

ABSTRACT

In the modern economy, security of information is critically important to most organizations. Information security risk management allows organizations to identify key information assets and security risks so that information security risk management expenditures can be directed cost effectively in order to improve organization resiliency to information security risks. Previous studies on the economics of information security have emphasized on the use of Rational Choice Decision Models for evaluating Information Security Risk Management Investments alternatives. But, security investment decisions involve risk, and several researchers have noted that risk-related decisions often violate the fundamental principles of Rational Choice Decision Models. In the light of this challenge, the purpose of this study is to determine if framing and evaluation components of prospect theory informs information security investment decisions. Specifically, the study investigate whether or not the framing and evaluation of choice options influences security professionals' investment decisions. To realize this goal an empirical study was conducted among six SMEs in microfinance sector within Nairobi Central Business District. The study was guided by mixed study approach and the collected data were analyzed using both quantitative and qualitative techniques. Accordingly, the study established that existing, widely accepted rational choice decision models for information security investments need to be supplemented with risk perception measurement and account for individual level decision biases. This study recommend that to eliminate decision makers biasness when performing information security investment there is need for correctly frame and evaluate information security investments alternatives