

The Impact of E-commerce on Organizational Performance: Applied study in Jordanian Insurance Companies

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ABSTRACT

This study aim to investigate the concept of E-commerce and organizational performance, and examine the impact of E-commerce on organizational performance in Jordanian insurance companies, The population of the study includes all insurance companies in Jordan, a sample of (100) accountant based on (8) branches of insurance companies in Amman city was selected randomly for the purpose of this study. The study instrument is the questionnaire. The study found that there are positive attitudes towards E-commerce because their mean are greater than the standard mean. The study also rejects hypotheses: Ho: There is no statistical significant relationship between E-commerce and organizational performance in Jordanian insurance companies. The study recommended that insurance companies should improve their company's computer and information needs in order to use E-commerce, and insurance companies should increase their attention for application of E-commerce.

Keywords: E-commerce, Performance, insurance company

1. Introduction:

The emergence of E-commerce has made possible voluminous and cross-border transactions being carried out. (Noor et al, 2003). E-commerce has growth and not changed the existence of professional guidelines, reporting requirements and the mentality of the business world. One item to consider is the strategic value of your product or service. Whether the company is virtual or semi- virtual will determine the strategies needed to market the product or service (Julie Hicks, 2004).

E-commerce is the fastest growth area in the global economy and almost carries potentials beyond measure. It provides consumers with the benefits of any time, any where transactions, with lower costs. Moreover it, shortens the distance between the buyer and the seller and shrinks the world into a small village (Al-bayati, 2011).

2. The Problem of the Study:

-What is the impact of E-commerce on organizational performance in Jordanian insurance companies?

3. Study Importance:

- The study important because companies can now capture, process, store, and transmit data with the help of computers in order to application of E-commerce.
- Important because E-commerce is rapidly transforming the way accounting and auditing functions are performed, posing new challenges to the accounting profession.
- Investment of e-commerce in insurance companies has become an industry trend and studying the value and impact of e-commerce on performance is a great interest to both academic researchers and IT practitioners. Reviewing literature on ecommerce benefits and their impact on organizational performance can help to understand the relationship among them.

4. Study Objectives:

The objectives of the study are to investigate the concept of E-commerce and organizational performance, and examine the impact of E-commerce on organizational performance in Jordanian insurance companies.

5. The Hypotheses of the Study:

Ho: There is no statistical significant relationship between E-commerce and organizational performance in Jordanian insurance companies.

6. Study Model:



7. Population and Sample:

The population of the study includes all insurance companies in Jordan, a sample of (100) accountant based on (8) branches of insurance companies in Amman city was selected randomly for the purpose of this study. The study instrument is the questionnaire.

8. Literature Review:

– Al-bayati (2011) clarify the impact of E-commerce on Supply chain management and E-marketplace usage in the companies that use B2B ecommerce in Amman city. The study found that there is a moderate level of perceived benefits of E-commerce application in companies that use B2B E-commerce in Amman. The study also indicates the moderate level of E-marketplace usage as well as Supply chain management for those companies. The study also found there is a significant positive impact of E-commerce benefit on Supply chain management in companies that use B2B E-commerce in Amman and there is a significant positive impact of E-marketplace usage on Supply chain management in companies that use B2B E-commerce in Amman, the direct effect of E-commerce benefit on Supply chain management was higher than the direct effect of E-marketplace usage on Supply chain management.

– Yao (2004) presents an overview of the current state of e-commerce in the New Zealand insurance industry. In order to measure the extent of e-commerce usage, a descriptive study that surveys website content was designed. The study found that all of the insurance companies had websites but less than half of these were New Zealand ones. Most of the companies use an international website to service all their global customers, yet the majority of these sites do not include many features specific for New Zealand customers. Overall it was found that the uptake of electronic commerce is relatively slow. The insurance industry is only employing the Internet to distribute information, with few companies offering the capability of online transactions. It is evident that there remains considerable scope for further development of website features.

– Hicks (2004) say that web assurance services are available that assure customers about the security and features of a website. These services create new opportunities for CPAs and licensed accounting firms. Accountants must be informed about various E-commerce strategies in order to advise management on the best and most profitable way to enter into the world of ecommerce. The Internet and E-commerce will only continue to grow as security is enhanced and consumers become more trusting of its services and benefits.

9. E- Commerce

Some research defined e-commerce as the process of buying, selling, or exchanging products, services, or information via computer. While other defined it as the commercial activity of buying and selling goods and services over the Internet. Another definition argue that e-commerce is internet technology that provides the capability to buy and sell online – including market creation, ordering, supply chain management, and transfers through opening protocol (Al-bayati, 2011).

Electronic commerce, commonly known as E-commerce or e Commerce, is a type of industry where the buying and selling of products or services is conducted over electronic systems such as the Internet and other computer networks. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web at least at one point in the transaction's life-cycle, although it may encompass a wider range of technologies such as e-mail, mobile devices, social media, and telephones as well (Chaudhury at el, 2002).

Trading electronically offers a number of advantages to companies. To take advantage of the opportunities created by e-commerce, companies implement websites that operate at a high level of e-commerce. We studies and commerce escalator classifies websites into seven levels: website for corporate information, website for product/service information, customer support via Web, credit card order processing, web access to order information, purchase order processing and web-based marketplaces. Moore's classification identifies the different e-commerce capabilities that a website has. It is acknowledged that websites can be basic, including only company information or more advanced with functionality for generating market sales (Yao, 2004).

Electronic commerce is generally considered to be the sales aspect of e-business. It also consists of the exchange of data to facilitate the financing and payment aspects of business transactions. This is an effective and efficient way of communicating within an organization and one of the most effective and useful ways of conducting business. E-commerce can be divided into (Chaudhury at el, 2002) :

- E-tailing or "virtual storefronts" on websites with online catalogs, sometimes gathered into a "virtual mall"
- Buying or Selling on various websites and/or online marketplaces
- The gathering and use of demographic data through Web contacts and social media
- Electronic Data Interchange (EDI), the business-to-business exchange of data
- E-mail and fax and their use as media for reaching prospective and established customers (for example, with newsletters)
- Business-to-business buying and selling
- The security of business transactions

Studies classified e-commerce by the nature the transactions or the relationship among the participants into these categories (Al-bayati, 2011):

- **Business-to-Business B2B:** E-commerce model in which all the participants are businesses or other organizations for example dell sells its products to other companies.
- **Business-to-Consumer B2C:** E-commerce model in which businesses sell to individual shoppers for example any person can enter amzon.com and buy products from that web site.
- **Business-to-Business-to-Consumer B2B2C:** E-commerce model in which a business provides some product or service to a client business that maintains its own customers for example Intel manufacturing computer processors and sell it to HP which makes computers that final consumer can buy.
- **Consumer-to-Business C2B:** E-commerce model in which individuals use the internet to sell products or services to organizations or individuals who seek sellers to bid on products or services they need.
- **Intra-business EC :** E-commerce category that includes all internal organizational activities that involve the exchange of goods, services, or information among various units and individuals in an organization. Like online training.
- **Business-to-Employees B2E:** E-commerce model in which an organization delivers services, information, or products to its own employees. It is considered a subset of Intra-business EC.
- **Consumer-to-Consumer C2C:** E-commerce model in which consumers sell directly to other consumer. Various marketplaces plays the role of mediator by enable the user to buy from other users like ebay.com.
- **E-learning:** The online delivery of information for purposes of training or education. It is used heavily by organizations training and also practiced at virtual universities.
- **E-government:** E-commerce model in which a government entity buys or provides goods, services, or information from or to business or individual citizens. Like electronic voting

10. Data Analysis

Introduction:

This chapter presents the analysis of research instrument (Questionnaire), which includes questions relates to E-commerce on organization performance.

Questionnaire statements:

Five points Likert scale has been coded to enter the data into SPSS software in order to achieve the study objective. The levels of the scale were given the following rating:

- (1) strongly disagree.
- (2) disagree.
- (3) neutral.
- (4) agree.
- (5) strongly agree.

To get the general results of the study, the mean and the standard deviation of different responses to the statements were calculated using Statistical Package for Social Sciences (SPSS). While the standard mean is (3) calculate as following equation: $(1+2+3+4+5)/5= 3$. The response below is considered positive if the value of calculate mean is greater standard mean (3), and response below is considered negative.

Table (1) reveals that there are positive attitudes towards all of statements related to E-commerce because their mean are greater than the standard mean.

Table (1)
E-commerce

	Mean	Std. Dev.
E-commerce is buying and selling of products or services is conducted over electronic systems.	4.5333	.59166
Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing.	3.7333	1.01604
Modern electronic commerce typically uses the World Wide Web	3.7000	1.24439
Electronic commerce is generally considered to be the sales aspect of e-business.	3.3500	1.18272

The result of answers on the statements related to organizational performance shown in table (2).

The result shows that there are positive attitudes towards all of statements related to organizational performance because their means are greater than the standard mean.

Table (2)
Organizational Performance

	Mean	Std. Dev.
Companies can use E-commerce to increase organizational performance	3.4167	1.18930
Companies control the features of E-commerce easy in order to increase organizational performance	3.2667	1.07987
Mistakes is under control when use E-commerce which can increase organizational performance	3.3500	1.42628
E-commerce is suitable for our company	3.0000	1.15663

Hypotheses Testing

Ho: There is no statistical significant relationship between E-commerce and organizational performance in Jordanian insurance companies.

Table (3)
Result Summary of Testing Hypothesis

F-Calculated	F-Tabulated	Sig.	Result of Ho	R	R 2
311.785	2.21	.000	Reject	.919	.844

As shown in tables (3) shows that (calculated F= 311.785) is greater than (tabulated F=2.21), and the significance of "F" value is (.000), and (95%) level of confidence. According this result we will reject Hypothesis.

11. Conclusion

Electronic commerce, commonly known as E-commerce or e Commerce, is a type of industry where the buying and selling of products or services is conducted over electronic systems such as the Internet and other computer networks. There are positive attitudes towards E-commerce because their mean are greater than the standard mean. There are positive attitudes towards organizational performance because their means are greater than the standard mean. The study rejects hypotheses: Ho: There is no statistical significant relationship between E-commerce and organizational performance in Jordanian insurance companies. Insurance companies should improve their company's computer and information needs in order to use E-commerce. Insurance companies should increase their attention for application of E-commerce. Access to data via a computer network information system should be central, providing a "one-stop" location to find and access pertinent computer data.

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