

# Chapter 7.15

## Critical Success Factors of Web-Based E-Service: The Case of E-Insurance

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### ABSTRACT

This study focused on the adoption of Web-based applications in the insurance industry. An in-depth investigation of relevant literature on the technology adoption process and related issues, and the data collected from auto and life insurance companies identified several factors that affect e-insurance performance (in terms of both tangible and intangible benefits). Web site availability, organizational support, customer pressure, degree of business integration, an e-business plan, organization age, and organizational size were identified as critical factors for online performance. This study also revealed that insurance companies perceive more tangible and intangible benefits when they do substantial business through online sales.

### INTRODUCTION

Online business is now a very important business strategy for sales and customer services. A Website not only represents a company, but it also provides new product/service information, online transaction capability, 24/7 customer support, and access to a broad range of organization information. A Website presence lends greater benefits when the products and services offered by an organization are intangible and frequently purchased, as is the case of financial and insurance services (Phau & Poon, 2000).

Digital trends in the economy are having significant impacts on the financial industry. New technology is driving the firms to new digitally networked models, where strategic transformation processes have taken place (Meerts, 2002). E-finance institutions are moving toward extended

companies, where small-networked companies can freely serve their chosen customers and communities of interest. The Internet created the possibility of reaching more customers and communities of interest and transcending geographic boundaries.

The importance of learning about the critical success factors (CSFs) for Internet adoption in the insurance industry is also increasing, as also the number of insurance companies planning to implement the Internet technology is on the rise. Awareness of the CSFs will allow firms to concentrate their efforts on resources considered important to the industry and will allow them to achieve success. This study investigates organizations' technology adoption behaviors at the organizational level rather than at the individual level. The overall objective of this study is to identify CSFs of effective e-insurance, Web-based services in the insurance industry. We consider that an insurance company has established an e-service function if the Internet technology supports its business in four broad areas: (1) a Website that provides information access and distribution of the products and services; (2) a Website that supports work collaboration among organization members and external partners; (3) online business transactions such as sales, marketing, and promotion; and (4) online customer support. The results of this study will provide a better understanding of the industry and suggest the resources on which insurance firms should concentrate to achieve better performance and create competitive advantage.

## **CRITICAL SUCCESS FACTORS (CSFS)**

Rockart (1979) was the first to suggest that executives focus on certain factors, which, if they are successful "will ensure successful competitive performance for the organization. They are the

few key areas where things 'must go right' for the business to flourish" (p. 85). Other researchers later explored in more depth and enriched Rockart's idea. Williams and Ramaprasad (cited in Dwyer et al., 2000) recommended that any particular context should have about six or seven success factors. Leidecker and Bruno (1984) consider CSFs to be those factors that allow a firm to successfully compete in a particular industry. CSFs tend to have commonality within a given industry (Hofer & Schendel, 1978) and vary across industries, where the success factors result from the interaction of economic and technological factors specific to an industry.

Even though the CSF method was first initiated to help executives successfully manage their businesses, it has found a broad area of application in information systems (IS) and other areas. The CSF method has been used successfully to evaluate IS (Dobbins & Donnelly, 1998), understand information technology (IT) growth in different geographic regions (Khandelwal & Ferguson, 1999), explore career paths of IS executives (Shi & Bennett, 1998), and so forth. Other researchers (Pollalis & Frieze, 1993) suggest that the traditional CSF approach applied in the context of IT is outdated, and a new set of IT CSFs evolved should be used in future research. IT performance is neither systems-oriented nor based on short-range measurements, but rather it focuses on intraorganizational, extraorganizational, and long-range measurements. The implication of this statement is that CSFs should not be researched only for the technical aspects of the organization, but also should be explored in an integrative manner, including technological, organizational, and external aspects.

CSFs have found applications in Internet-based activities. Recent research (Jennex et al., 2004; Soliman & Janz, 2004) has tried to identify the drivers of success for B2B Internet platforms. The results obtained in those studies suggest that new factors should be investigated in an Internet environment: Internet and networking factors.

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