Chapter XIII

Predictive Indicators of Electronic Commerce Adoption in Regional Small and Medium Enterprises

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Abstract

This chapter introduces electronic commerce or e-commerce (EC) in the small and medium enterprises (SMEs) in Brunei Darussalam which has dramatically altered the way businesses are conducted. The advent of EC has changed the trading and buying pattern of consumers behavior. The present research investigates 71% of SMEs EC adoption and study the determinant factors. Several organizational factors such as nature, size, and type of business along with organizational culture and management support were studied. The study also includes technological factors such as perceived benefits and task variety and one environmental factor of government role and support towards EC adoption. This study has concluded
on the basis of various statistical tests that there exists a significant difference of EC adoption among SMEs. For small enterprises task variety and favorable top management support remain significant. Whereas, for medium-sized enterprises the study support the organizational, environmental and technological variables toward EC adoption. This is mainly due to the fact that medium-sized enterprises are better resource-driven as compared to the small business. This study also discusses the reasons why 29% of the organizations did not adopt EC. The most common reasons of non-adopters include: high cost of Internet service provider, a major time wasting activity for the staff, and lack of overall staff computer literacy. Based upon our findings, some recommendations were made to the policy makers and relevant authorities for devising and implementing a strategic plan to enhance the EC adoption among SMEs.

Introduction

The enormous growth of information technology (IT) has profound global impact on the economies in conducting business. The overwhelming development in Web-based technology has made it possible to establish customer’s requirement, and to perform sales’ transactions. Electronic commerce (EC) has revolutionized the way business is conducted and transacted around the world. In 2001, the total online shopping worldwide was U.S. $65 billions and the USA alone was sharing 69% of the total revenue (eMarketer, 2001). In the USA, EC service market was expected to rise from $10.6 billions to $64.8 billions in 2003. It was further predicted that by the year 2003, US$ 3.2 trillion worth of businesses will be traded over the Internet worldwide (Forrester Research, 2002).

At the outset, the lure of EC was confined to large business enterprises. However, the prospect of EC could be equally important to small and medium enterprises (SMEs) as well. There is evidence that some SMEs have benefited tremendously from EC (O’Keefe, O’Connor, & Kung, 1998). However, the majority of SMEs could not enjoy the benefits of EC (Barker, Fuller, & Jenkins, 1997). Most of these SMEs have resisted adopting EC for reasons that were not fully understood (Hart & Saunders, 1997). It was further reported that nearly half of the small businesses have yet to adopt EC (Mirdoch & Motwani, 2001). Apparently, it seems logical for small business to adapt EC as a medium of first choice. This is mainly due to the decreasing cost and availability of sophisticated hardware and software. The overall benefits can provide better opportunities for SMEs to adopt EC. Unfortunately, the picture is not so reflective mainly because of the magnitude of small businesses and size of the business that requires unique
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