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701 E. Chocolate Avenue, Hershey PA 17033-1240, USA
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ITB8570



## Chapter VII

# Planning E-Strategies for New Zealand Firms

Liaquat Hossain
Massey University, New Zealand

*This chapter examines the risk factors for firms investing in e-commerce or electronic commerce in New Zealand. The relationships between the intra and extra organisational factors that ensure the success or failure of the electronic commerce projects in New Zealand are discussed. The investment risks for electronic commerce projects may rest on the planning, development, implementation and post-implementation phase. This study analyses the success criteria that are to be considered critical for electronic commerce projects in New Zealand. By using the CSFs criteria for investing in electronic commerce, this study suggests an e-strategy planning framework for New Zealand firms involved in electronic commerce. Future directions identifying the need for this proposed e-strategic framework and the need for empirical validation is also discussed.*

## INTRODUCTION TO ELECTRONIC COMMERCE

E-commerce or electronic commerce can be defined as the electronification of the consumer-supplier value chain as well as the industry chains (Weinstein, 1997). It refers to all commercial-based electronic transactions including the transmission of data, text, sound and image files. E-Commerce includes electronic data interchange (EDI), EFTPOS, electronic banking, digital cash, and other forms of electronic payment systems. Weinstein's (1997) research identified two key emerging trends that are making the development and deployment of a global enterprise network more critical. The first is the evolution of global enterprises and the rise of electronic commerce and the second is the impact of supplier and industry value chains on the business function.

Apparently, it is observed from the present situation of the information industry that there is no implicit criteria which may guide companies investing in electronic commerce (Weinstein, 1997). The risks in investing in electronic commerce projects are four-fold: *planning, development, implementation and post-implementation* risks. An investigation of the existing literature suggests that critical success factors (CSFs) are the small number of easily identifiable operation goals shaped by the industry, the firm, the manager, and the environment that assures the success of an organisation (Laudon and Laudon, 1988 and 1998).

Rockart (1982) and Rockart and Scott (1984) argue that CSFs are the operational goals of a firm and the attainment of these goals will assure the successful operation. CSFs can also be defined as those few key areas in which things must be correct in order for the firm to remain competitive (Neumann, 1994). Wiseman (1988) argued that the CSF analysis has evolved to a role in which the managers use this in their information-planning approach for identifying opportunities and threats. According to the most widely used CSF technique suggested by Rockart (1982), it is evident that the usefulness and scope of this framework depend on the subjective ability, style, and perspective of the executives.

The shaping of the CSFs evolves from four viewpoints: (i) can be shaped by the industry and its structural changes; (ii) the firm's operational strategies and changes in the products/services offered; (iii) the managers and their perceptions towards the success factors of a firm; and (iv) changes in environment with regard to technology, computer hardware and software, other external factors like government regulation, changes in the policy. CSFs research is receiving considerable attention from both academics and managers. The environmental uncertainty and flooding of the market with changing hardware and software make the manager's investment decisions even more complex.

Research by Daniels (1994) provides us an early foundation of the CSFs investigation for the firm. However, Daniel's definition of CSFs is focusing on the three to six areas that a company must do in order to succeed. Rockart (1982) further argued that the CSFs are limited number factors that ensure successful competitive performance of organisation, if implemented. Furthermore, the fundamental problem that most of companies are facing is to stay on top when technology changes. It is therefore essential for an organisation to develop a comprehensive CSF framework that can guide its future investment and in particular, for the case of electronic commerce investment projects.

An ethnographic approach is used in this study for the purpose of identifying the CSFs for investing in electronic commerce projects in New Zealand. Thus, the investment complexity in New Zealand's electronic commerce projects is addressed. It is apparent that the identification of the CSFs for electronic commerce-based companies will provide a framework for future investors in this sector. Therefore, the overall aim of this chapter is to provide an analysis of the critical risk factors for electronic commerce investment in New Zealand. It then analyses the planning, development, implementation and post-implementation risk factors in the development of an e-strategic framework that will guide future investments of electronic commerce projects.

## ELECTRONIC COMMERCE IN NEW ZEALAND

The New Zealand Government has realised the true benefits of the development of electronic commerce for maintaining its economic development over the past few years. New Zealand experienced a significant growth in electronic commerce development among retailing, banking, healthcare and other small businesses like grocery chains. New Zealand's Ministry of Commerce is also actively involved in monitoring and promoting the electronic commerce development throughout the country. As a part of the monitoring process of

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