

**A SURVEY OF THE IMPACT AND CHALLENGES OF
BUSINESS TO BUSINESS (B2B) E-COMMERCE IN KENYA:
A CASE OF E-SOKONI**

BY

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DECLARATION

This Management Research Project is my original work and has not been presented for a degree in any other university

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DEDICATION

I dedicate this project to my beloved wife Lydia and daughter Chelagat

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ABSTRACT

“Technology is reshaping economies and transforming business and consumers.

This is about more than e-commerce, or e-mail, or e-trades. It is about the “e” in the economic opportunity”

- William Daley

This study investigated the services offered by a B2B e-market place and explored the impact and challenges faced by member organizations of an e-market as well as the e-market itself. It involved a case study of an e-market in Kenya called E-sokoni.

E-sokoni was chosen because it is a developed B2B e-commerce hub with a membership of six buyers and three hundred and eight suppliers as at the time of this study. It has been in operation for over three years since the year 2000.

The results obtained portrays that 75% of the supplier members joined E-sokoni to reduce operational costs, 65% to access more customers and 75% to reduce sales and distribution costs. On the side of buyers all the buyers joined E-sokoni to both reduce operational costs and reduce procurement expenses.

Services offered by E-sokoni include Electronic market exchange, Business process re-engineering, Supply chain management consultancy, Inventory management advisory and Web marketing. Over 60% of the suppliers considered all these services important while all the buyers considered Electronic market exchange and Business process re-engineering significant.

Only 6% of suppliers have over 5% of their sales going through E-sokoni while all the buyers have over 20% of the purchases coming through E-sokoni. This is attributed to the fact that most of the buyers migrated with their suppliers to E-sokoni hence a higher percentage of purchases coming through E-sokoni for buyers.

Generally for the suppliers B2B e-commerce has resulted into reduced supply chain time attributed to delivery of products in time and order processing has improved because of real time exchange of information. For the buyers, joining E-sokoni has resulted into elimination of intermediaries resulting in delivery of purchases in the right time, quantity and quality.

Sellers pointed out that staff requires training to enable implementation of B2B e-commerce or otherwise new skilled staff members should be hired whereas buyers pointed out slow connectivity speeds, poor electronic payment systems and poor infrastructure as the main obstacles.

Generally it can be concluded that from the case study research carried on members of E-sokoni it is evident that B2B e-commerce does create a positive impact to the business performance of the member organizations. Nevertheless there are obstacles which require to be ironed out to reap the full benefits of this new technology of doing business.

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

Development of Information and Communications Technology (ICT) coupled with increased globalization and liberalization has resulted into emergence of various new ICT technologies. Internet being one of these ICT technologies has brought about various revolutions on how business is carried out. E-commerce being a product of Internet has influenced trading patterns across the world. E-commerce involves any form of economic activity conducted over computer-mediated networks and covers three main transaction/activity areas; Business to Business (B2B) involving trading between businesses, Business-to-Consumer (B2C), where businesses trade with consumers; and Businesses-to-Government (B2G) where businesses trade with the government. According to United Nations Conference on Trade and Development (UNCTAD) report on E-commerce and Development (2001), B2B E-commerce is the fastest growing component of E-commerce and accounts for 80% of the total value of electronic commerce in the world today followed by B2C. The report further reveals that the development of B2G has been minimal. The level of E-commerce worldwide has grown dramatically from nearly zero in 1994 to US\$180 Billion in 1999 and this trend is forecasted to continue to peak at more than US\$ 1 Trillion by 2001 (Gray, 1996).

Firms that engage in business-to-business (B2B) E-commerce realize cost reduction in infrastructure and service delivery, and potentially, substantial savings (Xie, 2000). B2B E-commerce is also seen as a means of reducing other trade-related transaction costs by providing opportunities to develop direct one-to-one trading relationships between buyers and sellers (Malone *et al.* 1987; Benjamin and Wigand 1995; Garcia 1995; Leebaer 1998; Malone *et al.* 1998). According to Panagariya (2000) rapid adoption of the Internet and World Wide Web has potential for 'leap-frogging' generations of information and

communication technologies and promises a radical shift in the way in which enterprises trade with one another.

B2B E-commerce has been chosen as a specific area of study because it is a relatively developed E-commerce sector and commands a large portion of E-commerce business in the world. B2B as compared to B2C and B2G is also a sector in E-commerce, which is relatively developed in Kenya and can provide empirical evidence of impact and challenges of E-commerce in Kenya. This research focused on members of a B2B e-marketplace called E-sokoni. Other companies which practice E-commerce in Kenya include; African Lakes Technologies, E-commerce Directions, Virtual City and InsureAfrica.

1.2 E-sokoni

E-sokoni is a B2B trading hub, which was founded in Kenya in the year 2000 to provide supply chain services in Africa linking purchasers and suppliers through an e-hub. Leading international business strategy consultants, payment settlement specialists and logistic providers provides its infrastructure and support. E-sokoni intends to enable organizations to create virtual private market places of buyers and suppliers. Participating organizations on both sides of trading relationship is expected to reduce both sales and procurement costs, improve supply chain and distribution efficiencies, enhance customer relationships and extend their market reach. (E-sokoni, www.e-sokoni.com)

E-sokoni offers a range of value addition consultancy and supply chain services to e-hub members. These include strategic and operational procurement support, Supplier pre-qualification, Supplier base development, Supplier partnership development, Business process simplification, Distribution and sales order processing systems, primary and secondary logistics development, Payment systems and systems integration. As at the time of this study there were six (6) buyers who are mainly multinational companies and three hundred and eight (308) sellers. Sellers have been categorized into different categories as per the type of product they supply (Appendix). Members of E-sokoni are

able to do business on the hub, anytime, anywhere since customers have round-the-clock access as well as real time order status. (E-sokoni, www.e-sokoni.com)

1.3 Problem Statement

Emergence of E-commerce has resulted into widespread thought that developing countries are going to improve their economic performance by adopting E-commerce (Muganda, 2001). There is evidence that B2B E-commerce offers a radically new means of enabling producers and buyers to trade with each other regardless of where they are located geographically (Panagariya, 2000; United Nations 2000; Xie, 2000). There is also an expectation that producer firms based in developing countries 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 (UNCTAD, 2001). In developing countries the main barrier to achieving the potential benefits of B2B E-commerce is lack of reliable telecommunication infrastructure and the high costs of connectivity when network is available (Mansell, 2001).

According to Wigand (1997) and Milgrom *et al* (1992) the gains from adopting B2B E-commerce or membership to e-market in developed countries include;

- a) Reduced transaction costs attributed to search costs and processing transaction costs;
- b) Elimination of intermediaries and distributors resulting in reduced information and other transaction costs;
- c) Increasing market transparency and price transparency leading to reduced price differences prevailing in marketplace;
- d) There is also demand aggregation by buyers resulting in buyers obtaining lower prices as opposed to acting individually.

In Kenya these perceived gains of adopting B2B E-commerce have not been documented and hence, this study set out to assess the impact of membership to E-sokoni and to establish the constraints and challenges encountered by members of E-sokoni. E-sokoni

is a B2B e-market with membership of three hundred and eight suppliers and six consumers as at the time of this study.

The study answered the following specific questions:

- i) What B2B E-commerce services do member organizations get from E-sokoni?
- ii) What are the business benefits of E-sokoni to member organizations?
- iii) What challenges do E-sokoni and its members encounter?

1.4 Research Objectives

The broad objective of the study was to establish the business effects and challenges faced by companies, which have adopted B2B E-commerce in Kenya, through focusing on members of E-sokoni.

The specific objectives of the study were:

- i) To identify the significance of services offered by E-sokoni to its members.
- ii) To determine the impact of B2B E-commerce on E-sokoni members.
- iii) To identify the challenges facing E-sokoni and its members.

1.5 Justification of Study

The study provided an insight into the kind of benefits and problems faced when using E-commerce and in particular B2B E-commerce in Kenya. It also documented the kind of challenges faced by adopting B2B E-commerce. The study will make the following contributions:

- i) It will assist in evaluating the impact of B2B E-commerce in business practices in Kenya and hence benefits and challenges to its membership.
- ii) It is intended to assist policy makers in developing policies, which support the development of B2B E-commerce.
- iii) The results would be useful to scholars who will use the results of the study to further research on B2B E-commerce.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

E-commerce is relatively a new way of doing business. In Kenya, few firms have adopted E-commerce due to various reasons including lack of knowledge about the benefits and technophobia (fear of adopting new technology). Nevertheless there are other inhibiting obstacles to the development of E-commerce including telecommunication infrastructure and the legislation on this sector.

E-commerce can be defined as paperless exchange of business information using Electronic Data Interchange (EDI), Electronic mail (E-mail), electronic bulletin boards, electronic funds transfer (EFT), and similar technologies. E-commerce must seek to automate the generation, processing, coordination, distribution, and reconciliation of business transactions (<http://snad.ncsl.nist.gov/dartg/edi/arch.html>).

E-commerce has influenced the way companies are doing business today. Some companies no longer need to advertise in the newspapers about their tenders but instead they are posted on the website and quotations can be completed on the online.

B2B E-commerce is one of the categories of E-commerce, which normally involves joint initiative between supplier(s) and Consumer(s) agreeing to establish a trading hub for mutual benefits. A variety of definitions of B2B E-commerce have been employed by researchers and policy makers (OECD, 2000; UNCTAD, 2000; Wigand, 1997; World Trade Organization, 1998). In its broadest conception, B2B E-commerce includes any form of economic activity involving companies conducted over computer-mediated networks (Wigand, 1997). Narrower definitions of B2B E-commerce focus on public Internet as the focus principal network involved in doing business.

2.2 B2B E-commerce

B2B E-commerce has witnessed a rapid growth in various types of market places (e-markets) in which large number of buyers and sellers are connected to form online trading communities in order to exchange goods, services and information. Internet-based B2B e-market places are becoming dominant force in overall B2B E-commerce. It is predicted that by 2004 e-markets will be the single largest component of B2B E-commerce. Forrester Research, Inc (2000), for instance, predicts that e-markets will account for 45 to 77 percent of B2B E-commerce supply chain by 2004 while International Data Corporation (2000) predicts that by 2004 e-markets will represent 56 percent of all B2B E-commerce.

2.2.1 The evolution of e-marketplaces

The forerunner to Internet based B2B marketplaces were transactions conducted via electronic data interchanges (EDI's) that for decades linked large firms with their major suppliers through computer networks. The EDIs enables member firms to automate their transactions and standardize the exchange of business information, and thus achieve larger cost savings through enhanced efficiency. This technology has also been greatly employed by banks in electronic transfer of funds. However EDI requires large capital outlay to establish and implement because it requires establishing private networks. As a result, their application was and is limited mainly to large firms, since small firm cannot afford the necessary capital and operational outlays.

Availability of the Internet has provided an opportunity for the development of B2B transaction networks at much lower costs than EDIs. Initial implementation of e-markets was as independent exchanges dealing in individual industries such as electronics, chemicals, steel and telecommunication. However there has been great evolution and e-markets now are multi-industrial.

According to Forrester Research (2000) some industries and business processes are more attractive than others for the application of e-market solutions. Five industries namely computing and electronics, motor vehicle, petrochemical, utilities, paper and office

supplies were identified as industries constituting the largest group of users of e-markets solutions because of the nature of their business.

2.2.2 Pre-requisites for e-markets

Witter (2000) suggested the following factors that favour e-market solutions. They are;

- i) High Buy-and sell-side fragmentation of the supply chain, making it difficult for buyers and sellers to achieve price and product discovery independently.
- ii) High selling and distribution costs.
- iii) Limited access to market information.
- iv) High variable demand for the transacted product and services.
- v) High search costs.
- vi) Digital readiness of the companies operating in the industry.

Witter (2000) further states that for companies to participate effectively in E-commerce, they must acquire new competences by being E-commerce ready. Key competencies that have been identified as critical towards this achievement are;

a) Transport

Electronic transactions require faster delivery and hence transport infrastructure is critical in E-commerce development. For non-digital products there has to be efficient road and rail links, port facilities and fast customs clearance to operate under the 'new economy'.

b) Payment System

E-commerce requires low cost and reliable payment system. The system should be able to facilitate efficient payment transactions for all the members without any limitations in terms of prohibitive cost and breakdown. It should be able to integrate with other systems, which are required for accomplishment of payments like the banking systems

c) Confidence in the product

Buyer must be confident that the product being purchased meets the desired specifications. Product specifications are becoming increasingly complex as

industrialized economies impose norms relating to product safety and labeling, as well as labour and environmental standards.

New E-commerce relationships are already providing solutions to support transaction arrangements. E-commerce portals that bring together buyers and sellers are providing an increasing range of services from secure payment systems to links with logistics providers, insurance providers and customs clearance services. There are also new private certification agencies developing online certification schemes addressing international quality standards and environmental and employment standards (ISO 9000, ISO 14000 and SA 8000, respectively). Certification schemes are being developed by inter-governmental organizations such as the European Union and the UN agencies as well as by the producer associations in developing countries.

d) Security

There has to be a trusted trading environment starting from transaction processing to payment accomplishment. The trading members must be assured of payment system, which is well protected from intrusion by fraudsters. Use of visa cards and credit cards should be well authenticated with high technology of security.

e) Availability of effective redress

The seller's assurance on obtaining redress if anything goes wrong must be sufficient. E-commerce may be enhanced by online ADR (Alternative Dispute Resolution) mechanisms offering rapid low-cost redress for disputed transactions to supplement court adjudication.

2.2.3 Geographical Scope of e-markets

The geographical coverage of e-markets varies and includes; Local e-markets servicing local areas within a country; National e-markets servicing across the country; Regional e-markets servicing the trade of a group of countries such as Europe, Africa etc; and global markets covering worldwide.

While Internet eliminates physical geographical boundaries, in reality there may be a number of factors that may restrict the scope of an e-market in terms of its commercial value to users or physical availability of the traded products and services. Some product or services such as security and second-hand car sales tend to have localized sales for which a local e-market can be defined. Other factors such as language, local laws, commercial practices and currency convertibility could also set practical boundaries for e-markets.

While an e-market may find it beneficial to operate in a local or regional market that provides a niche, the main advantage of the Internet is that it provides sellers and buyers with global access. To this end, a major international initiative has been undertaken to facilitate the globalization of B2B E-commerce. An international commercial organization the Global Trading Web (GTW) has been established by CommerceOne in corporation with a number of other technology companies, www.commerceone.com/news/us/gtw-association.html. The GTW is a network of global and regional interoperable e-marketplaces that operate in inter-marketplace B2B E-commerce. It connects buyers and sellers through regional e-marketplaces located in all the regions of the world (Reisch, 2001).

2.2.4 Classification of B2B e-markets

E-markets can be grouped into various categories according to different criteria such as ownership, the type of products traded and the main groups of traders involved. Because of the multiplicity of these criteria, it may not be possible to fit them into single non-overlapping categories. However, the main broad categories are:-

a) Vertical and horizontal e-markets

Vertical markets are industry focused and provide exchange capabilities for sellers and buyers dealing in homogeneous products. Horizontal e-markets on the other hand are multi-industry and provide exchange capabilities for sellers and buyers in more than one industry in procurement of MRO (Maintenance, repair and operations) products and services (Walker, 2000).

The distinction between vertical and horizontal e-markets tend to be blurred where companies try to attain economies of scale by combining their purchasing of indirect goods with that of goods which are part of their core supply chain. Some horizontal e-markets have integrated with vertical markets, thus permitting traders in a vertical market to have access to horizontal markets, and vice versa.

Independent third-party B2B e-markets are owned and operated by enterprises, which are not necessarily trading partners. Their role is to provide a forum for buyers and sellers to find each other and complete online transactions. A third party e-market such as Wal-Mart retail link is owned and operated by a single large company functioning as a neutral intermediary. Others like WorldOil.com are operated by several independent companies that have no affiliation with buyers and sellers. In other cases a corporation of leading firms in a given industry can be forged where equity investment from players in the industry take place. Third party exchanges succeed in markets characterized by fragmented demand and supply because they reduce transaction costs by aggregating and matching buyers and sellers.

b) Industry Consortia

Brick-and-Mortar companies can come together to create their own independent e-markets. These may be organized either by buying companies or selling companies.

Buyer driven e-markets are formed by large enterprises dealing in large volume purchases. An example is convisinst, which is an auto parts e-market created by GM, Ford, DaimlerChrster and Renault/Nissan. In these e-markets the traders are owners, and may be private with content and management being under the buyer, or they are public with the management being placed under a separate venture such as a consortium. Having established the markets, sellers are either encouraged or forced to trade in the market place. Their creation may be for defense, aimed at pre-empting the possibility of their customers setting up buyer-driven exchanges. Alternatively, they may be set up in respect to the presence of the buyer driven e-markets. An example of such an e-market is works.com and Granger.com. In buyer-and seller-driven e-markets, the companies that

establish the markets are likely to be the ones that are better placed to reap more of the benefits from the market.

2.2.5 Revenue source of e-markets

The sources of revenue of the operations of the B2B e-marketplaces vary depending on whether the company is an application service provider, market-place operator or owner. The source includes transaction fees, auction service fees, sale of software, advertising, subscription fees and professional service fees.

a) Transaction fees

This is the main source of revenue for many e-marketplaces. The fees are either fixed or charged as a percentage of the value of the transactions and in other cases different fees charged for individual components of a transaction, such as invoicing, payment services, cash transfer and transport documents. The transaction fee in most cases is charged to the sellers.

b) Software sales and licenses

Companies that host market places or provide software used by sellers and buyers derive revenue from software in the form of license fees and maintenance of the installed system.

c) Advertising fees

There has been a development in market from advertising in other forms of media such as newspapers and the television to the web in what is called webvertising. This also forms a minor source of revenue.

d) Subscription/membership fees

This is imposed as flat periodic fees as monthly or annually. It is a common source of income for e-marketplaces.

e) Professional source charges

This is source of income from training and other sources to implement the installed applications. This applies particularly in user companies that do not possess their own internal professional technology department and have to rely on third party application service providers. Other services such as data mining also fall under this category.

The relative importance of revenue source will depend on the way the e-marketplace is structured in forms of ownership and service provision. In a marketplace where the bulk of the operations are provided by third parties that do not own the marketplace, user fee paid by buyers and sellers will be a critical factor in generating revenue. If the marketplace and the applications used are owned and operated by the trading parties, user fees may be less important. In this case, the owner/operator may attach greater importance to the market place as a provider of the trading relationships and transactions for providing customer loyalty rather than as a generator of user fees.

2.2.6 Services offered by e-markets

According to OECD (2000), the services normally offered by B2B e-marketplaces can be grouped into four main categories. These are;

a) Information

E-markets provide information such as listing of products, industry directories, prices and a variety of databases. By aggregating information and catalogues of different sellers e-markets permit buyers to have access to wide range of products or service information in location, reduce search costs, make product comparison, and simplify choice.

b) Matching buyers and sellers

This involves connecting buyers' needs and sellers' offerings. This is provided through product postings, request for quotes (RFP/RFQ), auctions and online negotiation capabilities.

c) Transactions handling

Handling payments, credit financing, credit validation, online exchanges of information and transactions supporting documents, and providing online linkages to transportation logistics together and other third-party services.

d) Collaboration

E-markets are involved in full range of B2B processes and support to members in such functions as quality assurance, production planning, forecasting and demand aggregation. Collaboration involves the exchange of vast amounts of information regarding products and services, and details of transactions. The information is exchanged through a number of channels within the market place, including discussion forum, virtual conferences and product reviews. Through these channels market participants are able to make suggestions and comments concerning products. Thus suppliers can receive useful feedback from each other and from buyers and hence build confidence between market participants.

2.2.7 Role of technology in e-markets

B2B e-marketplaces and the implementation of their business models rely to a very large extent on technology infrastructure. The market maker must have access to a technology that is capable of handling the full range of commercial processes from ordering to order fulfillment and settlement. The technology must support transactions involving large number of users over the Internet and be capable of handling complex business practices, user relationship and integration with third-party commercial applications.

The central importance of technology infrastructure is borne out by the fact that the growth of B2B e-markets is closely correlated with rapid growth in the number of e-marketplaces solution companies. In some cases market makers have formed alliances with e-marketplace technology solution companies (emarketer, 2000b; Rasch, 2001).

2.3 Impact of B2B E-commerce

The impact of B2B e-markets goes beyond activities related purely to transactions and includes collaborative activities between members. The value of the non-transaction functions is hard to quantify. However more and more companies around the world are participating or planning to participate in B2B e-markets. There is also increasing pressure on companies not to be left behind and to adopt online transactions as a form of best practice.

According to research done by Gartner group (2000), Business-to-Business (B2B) E-commerce will grow at an aggressive rate through 2004, causing fundamental change to the way businesses do business with each other. However it should be noted that many e-markets are still in their formative stages and therefore have yet to provide sufficient data for study.

In part, data on transaction in B2B e-markets tend to be inadequate since the final details of such transaction volumes may not necessarily be known to the marketplace. This arises partly from the fact that some transactions initiated online are completed offline. The possible impact of B2B e-markets covers a wide range of factors and will include the following;

2.3.1 Transactional costs

Transaction costs have received most attention in discussion of the benefits of E-commerce, including B2B e-markets. There are a number of ways such costs can be reduced in B2B e-marketplaces. The first one is the reduction of search costs in terms of efforts, time and money. This is achieved through bringing together large number of buyers and sellers engaged in similar lines of business into a single trading community hence reducing search costs.

The second way of reducing costs is through automation of transaction processing such as invoices, purchase orders and payment arrangements. E-market place can also process sales through online auctions without buyers or goods traded having to move to auction sites.

Thirdly, online processing adds value to other functions through the supply chain, for example improved inventory management and logistics costs, all of which are linked to transactions.

2.3.2 Disintermediation

B2B e-markets and E-commerce in general transforms the traditional supply chain enabling suppliers' interaction with the buyers directly and hence elimination of intermediaries and distributors. This is largely because of the possible reduction in information and other transaction costs and increased market transparency that reduces the role of intermediaries as source of information. Some observers have however suggested that by using ICT, intermediaries can become more efficient and add value to their services, thus ensuring continued demand for their services. It is also worth noting that while the traditional middlemen may be losing ground in some areas, new forms of intermediaries are emerging. The independent, third party e-marketplace themselves could be considered to be intermediaries by definition, as they are placed in between suppliers and customers in the supply chain.

2.3.3 Pricing transparency

By bringing together large number of buyers and sellers an e-marketplace reveals market prices and transaction processing to participants. One result of price transparency is a reduction in price differences prevailing in the marketplace. Buyers are also allowed more time to compare prices and make purchasing decisions. B2B e-markets also increase the scope for dynamic and negotiated pricing, in which multiple buyers and sellers participate in setting prices collectively by engaging in a continuous two-way auction. Additionally B2B provide effective framework for demand aggregation in which many buyers are able to obtain lower prices than if they had acted individually.

2.3.4 Economies of scale and network effects

The growth of e-markets provides scope for the creation of economies of scale. There are considerable upfront expenses in establishing an e-market, such as programming costs.

This creates the traditional supply-side cost-based economies of scale. By linking large members of buyers and sellers, e-markets provide demand-side economies of scale or network effects. The latter do not relate to the supply side in the form of reduced average costs, they relate to the fact that the addition of each incremental participant in a market creates value for all existing participants on the demand side. Large number of participants' i.e. critical mass, are a key factor that attracts users to an e-market since it promises benefits to both buyers and sellers.

2.4 Challenges facing B2B E-commerce

Challenges facing B2B e-marketplace development and operations are just but a reflection of the problems, which face the entire E-commerce. Current estimates of the value of electronic commerce are around USD 650 Billion World-wide, with same projection of up to ten-fold growth over the next few years (OECD, 1999). According to OECD (2000) B2B E-commerce is expected to be the dominant form as compared to B2C electronic commerce. If these expectations are to be achieved, high levels of infrastructure access, reliability, capabilities and trust must be established between participants in commercial electronic relationships. The envisaged rapid growths of E-commerce are predicated on successful resolution of concerns about lack of adequate infrastructure, skills and capabilities and the security of transacting business or interacting with services providing in electronic environments. The key areas, which have been identified to be requiring attention, are previewed below.

2.4.1 Infrastructure

Under infrastructure we have Telecommunications, power, Roads/Ports/Rail and postal services. Required telecommunication facilities for E-commerce include transmission facilities for E-commerce including transmission facilities connecting a country's domestic to the greater internet, domestic internet backbone, connections from homes and businesses to the backbone network. Ismail (1999) in his study in Egypt found that state or privatized monopolies that control international connections impose inefficient pricing structures and conditions which means that many Internet Service Providers (ISPs) cannot afford to buy enough transmission capacity for E-commerce applications to

function without congestion. This poor state of backbone networks result in a large volume of domestic Internet traffic being sent to United States before being returned to its region of origin (Cukier, 1999). Wireless and Satellite technologies provide an alternative to a high cost and inefficiencies of many domestic telecommunications system. Frequent and long power interruptions can also seriously interfere with data transmission and systems performance (Panaganya, 1999).

The lack of safeguards against fraud can severely restricts credit cards purchases, the most common means of conducting transactions over the Internet. In China, companies are depending on cash payments and local distribution through taxis and buyers to reach consumers (Fan, 2000). The availability of efficient road network, rail network and postal services is also crucial towards making B2B E-commerce and in general E-commerce transaction complete and a reality.

2.4.2 Human Capital

A critical mass of high skilled labour is needed in developing countries to supply the necessary applications, provide support, and disseminate relevant technical knowledge for electronic commerce. The workforce in many developing countries lacks a sufficient supply of these skills, and demand for this specialized labour from industrialized countries has further strained the supply of this labour in developing countries. United States firms could only fill half of the estimated 1.6 million positions open in 2000 (ITAA, 2000), while the shortfall of information technology workers was estimated at almost 1 million in Japan (OECD, 2000b). At the same time, Harris (1998) notes that the Internet also facilitates the mobility of skilled labour services. Workers can choose to remain in their own country while exporting labour services to higher-paying industrial countries.

2.4.3 Investment Environment

Several regulatory impediments to the widespread adoption of E-commerce exist in many countries especially developing countries e.g. duties and taxes on computer hardware and software and communication equipment increases costs of developing E-commerce

initiatives. Government should provide a supportive legal framework for electronic transactions including recognition of digital signatures, legal admissibility of electronic contracts; and establishment of data storage requirements in paper form, intellectual property rights for digital content, liability of Internet Service Providers, privacy of personal data, and mechanism for resolving disputes.

Government can also support the spread of the E-commerce by switching to online services for its own transaction. Other public policy issues requiring security include development of standards for authentication that would ensure trading partners are legitimate; taxation of online sales and conflicting international contractual and legal framework. There is also concern on limits on the use of encryption by governments concerned about national security and crime fighting. Public policy has been put at 70% in determining growth of E-commerce (WITSA, 2000). Security of payment is also an important aspect in acceptance, adoption and widespread deployment of E-commerce privacy.

2.4.4 Language

Estimates of the share of English used on the Internet range from 70 to 80 percent, but only 57 percent of Internet users have English as their first language (ITU, 1999; Veliovar, 1999). The amount of non-English material on the web is increasing. Spanish websites in particular is increasing, in part to serve the large Spanish-speaking community in the United States (Vogel, 2000). Internet content is also limited in the local language of most developing countries.

2.4.5 Cost of setting up

To adopt E-commerce companies must integrate the electronic activity with the existing business process. There is always fear of opening corporate systems to outsiders who could be suppliers or buyers. It takes much effort to impact organizational change and technological acceptance.

2.5 Future trends in B2B e-markets

E-markets have been characterized by rapid changes. B2B e-markets are a relatively new type of E-commerce and yet they have undergone a number of business organizational changes during their brief existence. Analysts are predicting that further fundamental changes are underway and still others will occur (Kendrick, 2000; Covill, 2000; and Konicki, 2000).

It is predicted that B2B e-markets are likely to experience a wave of consolidations or strategic alliances as marketplaces attempt to achieve economies of scale and network effects. In the face of ongoing intense competition, e-markets will be obliged to adopt new strategies for survival and cooperation is the most likely strategy. By reaching wider markets through cooperation, the e-markets will be able to reduce their costs and increase value for trading partners. It is also expected that consolidation will be used as a means to acquire technology. Technology solutions are developing rapidly and becoming a major driving force of e-marketplaces. Therefore, e-markets tend to form alliances with leading technology companies as a business strategy.

The expected consolidation may be between horizontal and vertical marketplaces or between buyer-driven and seller-driven markets. There has already been important examples of consolidations, such as creation of retailers Seers and Carrefour, the supplier-controlled e-market MetalSite, MAriba's acquisition of Tradex Technologies and acquisition of Petrochem.com by ChemMatch.purchase. It is not certain what sort of consolidation will prevail or dominate.

Apart from using consolidation, e-markets will address competition by attempting to develop differentiated or specialized services and thus create niches for themselves. There will be increased opportunities for e-markets to increase their competitiveness by focusing on specific services, functions or processes such as financing, logistics, order management, inventory and purchasing. These services may be provided to other e-markets.

Another arrangement, which is expected to dominate future developments, is the entry by traditional buyer-side or seller-side industries through consortium arrangements, in competition with independent third-party e-markets. This is because the new entrants have strong backing from large firms with secure financial resources, providing them with the ability to mount long-term competitive strategies.

2.6 B2B E-commerce in Kenya

There is very limited documentation on E-commerce and in particular B2B E-commerce in Kenya. UNCTAD (2000) report on E-commerce claims that participation of developing countries in E-commerce is limited owing to a variety of factors such as lack of infrastructure and awareness, high cost of Internet connectivity and inadequate skilled human resources. However, according to the same report there has been a significant growth of B2B e-markets in the last few years, the bulk being in Asia. A significant volume of B2B and B2C E-commerce has also been projected in Kenya with B2B contributing 75 percent by 2004.

There has been establishment of E-commerce hubs in Kenya with very few of them performing to any desirable level. Some of these companies include; African Lakes Technologies, E-commerce Directions, Virtual City and InsureAfrica. E-sokoni is the only company to have survived this trend and managed operate successfully.

A conference on E-commerce (The African e-Forum KICC, March 2000) recognised the level of awareness among businesses is increasing and that certain companies were already piloting B2B and B2C type of E-commerce to local as well as international markets.

2.7 Summary

Very limited literature was available on the E-commerce and especially B2B E-commerce in Kenya and developing countries in general. Most of the research work that has been done is concentrated on developed countries.

The literature review looked at B2B E-commerce transactions and the evolution over the short period it has been in existence. E-commerce tends to favour certain industries/sectors and can be categorised into local, national and regional e-markets depending on their geographical extent. B2B e-market players derive substantial benefits including reduced transaction costs, elimination of intermediaries, market transparency and demand aggregation among others.

Literature review clearly reveals that B2B E-commerce does create an impact on efficiency and performance of companies engaging in them. In Kenya, little research has been done to ascertain this. This research attempted to ascertain the impact and challenges of B2B E-commerce using the case study approach of members of e-market place called E-sokoni.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

This section outlines the steps undertaken in executing the study. It includes specific methods and procedures that were used in collection, measurement and analysis of data.

3.1 Research Design

The methodology used in this study is exploratory research design. This design was desirable because B2B E-commerce is a fairly new phenomenon in Kenya and limited research has been done on this area. This method has been widely used by similar researches that have been undertaken in both developing and developed countries including research by Ncube (2002) on " E-business practices by Small and Medium scale Enterprises (SMEs) in the craft industry in Kenya: The case of Members of Association of Makers and Exporters of Gifts and Allied Items in Nairobi" and "E-commerce in Least Developed Countries" (2000), conducted by UNCTAD.

3.2 Population

The population for this study consisted of members of E-sokoni as at April 2003 (Appendix I). Membership of E-sokoni is categorised into buyers and sellers/suppliers. E-sokoni itself as an e-marketplace was also studied. Choice of E-sokoni was desirable because it is an established B2B e-market in Kenya.

3.3 The Sample

The E-sokoni membership list consists of six Buyers and three hundred and eight Suppliers (Appendix I). A sample of 50 suppliers (Appendix II) who are actively trading was obtained using judgmental sampling. Care was taken to ensure that proportionate representation is obtained from each category of the categories already created by E-sokoni (Appendix I). This sample was considered adequate for this study due to time and resource constraints.

3.4 Data collection techniques

Secondary data for use in this study was obtained from E-sokoni while Primary data was collected using questionnaire (Appendix IV). The questionnaires were administered on 'drop and pick' for the members of E-sokoni whereas personal interview was used to get data from E-sokoni. Depending on who was involved with E-sokoni in a company, questionnaire was served to either information technology managers or operations managers or procurement managers as appropriate. A letter of introduction (Appendix III) was given to each respondent prior to the research.

Different questionnaires were administered to Buyers and Suppliers with each of them consisting of three parts. The objective of the first part was to capture general information of the companies under study. The second and third parts of the questionnaire were intended to gather basic data sought by the study. E-sokoni information was sought through an interview by use of an interview guide.

A 5-scale Likert type scale, which range from agree strongly to disagree strongly was adopted for part two and three of the questionnaire. The questionnaire was simplified as much as possible so that all respondents had a clear meaning of each of the questions. The questions were asked to solicit responses with regard to business use, impact and challenges of B2B E-commerce.

3.5 Data analysis and presentation

Data collected from part I of the questionnaire was analysed and presented using percentages and proportions. Factor analysis, was also conducted using Statistical Package for Social Science (SPSS) for part II and III which captures responses for objective 2 and 3 respectively captured in the likert scale responses in the questionnaire. Factor analysis is a systematic, statistical procedure used to uncover relationships among several variables. This procedure enables numerous correlated variables to be condensed into fewer dimensions known as factors. In the context of this research, the variables are the degree of agreement with various specific perception statements while the factors are general underlying constructs.

CHAPTER FOUR

4.0 DATA ANALYSIS AND FINDINGS

4.1 Introduction

Respondents targeted for this research were Suppliers and Buyers using E-sokoni and E-sokoni as an e-market. A total of 56 questionnaires were distributed, 50 to the suppliers and 6 to the buyers. An interview guide was used to get the required information from E-sokoni.

The total number of responses received from the suppliers was 32 out of 50 representing 64% and from buyers 4 responses were received out of 6 representing 67%. Data collected by questionnaire was done by 'drop and pick' and use of both e-mail and fax in some cases. To enhance these personal visits, use of research assistants and constant reminders through telephone calls and e-mails were used.

4.2 Summary of suppliers responses

4.2.1 General Information

On ownership 68.8% of the companies were locally owned, 15.6% foreign owned, while 15.6% are jointly owned. This shows that majority of the companies who are supplying through the e-market are locally owned.

Table 4.1 Year of joining E-sokoni

Year Joined	Frequency	Percentage
2000	8	25.0
2001	11	34.4
2002	11	34.4
2003	2	6.2
Total	32	100.0

Source: Research Data

From Table 4.1 above, the number of companies joining e-sokoni increased from 8 (25%) in 2000 to 11 (34.4%) in 2001 and stagnated in 2002.

4.2.2 Significance of services offered by E-sokoni to its members

Table 4.2 Reasons of suppliers joining E-sokoni

Factor	Not Important at all	Not very Important	Somewhat Important	Important	Very Important	Total
My Buyer(s) joined	0%	0%	6.2%	37.5%	56.3%	100.0%
To reduce operation costs	9.3%	6.3%	9.4%	34.4%	40.6%	100.0%
To increase access to more customers	3.1%	18.7%	12.5%	34.4%	31.3%	100.0%
Reduce sales and distribution costs	12.5%	0%	12.5%	40.6%	34.4%	100.0%

Source: Research Data

From Table 4.2 above over 93% of the companies joined e-sokoni because their buyers joined, 75% to reduce operational costs, 65% to access more customers and 75% to reduce sales and distribution costs.

Table 4.3 Importance of services received by suppliers from E-sokoni

Factor	Not Important at all	Not very Important	Somewhat Important	Important	Very Important	Total
Electronic market exchange	9.4%	6.2%	12.5%	31.3%	40.6%	100.0%
Business Process Re-engineering	9.4%	12.5%	6.2%	31.3%	40.6%	100.0%
Supply chain management consultancy	9.4%	6.2%	12.5%	37.5%	34.4%	100.0%
Supply partnership services	9.4%	15.6%	15.6%	34.4%	25.0%	100.0%
Inventory Management advisory Success	12.6%	15.6%	15.6%	28.1%	28.1%	100.0%
Web marketing	3.1%	12.5%	21.9%	40.6%	21.9%	100.0%

Source: Research Data

From Table 4.3 above, all the six services being offered by e-sokoni seems to be of importance to all the companies. Electronic market exchange and Business process re-engineering leads with 71.9% of the respondents considering them to be important

services. The lowest rated service being Inventory Management advisory being considered important by 56% of the respondents

Table 4.4 Percentage of sales going through E-sokoni

Ratio	Frequency	Percentage
Less than 1%	13	40.6%
Over 1% but less than 5%	16	50.0%
Over 5% but less than 10%	2	6.3%
Over 10%	1	3.1%
Total	32	100.0%

Source: Research Data

From table 4.4 50% of the companies have between 1% and 5% of their sales going through e-sokoni

4.2.3 Business benefits of E-sokoni services to supplier members

Factor analysis was used to assess the business benefits of E-sokoni services to its members. A total of 15 factors were defined and used to assess the benefits derived by members of E-sokoni.

Table 4.5 Suppliers Communalities

Factors	Initial	Extraction
Sales expenses have reduced	1.000	.828
Number of employees have been reduced	1.000	.801
Employees enjoy their work	1.000	.801
Supply chain time has reduced	1.000	.706
Intermediaries have been eliminated	1.000	.880
Customer service has improved	1.000	.712
Prices of products have come down	1.000	.596
Customer/market reach has expanded	1.000	.631
Products are delivered in time	1.000	.784
Products are delivered in right quantities and qualities	1.000	.777
Order processing has improved	1.000	.770
Real time exchange of information has been facilitated	1.000	.871
Customer payment system has improved	1.000	.877
Company competitiveness has improved	1.000	.728
Inventory level has reduced	1.000	.584

Extraction Method: Principal Component Analysis.

The responses were analyzed on scale of 1-Agree strongly, 2-Agree somewhat, 3-Neutral, 4-Disagree somewhat, 5-Disagree strongly.

Principal Component Analysis was performed on the respondents' scores.

Communality refers to the portion of variance of a particular item that is due to common factors or shared with other items. It expresses the proportion of variance that is extracted or accounted for by the factors. From Table 4.5, most of the variations in the variables were captured by factors with lowest variation being 58% for factor 15.

Table 4.6 Suppliers Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.552	23.681	23.681	3.552	23.681	23.681	2.951	19.674	19.674
2	2.462	16.415	40.096	2.462	16.415	40.096	2.014	13.426	33.100
3	1.792	11.944	52.040	1.792	11.944	52.040	1.962	13.083	46.183
4	1.461	9.737	61.777	1.461	9.737	61.777	1.925	12.833	59.015
5	1.070	7.136	68.914	1.070	7.136	68.914	1.255	8.365	67.380
6	1.010	6.732	75.646	1.010	6.732	75.646	1.240	8.266	75.646
7	.850	5.669	81.314						
8	.663	4.417	85.731						
9	.565	3.770	89.501						
10	.532	3.549	93.051						
11	.337	2.244	95.294						
12	.292	1.950	97.244						
13	.206	1.376	98.621						
14	.146	.973	99.594						
15	6.095E-02	.406	100.000						

Extraction Method: Principal Component Analysis.

Table 4.6 shows the total variance explained for each of the extracted factor. Each factor accounts for decreasing proportion of variance subject to the condition that is uncorrelated to all previous factors. For a factor to account for at least one variable, it should have an Eigen value of at least 1. This serves as a cut off point for determining the number of factors to be extracted.

From the figures in the Table 4.6 above factor 1 accounts for 23.68% of the total observed variation, factor 2 explains 16.4% of the total variation, and so on. The six-factor solution explained 75.6% of the total observed variation.

Table 4.7 Suppliers Rotated Component Matrix

Variables	Component					
	1	2	3	4	5	6
1	-6.516E-02	.812	-7.435E-02	.357	4.864E-02	.174
2	.186	.822	2.348E-02	-4.453E-02	.257	-.150
3	.335	-5.993E-02	.794	3.293E-02	.223	-5.962E-02
4	.699	.331	.278	-.102	.137	-1.344E-02
5	.140	9.167E-02	6.502E-02	-2.931E-02	.920	2.669E-02
6	-5.131E-02	.117	.813	.162	-7.979E-02	-4.139E-02
7	4.063E-02	.261	.413	.550	-9.521E-02	-.209
8	.172	-.110	-2.988E-02	.736	-.123	.177
9	.741	-.176	-.251	.172	.174	-.285
10	.406	-1.042E-02	-.417	.490	.212	-.391
11	.825	.147	.164	.151	-9.196E-02	.100
12	.927	-4.032E-02	2.832E-02	3.599E-02	8.756E-02	-2.368E-02
13	-3.715E-02	3.606E-02	-.126	.248	3.089E-02	.892
14	-3.533E-02	.209	.224	.743	.152	.241
15	3.671E-02	.604	.283	-7.345E-02	-.353	8.390E-02

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 8 iterations.

Table 4.7 above shows the results of orthogonal varimax rotation with Kaiser Normalization done on the initial factor matrix. A summary of factor loadings is shown below.

Table 4.8 Suppliers Summary of loadings

Factor	Variable(s)
1	4,9,11,12
2	1,2,15
3	3,6
4	7,8,14
5	5
6	13

The statements that make up the various factors are listed in the table below

Table 4.9 Suppliers Statements

Factor	Statement
1	<ul style="list-style-type: none"> • Supply chain time has reduced • Products are delivered in time • Order processing has improved • Real time exchange of information has been facilitated
2	<ul style="list-style-type: none"> • Sales expenses have reduced • Number of employees have been reduced • Inventory level has reduced
3	<ul style="list-style-type: none"> • Employees enjoy their work • Customer service has improved
4	<ul style="list-style-type: none"> • Prices of products have come down • Customer/market reach has expanded • Company competitiveness has improved
5	<ul style="list-style-type: none"> • Intermediaries have been eliminated
6	<ul style="list-style-type: none"> • Customer payment system has improved

From the factor analysis results it can be concluded that supply chain time has reduced and products are delivered in time. Real time exchange of information has also been facilitated and there is improved real time processing.

4.2.4 Challenges encountered by E-sokoni suppliers

Factor analysis was used to evaluate challenges encountered by e-sokoni supplier members. A total of 10 factors were defined and used in this analysis

Table 4.10 Suppliers challenges Communalities

Statements	Initial	Extraction
Retraining of staff required	1.000	.884
Hiring skilled staff required	1.000	.655
Cost of joining is high	1.000	.475
Network breakdown is frequent	1.000	.742
Connectivity speed very slow	1.000	.590
Cost of connectivity is high	1.000	.719
Electronic payment system not well developed	1.000	.822
Transport infrastructure not well developed	1.000	.691
Legal provision for redress and dispute not developed	1.000	.672
Taxation law on online transaction not clear	1.000	.594

Extraction Method: Principal Component Analysis.

The responses were analyzed on scale of 1-Agree strongly, 2-Agree somewhat, 3-Neutral, 4-Disagree somewhat, 5-Disagree strongly.

Principal Component Analysis was performed on the respondents' scores.

Table 4.11 Supplier challenges Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.432	24.321	24.321	2.432	24.321	24.321	1.830	18.304	18.304
2	1.834	18.336	42.657	1.834	18.336	42.657	1.827	18.271	36.575
3	1.421	14.207	56.864	1.421	14.207	56.864	1.741	17.407	53.982
4	1.159	11.592	68.456	1.159	11.592	68.456	1.447	14.474	68.456
5	.957	9.572	78.028						
6	.754	7.535	85.563						
7	.549	5.489	91.052						
8	.513	5.129	96.180						
9	.273	2.729	98.909						
10	.109	1.091	100.000						

Extraction Method: Principal Component Analysis.

From Table 4.11 above factor 1 accounts for 24.3% of the total observed variation, factor 2 explains 18.3% of the total variation, and so on. The four-factor solution explained 68.4% of the total observed variation.

Table 4.12 Suppliers challenges Rotated Component Matrix

	Component			
	1	2	3	4
1	.776	-.173	.178	.470
2	.775	-.129	2.255E-02	-.193
3	.128	-.238	.628	8.900E-02
4	.153	-4.857E-02	.204	-.821
5	4.068E-02	.140	.753	4.828E-02
6	1.056E-02	.343	.749	-.201
7	4.345E-02	.902	7.936E-02	-3.078E-02
8	-4.015E-02	.774	6.909E-02	.292
9	.754	.310	6.522E-02	-5.867E-02
10	.118	.274	.361	.612

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 6 iterations.

Table 4.12 above shows the results of orthogonal varimax rotation with Kaiser Normalization done on the initial factor matrix. A summary of factor loadings is shown below.

Table 4.13 Suppliers challenges Summary of loadings

Factor	Variable(s)
1	1,2,9
2	7,8
3	3,5,6
4	10

The statements that make up the various factors are listed in the table below

Table 4.14 Suppliers challenges Statements

Factor	Statement
1	<ul style="list-style-type: none"> • Retraining of staff required • Hiring skilled staff required • Legal provision for redress and dispute not developed
2	<ul style="list-style-type: none"> • Electronic payment system not well developed • Transport infrastructure not well developed
3	<ul style="list-style-type: none"> • Cost of joining is high • Connectivity slow very slow • Cost of connectivity is high
4	<ul style="list-style-type: none"> • Taxation law on online transactions not clear

Factor analysis reveals that retraining of staff is required or otherwise skilled labour should be hired. Legal provision for redress is also not developed

4.3 Summary Buyers responses

On ownership, 50% of the companies are foreign owned, while remaining 50% are jointly owned. All the interviewed companies have a turnover of over 500 million and each of them has a website. In the year 2000, 25% of the companies joined E-sokoni, 25% in 2001 and 50% in 2002

4.3.1 Significance of services offered by E-sokoni to its Buyer members

Table 4.15 Reasons of Buyers joining E-sokoni

Factors	Not Important at all	Not very Important	Somewhat Important	Important	Very Important	Total
My Supplier(s) joined	25%	50%	25%	0%	0%	100%
To reduce operation costs	0%	0%	0%	25%	75%	100%
To increase supplier base	25%	50%	25%	0%	0%	100%
Reduce procurement expenses	0%	0%	0%	50%	50%	100%
Increase efficiency	0%	0%	50%	50%	0%	100%

Source: Research Data

From the Table 4.15 above 75% of the companies joined e-sokoni to reduce operational costs and all the companies joined to reduce procurement costs.

Table 4.16 Importance of services received by Buyers from E-sokoni

Factor	Not Important at all	Not very Important	Somewhat Important	Important	Very Important	Total
Electronic market exchange	0%	0%	0%	75%	25%	100%
Business Process Re-engineering	0%	0%	25%	25%	50%	100%
Supply chain management consultancy	25%	25%	50%	0%	0%	100%
Supply partnership services	0%	50%	25%	0%	25%	100%
Inventory Management advisory	50%	50%	0%	0%	0%	100%
Web marketing	75%	25%	0%	0%	0%	100%

Source: Research Data

From table 4.16 above 100% of the companies' value Electronic market exchange as an important service from e-sokoni while 75% value business process re-engineering.

On the percentage of sales going through E-sokoni all the companies interviewed have more than 20% of their purchases going through E-sokoni

4.3.2 Business benefits of E-sokoni to its buyer member organizations

Factor analysis was used to evaluate challenges encountered by e-sokoni members. A total of 13 factors were defined and used in this analysis

Table 4.17 Buyer Communalities

Variable	Initial	Extraction
Purchases expenses have reduced	1.000	1.000
Number of employees have been reduced	1.000	1.000
Employees enjoy their work	1.000	1.000
Intermediaries have been eliminated	1.000	1.000
Customer Service has improved	1.000	1.000
Prices of purchases have reduced	1.000	1.000
Number of suppliers have increased	1.000	1.000
Purchases are delivered in time	1.000	1.000
Purchases received in right quantity and quality	1.000	1.000
Real time exchange of information has been facilitated	1.000	1.000
Payment system has been enhanced	1.000	1.000
Maintenance of low stock has been enabled	1.000	1.000
Time taken to produce items has reduced	1.000	1.000

Extraction Method: Principal Component Analysis.

The responses were analyzed on scale of 1-Agree strongly, 2-Agree somewhat, 3-Neutral, 4-Disagree somewhat, 5-Disagree strongly.

Principal Component Analysis was performed on the respondents' scores

Table 4.18 Buyer Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.914	60.880	60.880	7.914	60.880	60.880	5.351	41.161	41.161
2	3.013	23.180	84.061	3.013	23.180	84.061	5.281	40.626	81.788
3	2.072	15.939	100.000	2.072	15.939	100.000	2.368	18.212	100.000
4	6.612E-16	5.087E-15	100.000						
5	5.247E-16	4.036E-15	100.000						
6	3.516E-16	2.704E-15	100.000						
7	7.999E-17	6.153E-16	100.000						
8	-1.602E-31	-1.233E-30	100.000						
9	-2.594E-17	-1.995E-16	100.000						
10	-1.984E-16	-1.526E-15	100.000						
11	-2.220E-16	-1.708E-15	100.000						
12	-2.896E-16	-2.227E-15	100.000						
13	-8.850E-16	-6.808E-15	100.000						

Extraction Method: Principal Component Analysis.

From Table 4.18 above factor 1 accounts for 60.9% of the total observed variation, factor 2 explains 23.2% of the total variation, and so on. The three-factor solution explained 100% of the total observed variation

Table 4.19 Buyers Rotated Component Matrix

Factors	Component		
	1	2	3
1	.222	.968	.117
2	-.169	-8.000E-02	.982
3	.222	.968	.117
4	.912	.365	.187
5	.222	.968	.117
6	.401	.405	.822
7	-.912	-.365	-.187
8	.753	.296	.588
9	.916	-.166	-.365
10	.866	.463	.187
11	.475	.867	.152
12	.733	.620	-.279
13	.656	-.753	5.149E-02

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 4 iterations.

Table 4.19 above shows the results of orthogonal varimax rotation with Kaiser Normalization done on the initial factor matrix. A summary of factor loadings is shown in Table 4.20 below.

Table 4.20 Buyers Summary of loadings

Factor	Variable(s)
1	4,8,9,10,12,13,
2	1,3,5,11
3	2,6

The statements that make up the various factors are listed in table 4.21 below

Table 4.21 Buyer Statements

Factor	Statement
1	<ul style="list-style-type: none"> • Intermediaries have been eliminated • Purchases are delivered in time • Purchases received in right quantity and quality • Real time exchange of information has been facilitated • Maintenance of low stock has been enabled • Time taken to produce items has reduced
2	<ul style="list-style-type: none"> • Purchases expenses have reduced • Employees enjoy their work • Customer service has improved • Payment system has been enhanced
3	<ul style="list-style-type: none"> • Number of employees have been reduced • Prices of purchases have reduced

It can be concluded from the factor analysis that intermediaries have been eliminated, goods are delivered in time, and purchases are received in right quantity and quality. Maintenance of low stock has been enabled.

4.3.3 Challenges encountered by E-sokoni Buyer members

Table 4.22 Buyer challenges Communalities

Variable	Initial	Extraction
Retraining of staff required	1.000	1.000
Hiring skilled staff required	1.000	1.000
Cost of joining is high	1.000	1.000
Network breakdown is frequent	1.000	1.000
Connectivity speed very slow	1.000	1.000
Cost of connectivity is high	1.000	1.000
Electronic payment system not well developed	1.000	1.000
Transport infrastructure not well developed	1.000	1.000
Confidence in product specification standards difficult to enforce	1.000	1.000
Legal provision for redress and dispute not developed	1.000	1.000
Taxation law on online transaction not clear	1.000	1.000

Extraction Method: Principal Component Analysis

Table 4.23 Buyers challenges Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.627	51.157	51.157	5.627	51.157	51.157	4.659	42.353	42.353
2	4.023	36.577	87.735	4.023	36.577	87.735	3.521	32.008	74.362
3	1.349	12.265	100.000	1.349	12.265	100.000	2.820	25.638	100.000
4	3.289E-16	2.990E-15	100.000						
5	2.503E-16	2.276E-15	100.000						
6	5.045E-17	4.586E-16	100.000						
7	-1.082E-16	-9.840E-16	100.000						
8	-1.366E-16	-1.242E-15	100.000						
9	-2.228E-16	-2.025E-15	100.000						
10	-7.701E-16	-7.001E-15	100.000						
11	-9.499E-16	-8.636E-15	100.000						

Extraction Method: Principal Component Analysis.

Table 4.24 Buyers challenges Rotated Component Matrix

Factors	Component		
	1	2	3
1	-3.128E-02	.950	.312
2	4.444E-02	.296	.954
3	.495	.713	.497
4	-5.768E-02	.996	-6.597E-02
5	.980	.120	.158
6	.497	.504	.706
7	.954	.149	.259
8	.901	-.108	.419
9	-.788	.127	.602
10	-1.124E-02	.843	.538
11	-.925	4.822E-02	.377

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 6 iterations.

A summary of factor loadings is shown in table 4.25 below.

Table 4.25 Buyers challenges Summary of loadings

Factor	Variable(s)
1	5,7,8
2	1,3,4,10
3	2,6,9

The statements that make up the various factors are listed in the table below

Table 4.26 Buyers challenges Statements

Factor	Statement
1	<ul style="list-style-type: none"> • Connectivity speed very slow • Electronic Payment system not well developed • Transport infrastructure not well developed
2	<ul style="list-style-type: none"> • Retraining of staff required • Cost of joining is high • Network breakdown is frequent • Legal provision for redress and dispute not well developed
3	<ul style="list-style-type: none"> • Hiring skilled staff required • Cost of connectivity is high • Confidence in product specification standards difficult to enforce

The above analysis reveals that connectivity speeds are low, electronic payment system and transport infrastructure is not well developed

4.4 Response from E-sokoni

4.4.1 General Information

E-sokoni raises revenue from its members depending on the services sought by the members. There is an annual subscription fee and transactions are charged on the percentage value of transactions going through the hub. Other revenue sources are from software licensing and professional consultancy.

4.4.2 Challenges faced by E-sokoni

There are many challenges faced by E-sokoni in its operation as summarised below.

a) Integrating B2B E-commerce with legal System

There is no proper government legal provision on how taxation on transactions should be administered. The existing law is not clear on electronic transactions.

b) Policy Issues

Currently there is no clear government policy on ecommerce transactions in Kenya. It has been difficult for e-sokoni in doing business because there are no clear policies on some business issues such as contracts of electronic services

c) Application Integration

Integrating customer systems with the e-sokoni system has been challenging since customer systems are in varied platforms.

d) Payment System

For e-commerce to be complete, transactions should be done online electronically. In Kenya the infrastructure and technologies, prevailing does not allow this. This therefore has been one of the setbacks in fully implementing e-sokoni business rollouts.

e) Dispute resolution

So far, this has not been a critical issue to e-sokoni; nevertheless, there is no legal provision in Kenya for electronic transaction disputes.

f) Trust among members

E-sokoni has not experienced many problems in member relationship since most of the suppliers and Buyers migrated to e-sokoni as already trading partners. They were already doing business before joining E-sokoni.

Since its inception, the growth rate of e-sokoni has been very slow. This is attributed to the trading environment, which makes adopting e-commerce not of any significant advantage to a company. Among the factors, which contribute to this, include:

- i) The cost of setting up or preparations required before trading electronically,
- ii) Cost of trading electronically is not attractive enough to warrant a company to shift to electronic trading.
- iii) Reliability of communication platform: There has been constant breakdown and unreliability of telecommunication platform making electronic transactions difficult.

CHAPTER FIVE

5.0 SUMMARY AND CONCLUSION

The study objective was to examine the services offered by e-sokoni to its members and evaluate the impact and challenges faced by e-sokoni member companies as well as e-sokoni as an e-market. This chapter covers conclusions, limitations and suggestions for further study

5.1 Conclusion

5.1.1 Responses from suppliers

Most of the supplier companies that joined e-sokoni did so because their buyers joined (93.8%) and they expected to reduce operational costs (75%), reduce sales and distribution costs (75%) and increase access to more customers (65.7%). On the importance of services offered by E-sokoni, Electronic market exchange and Business process Re-engineering are the services regarded to be most important. Most of the companies have very small percentage of their sales going through e-sokoni and it seems most of their sales still go to companies who are not members of e-sokoni e-market.

From the factor analysis carried on factors of Business benefits of E-sokoni to supplier members the following deductions can be drawn;

- a) Supply chain time has reduced since products are delivered on time and order processing has improved because real time exchange of information has been facilitated.
- b) Sales expenses have reduced because the number of employees in the sales function has been reduced and there is a reduction in inventory level.
- c) Employees enjoy their work and this has in turn improved customer service.

On challenges encountered by E-sokoni suppliers the following can be deduced

- a) Staff needs to be retrained on new technology or otherwise skilled staff on this area require to be hired.
- b) It is also evident that legal provision for redress and dispute resolution is not well developed.
- c) Electronic payment system and transport infrastructure requires to be improved.
- d) Cost of joining e-market is high and connectivity is slow resulting in cost of remaining in the e-market being high.
- e) There is also no clear law on online services taxation hindering the provision of this service.

5.1.2 Responses from Buyers

All the companies interviewed joined E-sokoni to reduce procurement costs while 75% of the companies joined in anticipation of reducing operational costs.

On the services offered by E-sokoni all the companies interviewed considered Electronic market exchange important while 75% considered business process re-engineering important.

For the business benefits of E-sokoni services to buyer members, the following is evident;

- a) Intermediaries have been eliminated resulting in delivery of purchases in time and at the right quantity and quality. Real time exchange of information has also been made possible resulting in reduced stock and hence reduced production lead-time.
- b) Employees enjoy their work in turn resulting to improved customer service. There are also reduced purchases expenses.

E-sokoni Buyers encounter the following challenges;

- a) Very slow connectivity speeds, poor Electronic payment system and poor transport infrastructure.
- b) Staff requires to be retrained and cost of joining is high.
- c) Network breakdown is frequent.

5.1.3 Response from E-sokoni

Most of the challenges encountered by E-sokoni as an electronic market are mainly related to Information and communication technology Infrastructure and government policy on the same. More critical is the unavailability of any policy on Internet based trading.

5.2 Limitations of the study

Resources and time constrains were the major limitations for this study. A larger sample would have been preferable taking into consideration the type of analysis that was adopted for this study. There is also little locally known studies on e-commerce particularly B2B e-commerce in Kenya on a global level. The study therefore relied on empirical studies on other countries, which operate in different culture and business environment. Theories, which could have provided firm foundation to this research in this area of e-commerce, are scarce. E-commerce applications and technologies are new and changing rapidly.

Other limitations to this research include the following:

- a) Some of the respondents refused to respond to questionnaires sent to them and some companies which responded were not willing to provide some vital information.
- b) There was also self-assessment bias by some respondents who wanted to protect self-image through providing inaccurate information.
- c) Time available was also limited considering the scope of literature review required in this area and collecting data from the field.

5.3 Suggestions for further research

This study focused on impact and challenges of B2B E-commerce. Further studies can be focused on the following areas:

- a) Business effects of other sectors of E-commerce including Business to consumers (B2C), Business to Government (B2G) and other categories of E-commerce.

- b) A Business-to-Business (B2B) sector research focus e.g. in tourism, transport etc. can be explored.
- c) A research focusing on factors hindering the development of E-commerce and suggestions for improvement on infrastructure and policy can be carried out.
- d) Considering the rapid change in ICT sector this research can be replicated after some time to review the development in impact and challenges with the changes in technology and policy on ICT.

APPENDICES

Appendix I: Members of E-sokoni

1. BUYERS

British American Tobacco Kenya
Magadi Soda
Homegrown Kenya
Williamson Tea
Uniliver (K)
Davies and Shirtliff

2. SELLERS

ADVERTISING & SALES PROMOTION

1. ACE COMMUNICATIONS LIMITED
2. ADD VICE PROMOTIONS LIMITED
3. ADSALES LIMITED
4. AMITEC KENYA LTD
5. APSON COMMERCE LIMITED
6. ASEA BROWN BOVERI
7. CENTURY ADVERTISING
8. CITY CLOCK [K] LTD
9. CORPCOM KENYA LIMITED
10. CORPORATE REFLECTIONS
11. DIRECT MARKETING LTD
12. DS CLUB INTERNATIONAL
13. EAGLE OUTDOOR
14. FLASHBACK KENYA LTD
15. GADMAN ADVERTISING LIMITED
16. GAP PROMOTIONS
17. HAKO INDUSTRIES LIMITED
18. IKA ARTS
19. JENERON ENTERPRISES
20. KUL GRAPHICS
21. LE STUD/ULTRA LTD
22. MARIDADI PIX LIMITED
23. MODERN LITHOGRAPHIC
24. MONIER 2000 LIMITED
25. MURPHY MARKETING SERVICES LTD
26. NUTURN BATES
27. OGILVY & MATHER ADVERTISING
28. OVIDIAN ADVERTISING & DESIGN LTD
29. PEAK PERFORMANCE
30. PELICAN SIGNS LTD
31. PRODEX (EAST AFRICA) LIMITED
32. SHARP DESIGNS LIMITED
33. SIGN DESIGN & DISPLAYS LTD
34. SPELLMAN & WALKER

35. STRATEGIC BUSSINESS OPTIONS
36. TDI/ SPACE SELLERS
37. THE CREATIVE BUSINESS LTD
38. TOP IMAGE
39. TRADE WINDS

AGRICULTURAL EQUIPMENT

1. FARM MACHINERY DISTR
2. GAILEY AND ROBERTS
3. HOBRA MANUFACTURING LTD.
4. HOLMAN BROTHERS EA LTD
5. RELIANCE INDUSTRIES LTD
6. RIFT VALLEY MACHINERY SERVICES
7. SAMTRACT (CASSINI & TONOLO) LTD

AUTOMOBILE DEALERS, SPARES & ACCESSORIES

1. AUTO DIESEL & ELECTRICAL REWINDERS
2. AUTO SPRINGS MANUFACTURERS LTD
3. CAR & GENERAL TRADING LIMITED
4. CHLORIDE EXIDE KENYA LTD
5. CMC MOTORS GROUP LTD
6. D. T. DOBIE & CO (K) LTD
7. GENERAL MOTORS
8. HIGH RATIO LTD
9. HUSSEINI GLASSWARE MART LTD
10. KALZTECH KENYA
11. KENYA TYRES DISTRIBUTORS LTD
12. KENYA VEHICLE MANUFACTURERS
13. KINGSWAY TYRES LTD
14. MARSHALLS E A LTD
15. MITSUBA AUTO SPARES LTD
16. PANAFRICAN TRUCKS
17. ROMAGECO KENYA LTD
18. RYCE TYRE CENTRE
19. TASHA ENTERPRISES LTD
20. TOYOTA EAST AFRICA LTD
21. TREADSETTERS TYRES LTD
22. UNIFILTERS KENYA LIMITED

CAR HIRE

1. AVENUE CAR HIRE
2. HIGHLIGHT TRAVEL

CERAMICS

1. CERAMICS MANUFACTURERS LTD
2. SAJ CERAMICS LTD

CHEMICALS & DETERGENTS SUPPLIES

1. AMSCO INDUSTRIES
2. ANTIPEST (K) LTD.
3. BAYER EA LTD
4. BLUE RING PRODUCTS LTD
5. COCKRID (K) LTD
6. DIVERSEY LEVER E.A. LTD
7. ECOLAB EAST AFRICA LTD

8. FABRICS & SUPPLIES
9. HENKEL CHEMICALS (E.A)
10. KENYA LABORATORY SUPPLY CENTRE LTD
11. KOBIAN KENYA LTD
12. LABORAMA LTD
13. QUEST AGRICULTURE
14. RENTOKIL INITIAL KENYA LIMITED
15. TRADE HOUSE AFRICA
16. TWIGA CHEMICALS LTD

CLOTHING & TEXTILES

1. AJANTA FURNISHINGS
2. ALPHA KNITS
3. BINGWA DISTRIBUTORS LTD [DASH CORPORATE CLOTHING]
4. DIAMOND INDUSTRIES LTD
5. VAJAS MANUFACTURERS LTD

COMPUTER & IT SUPPLIES AND SERVICES

1. CENTRAL BUSINESS MACHINES LTD
2. CIRCUIT BUSINESS SYSTEMS
3. COMPUTER MASTERS (K) LTD
4. FINTECH KENYA
5. FIRST COMPUTERS LTD
6. MITSUMI COMPUTER GARAGE LTD
7. PERSONAL COMPUTERS WORLD LIMITED (PC WORLD)
8. POWERWARE SYSTEMS
9. SCIENCE SCOPE LTD

DRYCLEANERS

1. UNITED DRYCLEANERS

ECOMMERCE

1. ESOKONI

ELECTRICAL & ELECTRONICS

1. ALANGO GENERAL SERVICES
2. BARICO MAINTENANCE LTD
3. ELECTRICAL DISTRIBUTORS LTD
4. HOT POINT APPLIANCES
5. IMARA / MATCH ELECTRICALS
6. INTERNATIONAL ENERGY TECHNIK LTD
7. KITCHEN PRIDE LTD
8. LABTEC ELECTRONIC SERVICES
9. LIBRAN ELECTRO SERVICES
10. LOMAS & LOMAS LTD
11. MEGAMART HOLDINGS LIMITED
12. MULLARD ELECTRONICS
13. NAIROBI POWER TOOLS LTD
14. PANATECH LIMITED
15. PLASTIC ELECTRICONS LTD
16. POWER INNOVATIONS LTD
17. POWER TECHNICS LTD
18. PRAFULCHANDRA & BROTHERS LTD
19. SCIENTIFIC ELECTRONICS
20. SOHANI ELECTRO SERVICES
21. THAMES ELECTRICALS/LOMAS & LOMAS
22. TOTTEN ENTERPRISES

ENGINEERING & INDUSTRIAL SERVICES

1. AFRITECH GENERAL SUPPLIERS
2. BALL JOINT ENGINEERING COMPANY LTD
3. BI MACH ENGINEERS
4. CITY ENGINEERING WORKS LTD
5. DESBRO ENGINEERING
6. GLOBAL BOILER TECHNICS
7. MAGNUM ENGINEERS
8. MARSHALL FOWLER STEAM SERVICES LTD
9. METAL EQUIPMENT
10. PERKINS POWER LTD
11. PIPED ENGINEERING SYSTEMS LTD
12. REPE ELECTRIC
13. RICHFIELD ENGINEERING
14. SCANTECH ENG. CO. LTD
15. SPECIALISED POWER SYSTEMS LTD
16. TECHNOSTEEL
17. WARREN ENTERPRISES

FREIGHT HANDLERS

1. BERNOL & DECKSON (NAIROBI RUN)
2. BEST EDGE
3. DHL
4. TNT INTERNATIONAL EXPRESS

FURNITURE & INTERIOR DESIGNERS

1. SEIWA FURNITURE & INTERIOR DESIGNERS LTD
2. VICTORIA FURNITURES LTD

HORTICULTURAL & DAIRY PRODUCTS

1. ELDOVILLE DAIRIES
2. INTRA FARM SERVICES (K) LTD
3. MUGOYA VEGETABLE SHOP
4. REGINA SEEDS

HOTELS & CATERERS

1. HOMEPARK CATERERS
2. SAROVA HOTELS

HOUSEHOLD & INDUSTRIAL PAINTS AND BRUSHES

1. CROWN BERGER KENYA LTD
2. SADOLIN PAINTS

IMPORT & EXPORT

1. DORIC
2. MKM TRADING
3. SAGITARIUS

INDUSTRIAL & GENERAL SUPPLIES

1. ALIBHAI SHARIFF & SONS LTD
2. ALLOY STEEL CASTINGS
3. AMBAR ENTERPRISES
4. AMIRAN KENYA LIMITED
5. APEX STEELS LTD

6. AQUVA AGENCIES LTD
7. ATLAS COPCO KENYA LTD
8. BUCKLEY STORES
9. CITY GENERAL STORES
10. COMHARD LIMITED
11. DOSHI GROUP OF COMPANIES
12. E A HYDRAULIC & METAL INDUSTRIES LTD
13. EAST AFRICAN CHAINS LTD
14. EAST AFRICAN FOUNDRY WORKS LIMITED
15. GATHANI LIMITED
16. INDUSTRIAL & TECHNICAL HARDWARE LTD
17. JENICHO ELECTRICAL & HARDWARE SALES LTD
18. JUBILEE GIANT HARDWARE
19. KAPU (K) LIMITED
20. KASSAM & BROS
21. KASSAM & BROTHERS
22. KEN ALUMINIUM PRODUCTS LTD
23. LABEL CONVERTERS KENYA LTD
24. LOCAL AGENCIES
25. M&R ELECTRODRIVES LTD
26. M.I.B.M LTD
27. MABATI ROLLING MILLS LTD
28. MANIGATE AGENCIES LTD
29. MMA ENGINEERING SERVICES
30. NAFROM (KENYA) LTD
31. NAWA HARDWARE & GENERAL SUPPLIERS
32. NEW HARD TOOLS
33. NIPSUR HARDWARE LTD
34. OIL SEALS AND BEARINGS
35. ORCHID DETECTION
36. PIPE MANUFACTURERS LTD
37. SANDVIK KENYA LTD
38. SATYAM ENTERPRISES LIMITED
39. SCANIA ENTERPRISES LTD
40. SCANIA HARDWARE
41. SEALBELT ENTERPRISES LTD
42. SKF KENYA
43. SPECIALISED FIBREGLASS
44. STATPACK INDUSTRIES LTD
45. STEAM PLANT LTD
46. STEEL STRUCTURES LIMITED
47. STEELMAKERS LTD
48. SUPER MANUFACTURERS LTD
49. TECHSPA GEN SUPPLIES LTD
50. TIMWOOD PRODUCTS
51. TONONOKA STEELS LTD
52. TRACKSPA
53. UNICOM LTD
54. UNITECH INDUSTRIAL AGENCIES LTD
55. WELD WELL
56. WELRODS KENYA LTD
57. ZELTA LTD

INDUSTRIAL BRUSHES

1. BRUSH MANUFACTURERS LTD

INDUSTRIAL GASES

1. BOC KENYA

INTERNET SERVICE PROVIDERS

1. UUNET

MANAGEMENT TRAINING & CONSULTANCY

1. ARTEMIS TRANSITION PARTNERS
1. BELGAFRIQUE CONSULTANTS LTD
2. INDEPENDENT COMM.ASSOCIATES LTD
3. KPMG TRAINING SOLUTIONS LTD
4. PROFESSIONAL TRAINING CONSULTANTS
5. SHEER LOGIC MANAGEMENT CONSULTANTS LTD
6. ST. JOHN AMBULANCE

MEDICAL/ LABORATORY EQUIPMENT & SUPPLIES

1. AMIKEN LTD
2. C. MEHTA & CO. LTD
3. CHEMOQUIP LTD
4. HIGH CHEM E A LTD
5. HOWSE & MCGEORGE LABOREX LTD
6. MACNAUGTON LTD
7. MEDS
8. NAIROBI MEDICAL STORES
9. PHARMA SHARE (K) LTD
10. PHILLIPS PHARMACEUTICALS LTD
11. PHYSICAL THERAPY SERVICES LTD
12. SURGILABS LTD
13. SURGIPHARM LTD

MOTORING

1. ADDVICE PROMOTIONS LIMITED
2. AUTOMOBILE ASSOCIATION OF KENYA LIMITED

NEWSPAPERS

1. STANDARD NEWSPAPERS

OFFICE SUPPLIES, PRINTERS & STATIONERS

1. ELITE BOOK CENTRE
2. EXPRESS AUTOMATION
3. GEMICIES INTERNATIONAL
4. GREENWOOD PRINTERS & STATIONERS
5. KARTASI INDUSTRIES LIMITED
6. LARRY TECHNOLOGIES
7. LINO STATIONERS
8. MARUTI OFFICE SUPPLIES LTD
9. MFI OFFICE SOLUTIONS LTD
10. MOD PRINTERS LTD
11. MULTI OPTIONS
12. MUTHUA PRINTERS AND STATIONERS
13. OFFICE CENTRE

14. PAPER CONVERTERS LTD
15. PUNCHLINES LTD
16. WOODLEY STATIONERS
17. XEROX KENYA LTD

PACKAGING

1. ALLPACK INDUSTRIES LIMITED
2. ASSOCIATED STEEL LTD PACKAGING
3. EAST AFRICAN PACKAGING INDUSTRIES LTD
4. FLEXOPAK KENYA LTD
5. KACHRA JIVRAJ (K) LTD
6. KEP SERVICES LTD
7. PACKAGING & ALLIED (KENYA) LTD
8. SIGNODE PACKAGING SYSTEMS

PETROLEUM PRODUCTS

1. CALTEX OIL KENYA LTD
2. KENLINK GLOBAL LTD
3. KENYA SHELL
4. NYANZA PETROLEUM DEALERS
5. TOTAL KENYA LTD

PHOTOGRAPHIC SERVICES

1. CREATIVE PHOTOGRAPHIC SERVICES
2. KENWIDE PHOTOGRAPHIC

PLASTICS

1. KENAPEN INDUSTRIES LTD
2. KISUMU PLASTICS LTD
3. METRO PLASTICS KENYA LIMITED
4. ROTO MOULDERS LTD

PROJECTORS SERVICES

1. NAIROBI PROJECTORS SERVICES LIMITED

REFRIDGERATION

1. HALL EQUATORIAL
2. NO FROST

SAFETY & SECURITY

1. ARMORGROUP KENYA LIMITED
2. ATLAS FIRE SUPPLIES/MORISON ENGINEERS
3. AUA INDUSTRIA
4. BOB MORGAN SERVICES LIMITED
5. EUREKA TECHNICAL SERVICES LTD
6. KEMA INVESTMENTS
7. SECURICOR ALARMS KENYA LIMITED
8. SPECIALISED HARDWARE LTD

PORTS EQUIPMENT

1. NAIROBI SPORTS HOUSE LIMITED
2. SPORTS CENTRE

TELECOMMUNICATIONS

1. INTERNATIONAL COMMUNICATION SYSTEMS LTD

2. MOBITECH KENYA LIMITED
3. VINKAM KENYA LIMITED
4. WILKEN TELECOMMUNICATIONS

TIMBER PRODUCTS

1. ELDEMA KENYA LTD
2. KENYA WOOD LTD
3. PLY SALES LTD
4. RAI PLYWOODS KENYA LTD
5. SHAH TIMBER MART LIMITED
6. WOODTEX KENYA LTD

TOURS & TRAVEL

1. APOLLO TOURS
2. BUNSON TRAVEL
3. PINNACLE

WEIGHING MACHINES

1. AVERY KENYA LTD
2. ELISTERS2000

Appendix II: E-sokoni suppliers targeted for interview

	Name	Location
1	ACE COMMUNICATIONS	Bogani Rd
2	ADDVICE PROMOTIONS	Teak Hse,GR. Floor, Kirinyaga Centre
3	AMBAR ENTERPRISE	Bungoma Rd
4	AMIRAN K. LTD.	Airport Rd. - Wilson Airport
5	AMITEC KENYA	Kenya Cinema Plaza
6	ANTIPEST LTD	Wison Airport
7	APSON COMMERCE LIMITED	Transnabonal Plaza 6th floor
8	AQUVA AGENCIES	
9	ATLAS COPCO	North Airport Rd. - Embakasi
10	DASH BINGWA DISTRIBUTORS	Muindi Mbingu St.
11	BLACKWOOD HODGE	Homabay Rd.
12	CARTON MANUFACTURING	Wundanyi Rd.
13	CENTRAL BUSINESS MACHINES	Adamali Hse. Tom Mboya St.
14	CENTURY ADVERTISING	Chiromo Court, Chiromo Rd.
15	CIRCUIT BUSINESS SYSTEMS	Corner Hse., Mezz 1, Kimathi St.
16	CORPORATE REFLECTIONS	
17	CREATIVE PHOTOGRAPHIC SERVICES	Anivessary Towers Ground Floor
18	DESBO ENGINEERING	Kampala Rd.
19	DIVERSEYLEVER	Cooper Centre, Kaptagat Rd.
20	EAST AFRICA PACKAGING IND.	Kitui Rd., Off Mombasa Rd.
21	ECOLAB E. A.	Baba Dogo Rd.SaRaj Bld. 5th floor
22	ELECTRIC LINK	Mombasa Rd.
23	ELEKTRONISCHE (Power Innovations)	Dar-es-saalam Rd.
24	EXPRESS AUTOMATION	Imenti Hse. Gr. floor, Moi Ave.,
25	FINTECH KENYA	Ambank Hse. 9th floor
26	GEMICIES INTERNATIONAL	Jonathan Court, Ngong Rd.
27	HOTPOINT APPLIANCES	Sarit Centre, Lower Gr. Floor
28	INTERNATIONAL ENERGY TECHNIK	
29	INTECH EAST AFRICA LTD	Olijo Rd.
30	JENERON ENTERPRISES LTD	Waiyaki way
31	JENICHO ELECTRICAL & HARDWARE	
32	KASSAM & BROS	Lusaka Rd.
33	KEMA INVESTMENTS LTD	
34	KENON HARDWARE	Young Traders Bld. Lusaka Rd.
35	KENWIDE PHOTOGRAPHIC	KICC 1st floor
36	KENYA WOOD LTD	Kitui Rd., Off Mombasa Rd.
37	LABTEC ELECTRONIC SERVICES	Olijo Rd.
38	LIBRAN ELECTRO	
39	LINO STATIONERS	Victor Hse Kimathi St.
40	MABATI ROLLING MILLS LTD	Old Mombasa Rd.
41	MARSHALL FOWLER	Enterprise Rd.
42	MULLARD ELECTRONICS	Visions Plaza G/floor
43	MULTIOPTIONS	Baricho Rd.
44	NAWA HARDWARE	
45	NUTURN BATES	
46	NYANZA PETROLEUM	Ring Rd. Centro Hse.
47	SPECIALISED FIBREGLASS	Kitui Rd., Off Mombasa Rd.
48	SPECIALISED HARDWARES	Dundori Rd. Hydraulic Hse
49	TIMWOOD	Dar-es-saalam Rd
50	WELDING ALLOYS	Off Lunga Lunga Rd

Appendix III

Letter of Introduction to the Respondents

Kiyeng P. Chumo,
University of Nairobi,
Faculty of Commerce,
P.O. Box 30197,
NAIROBI.

chumo@epzakenya.com

Dear Sir/Madam,

I am a student in the Faculty of Commerce of University of Nairobi. In partial fulfillment of the requirements of the Master of Business Administration (MBA), I am conducting a study entitled **“A Survey of the Impact and Challenges of B2B E-Commerce in Kenya: A Case of E-Sokoni Members”**.

Your association/company has been selected from the list of E-Sokoni members to form part of this study. To this end, I kindly request for your assistance in completing this questionnaire. Any additional information you might feel necessary for this study is welcome.

The information and data required is needed for academic purposes only and will be treated in strict confidence.

Copy of project will be available to you on request.

Your co-operation will be highly appreciated.

Yours sincerely,

Kiyeng P. Chumo
MBA Student

J.T. Kariuki
Supervisor

APPENDIX IV: QUESTIONNAIRE

SECTION A: MEMBERS (Supplier)

Please answer the following questions

Part I: General Information:

1. Company Name (Optional): _____
2. Year Established: _____
3. Company Ownership:
 Local Foreign Joint Venture
4. What is your annual turnover in Kenya shillings
 Less than 5 Million
 Over 5 Million but less than 50 Million
 Over 50 Million but less than 100 Million
 Over 100 Million but less than 500 Million
 Over 500 Million
5. Do you have a website? Yes
 No
6. Do you transact any Business on your website? Yes
 No
7. If yes tick appropriate business activity Buying
 Selling
 Inquiry only
 Invoke email order
8. When did you join E-sokoni? _____

9. Please tick a number from each of the following which best describes the reasons why you joined E-sokoni. [1] Not important at all [2] Not very important

[3] Somewhat important [4] Important [5] Very important

	1	2	3	4	5
My buyer(s) joined	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To reduce operational costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To increase access to more customer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduce sales and distribution costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. Please tick the number from each of the following which best describes the importance of services you receive from E-sokoni. [1] Not important at all [2] Not very important [3] Somewhat important [4] Important [5] Very important

	1	2	3	4	5
Electronic Market Exchange	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business Process Re-engineering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supply Chain Management consultancy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supply Partnership services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inventory Management Advisory services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Web Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. What percentage of your sales goes through E-sokoni? _____ %

12. Does E-sokoni facilitate transactions 24 hours a day?

Yes No

Part II: Impact of Membership

Please select your level of agreement on the effects of your membership to E-sokoni to each of the following statements. (Tick where appropriate)

	Agree strongly	Agree Somewhat	Neutral	Disagree Somewhat	Disagree strongly
13 Sales expenses have been reduced	[]	[]	[]	[]	[]
14 Number of employees have been reduced	[]	[]	[]	[]	[]
15 Employee enjoy their work	[]	[]	[]	[]	[]
16 Supply chain time has been reduced	[]	[]	[]	[]	[]
17 Intermediaries/Middlemen have been eliminated	[]	[]	[]	[]	[]
18 Customer services has improved	[]	[]	[]	[]	[]
19 Prices of your products have come down	[]	[]	[]	[]	[]
20 Customer/market reach base has expanded	[]	[]	[]	[]	[]
21 Products are delivered in time	[]	[]	[]	[]	[]
22 Products are delivered at the right quantities and qualities	[]	[]	[]	[]	[]
23 Order processing has been improved	[]	[]	[]	[]	[]
24 Real time exchange of information has been facilitated	[]	[]	[]	[]	[]
25 Customer payment system has improved	[]	[]	[]	[]	[]
26 Level of the company competitiveness in the market has improved	[]	[]	[]	[]	[]

27	Inventory level being maintained has reduced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28	Transaction fees charged by E-sokoni are fair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Others (Specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part III: Challenges of Membership

Please select your level of agreement on the challenges of your membership to E-sokoni to each of the following statements. (Tick where appropriate)

		Agree strongly	Agree Somewhat	Neutral	Disagree Somewhat	Disagree strongly
29	Retraining of staff required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30	Hiring skilled staff required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31	Cost of joining is high	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32	Network breakdown is frequent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33	Connectivity speeds are very slow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34	Cost of connectivity is high	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
35	Electronic payment system not well developed in Kenya	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36	Transport (Rail, Road, Postal) infrastructure not well developed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
37	Legal provision for redress and dispute resolution not well defined	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
38	Taxation law on online transactions not clear	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Others (Specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THANK YOU FOR YOUR COOPERATION

SECTION A: MEMBERS (Buyer)

Please answer the following questions

Part I: General Information:

1. Company Name(Optional): _____
2. Year Established: _____
3. Company Ownership:
 Local Foreign Joint Venture
4. What is your annual turnover in Kenya shillings
 Less than 5 Million
 Over 5 Million but less than 50 Million
 Over 50 Million but less than 100 Million
 Over 100 Million but less than 500 Million
 Over 500 Million
5. Do you have a website? Yes
 No
6. Do you transact any Business on your website? Yes
 No
7. If yes tick appropriate business activity Buying
 Selling
 Inquiry only
 Invoke email order
8. When did you join E-sokoni? _____

9. Please tick a number from each of the following which best describes the reasons why you joined E-sokoni. [1] Not important at all [2] Not very important [3] Somewhat important [4] Important [5] Very important

	1	2	3	4	5
My supplier(s) joined	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To reduce operational costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To increase supplier base	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To reduce procurement expenses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. Please tick the number from each of the following which best describes the importance of services you receive from E-sokoni. [1] Not important at all [2] Not very important [3] Somewhat important [4] Important [5] Very important

	1	2	3	4	5
Electronic Market Exchange	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business Process Re-engineering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supply Chain Management consultancy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supply Partnership services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inventory Management Advisory services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Web Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. What percentage of your purchases goes through E-sokoni? _____%

12. Does E-sokoni facilitate transactions 24 hours a day?

Yes No

Part II: Impact of Membership

Please select your level of agreement on the effects of your membership to E-sokoni to each of the following statements. (Tick where appropriate)

		Agree strongly	Agree Somewhat	Neutral	Disagree Somewhat	Disagree strongly
13	Purchases expenses have been reduced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Number of employees have been reduced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Employees enjoy their work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Intermediaries/Middlemen have been eliminated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	Customer services has improved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Prices of purchases have reduced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	Number of suppliers have increased	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Purchases are delivered in time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	Purchases are received in right quantity and quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22	Real time exchange of information has been facilitated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23	Payment system has been enhanced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24	Maintenance of low stock level has been enabled	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25	Time taken to procure items has reduced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26	Transaction fees charged by E-sokoni are fair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Others (Specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part III: Challenges of Membership

Please select your level of agreement on the challenges of your membership to E-sokoni to each of the following statements. (Tick where appropriate)

	Agree strongly	Agree Somewhat	Neutral	Disagree Somewhat	Disagree strongly
27 Retraining of staff required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28 Hiring skilled staff required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29 High initial/setup capital required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30 Network breakdown is frequent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31 Connectivity speeds are very low	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32 Cost of connectivity is high	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33 Electronic payment system not well developed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34 Transport (Rail, Road, Postal) infrastructure not well developed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
35 Confidence in product specification standards difficult to enforce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36 Legal provision for redress and dispute resolution not well defined	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
37 Taxation law on online transactions not clear	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (Specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THANK YOU FOR YOUR COOPERATION

SECTION B: E-SOKONI

Part I: General Information:

1. Year Established: _____
2. Company Ownership:
 - Local
 - Foreign
 - Joint Venture
3. What is your annual turnover in Kenya shillings:
 - Less than 50 Million
 - Over 50 Million but less than 100 Million
 - Over 100 Million but less than 500 Million
 - Over 500 Million but less than 1 Billion
 - Over 1 Billion
4. Are all the members of E-sokoni located in Kenya?
 - Yes No
5. How do you charge your members?
 - a. Subscription: Yearly/ Quarterly/Monthly
 - b. Percentage of Transaction (What percent)
 - c. Software license
 - d. Professional Consultancy
 - e. Others
6. What challenges do you face on the following areas
 - a. Integrating B2B E-commerce with legal systems:
 - i. Taxation on Transactions
 - ii. Others
 - b. Policy issues:
 - i. Government Policy on E-commerce
 - ii. Others

- c. Applications integration:
 - i. Integrating customers applications
 - ii. Integrating applications with payment systems
 - iii. Others
- d. Payment Systems:
 - i. Reliability of payment system
 - ii. Cost effectiveness
 - iii. What instruments are used (Visa Card, Credit Card)
- e. Dispute resolution:
 - i. Common disputes between customers
 - ii. How do you solve them?
- f. Trust among members:
 - i. Enforcing trust among members
 - ii. Is there any product/service certification scheme e.g. ISO certification

THANK YOUR FOR YOUR COOPERATION

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