



Chapter V

An SME Experience of E-Commerce: Some Considerations for Policy Formulation in Australia

Stephen B. Chau, University of Tasmania, Australia

Paul Turner, University of Tasmania, Australia

ABSTRACT

Previous research has identified that small business faces additional barriers to e-commerce adoption compared with large business. More recently it has emerged that the adoption of e-commerce technology has often not translated into the active utilisation and conduct of e-commerce by small business. The factors and problems that account for this apparent lack of benefit derived from e-commerce activity forms the focus of this chapter. This chapter identifies and critically analyses the range of factors impacting on small businesses conducting e-commerce. A framework is developed to explore potential problem areas for e-commerce implementation and utilisation. This framework is based upon a qualitative analysis of 34 Australian SMEs utilising e-commerce and from findings in a report

This chapter appears in the book, e-Business, e-Government & Small and Medium-Sized Enterprises: Opportunities and Challenges, edited by Brian J. Corbitt and Nabeel Al-Qirim. Copyright © 2004, Idea Group Inc. Copying or distributing in print or electronic forms without written permission of Idea Group Inc. is prohibited.

conducted by Ernst & Young of an additional 34 Australian small businesses implementing e-commerce. The chapter endeavours to provide an outline of the issues that policymakers need to consider in developing e-commerce policy to motivate and support ongoing e-commerce initiatives among SMEs.

INTRODUCTION

The rate of e-commerce adoption by Australian SMEs is increasing (Small Business Index, 2001), however the rate of e-commerce integration lags significantly behind large organisations. The Australian government has acknowledged the importance of SMEs adopting e-commerce and has established several programs to encourage SMEs to uptake e-commerce. These programs include the formation of the National Office of the Information Economy (NOIE) promoting programs such as the Australian Electronic Business Network (AUSENET), the Information Technology Online Grant program (ITOL) and the Tasmanian Electronic Commerce Centre (TECC).

Past IS researchers have identified numerous e-commerce benefits for SMEs including costs reduction, alternative sales and marketing channels and streamlined communication methods. To date there exists a vast amount of literature that has explored the adoption and uptake of e-commerce by SMEs. Equally there exists significant research into examining those factors that present barriers to the uptake of e-commerce by SMEs (Freel, 2000; Lawrence & Keen, 1997; MacGregor et al., 1998; Poon, 1997, 1998). Recent research also indicates that where SMEs have adopted e-commerce technologies, the actual utilisation and conduct of e-commerce does not necessarily lead to an active utilisation of e-commerce (NOIE, 2000; Wong & Turner, 2001).

Studies of those SMEs that are engaged in e-commerce suggest that the level of web-based e-commerce can be categorised into four phases of e-commerce utilisation Chau (2001a). These phases emerge as transitional states in the use of e-commerce where SMEs may establish themselves directly at any particular phase or migrate to or from other phases. The ability of SMEs to migrate between phases relates to the business environment in which they operate.

The analysis of a case study of 34 SMEs actively utilising e-commerce suggests that the potential to derive benefit from e-commerce activities increases where SMEs have been able to re-align business processes and structures (Chau & Turner, 2001b). The ability of SMEs to re-align business processes depends upon a number of factors. However, to date there has been little detailed investigation into the factors that impact on SME's ability to derive e-commerce benefits within any particular phase of e-commerce activity.

19 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/sme-experience-commerce/8745

Related Content

The Perception of Barriers to E-commerce Adoption by SMEs: A Comparison of Three Countries

Robert C. MacGregor, Deborah Bunkerand Mira Kartiwi (2010). *Global Perspectives on Small and Medium Enterprises and Strategic Information Systems: International Approaches* (pp. 145-168).

www.irma-international.org/chapter/perception-barriers-commerce-adoption-smes/42276

Challenges of the Internationalization Strategy of a Technology-Based International New Venture

Luciana Costa Fernandes, Cristiana Pereira, Daniela Simõesand António Carrizo Moreira (2019). *Handbook of Research on Entrepreneurship, Innovation, and Internationalization* (pp. 467-489).

www.irma-international.org/chapter/challenges-of-the-internationalization-strategy-of-a-technology-based-international-new-venture/230725

An Incremental Functionality-Oriented Free Software Development Methodology

Oswaldo Terán, Johanna Alvarez, Blanca Abrahamand Jose Aguilar (2008). *Software Process Improvement for Small and Medium Enterprises: Techniques and Case Studies* (pp. 242-257).

www.irma-international.org/chapter/incremental-functionality-oriented-free-software/29632

Factors Influencing E-Commerce Adoption in Small to Medium Businesses: An Empirical Study in Thailand

Chalerm Sak Lertwongsatien, Nitaya Wongpinunwatanaand Angsana Achakulwisut (2004). *Electronic Commerce in Small to Medium-Sized Enterprises: Frameworks, Issues and Implications* (pp. 107-127).

www.irma-international.org/chapter/factors-influencing-commerce-adoption-small/9433

A Framework for Electronic Commerce Research in Small to Medium-Sized Enterprises

Nabeel A.Y. Al-Qirim (2004). *Electronic Commerce in Small to Medium-Sized Enterprises: Frameworks, Issues and Implications* (pp. 1-16).

www.irma-international.org/chapter/framework-electronic-commerce-research-small/9427