MBA Project, UON, Kenya.
- Webb, B. and Sayer, R. (1998). Benchmarking Small Companies on the Internet', *Long Range Planning* 31(6): 815–27.
- Wehn, U. and Mansell, R. (1998). *Knowledge Societies: Information Technology for Sustainable Development*. Oxford University Press, Oxford.
- White, M. D., Abels, E. G. and Gordon-Murnane, L. (1998). What Constitutes Adoption of the Web: A Methodological Problem in Assessing Adoption of the World Wide Web for Electronic Commerce. *Journal of the American Society for Information Science* 35 (217–26).
- Wigand, R.T. (1997). Electronic commerce: definition, theory, and context. *The Information Society*, 13 (1), 1-16.
- World Bank (2010, May 9). *Global Economic Prospects and Developing Countries 2001*. Retrieved from the World Bank Website: [www.worldbank.org/prospects/gep2001/full.htm](http://www.worldbank.org/prospects/gep2001/full.htm)
- Wresch, W. (2003). Initial e-commerce efforts in nine least developed countries: a review of national infrastructure, business approaches and product selection. *Journal of Global Information Management*, 11(2), 67-78.
- Xie, A. (2000, April 1). The Internet Could also Give a Boost to Growth in Emerging Economies – Internet Economics: A Thinker's Guide', *The Economist*, 2 (12), 4-12

Zaheer, A., Mc Evily, B. and Perrone, V. (1998). Does trust matter? Exploring the effects of inter-organizational and interpersonal trust on performance. *Organization Science*, 9 (2), 141-59.

Zhu, K. and Kraemer, K.L. (2002). E-commerce metrics for net-enhanced organizations: assessing the value of e-commerce to firm performance in the manufacturing sector. *Information Systems Research*, 13(3), 275-95.

Zorayda Ruth Andam. (2010 August 8). *e-commerce and e-business*. Retrieved from <http://www.apdip.net/publications/iespprimers/eprimer-ecom.pdf>.

Zott, C., Amit, R., & Donlevy, J. (2000). Strategies for value creation in e-commerce. *European Management Journal* **15**(5), 463–475.

Zwass, V. (1996). Electronic commerce: structure and issues. *International Journal of Electronic Commerce*, 1 (1), 3-23.

# Appendices

# **Appendix 1**

## **University of Nairobi Introduction Letter**

## Appendix 2

### List of registered motor vehicle dealers along Ngong Road, Lang'ata Road, Waiyaki Way, Mombasa Road, Bunyala Road, Uhuru Highway and Argwings Kodhek Road, Nairobi

1. ALAMA TRADING COMPANY
2. ALIBABA KENYA LTD
3. MOTHERLAND MOTORS LTD
4. AL-HUSNAIN MOTORS LTD.
5. MBAGATHI MOTORS LIMITED
6. LANGATA ROAD MOTORS LTD
7. CAR LAND LTD
8. AMI - PEARL (EA) LTD
9. MOTOR LINK LTD
10. SAKAI TRADING LIMITED
11. WAGON PARK LIMITED
12. UPPERHILL MOTORS
13. GIGI MOTORS LIMITED
14. A-PLUS MOTORS LIMITED
15. KANSAI TRADING LTD
16. KAREN MOTOR MART LTD
17. YUASA INTERNATIONAL LTD
18. CARLAND LIMITED
19. APEX MOTOR MART LIMITED
20. CLYDE MOTORS COMPANY LTD
21. SHINA TRADING COMPANY LTD
22. JANS TRADING (KENYA) LIMITED
23. JOE CHANG MOTORS
24. DADDYS MOTORS LTD
25. CARMAX LTD.
26. SHAPLA MOTORS LTD.
27. ADO BRO COMPANY
28. AUTO CRUISE MOTORS
29. CHECKERED INVESTMENTS
30. DAY MOTORS
31. YAYA MOTORS
32. KHENG KHENG LTD.
33. WINGS MOTOR MART
34. SKYFLEX MOTORS
35. BOTTOMLINE MOTORS
36. JAMCITY MOTORS
37. IVORY MOTORS
38. MOTORCARE LTD.
39. PRIME AUTO
40. PARK MOTORS
41. SHINE LAND MOTORS
42. COOL MOTORS
43. THIRD MOTORS
44. TOPIC MOTORS
45. NEWDAY& MOTORS
46. GINA MOTORS
47. MATUTO MOTORS
48. KILIMANI MOTORS(K) LTD
49. AUTOPLANET MOTORS LTD
50. CHAKA MOTORS LTD
51. WHEELS MOTORS

Source: Kenya Revenue Authority,

June 2010.