



Chapter XIII

The Ten Commandments for Global Electronic Commerce Success in Small Business

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ABSTRACT

Small to medium-sized enterprises (SMEs) contribute significantly to national economies and employment levels and represent a viable source for inventions and innovations. The emergence of electronic commerce in the early 90's could provide different opportunities to the small business sector to overcome its inadequacies. However, in view of the electronic commerce/business (EC) literature in organizations in general and in SMEs specifically, EC research is scarce. Available research portrays a gloomy picture about EC uptake and use by SMEs. Therefore, this chapter attempts, by reviewing recent EC research, to depict an agenda for EC success in SMEs made up of ten influencing factors. Thus, an attempt is made to develop deeper understanding about the factors influencing EC success in SMEs. By following the suggested guidelines in this chapter, SMEs would be in a better position to assess the viability of the new EC perspective to their organizations. The same factors are highly important to researchers, SMEs, professionals (including educational institutions) and policymakers in driving SMEs and EC forward.

INTRODUCTION

Small- to medium-sized enterprises (SMEs) constitute 95 percent of enterprises and 60 to 70 percent of employment within the countries of the Organisation for Economic Cooperation and Development (OECD, 1997) and other countries across the globe. Accordingly, SMEs contribute significantly to the economies of the different countries and to the employment level (Cameron & Massey, 1999). SMEs are usually the source for most of the profound inventions and innovations in these different countries (Iacovou, Benbasat & Dexter, 1995).

The recent emergence of the Internet in general and the World Wide Web in particular has revolutionized business activities (Abell & Lim, 1996). At the outset, despite the apparent media hype (Premkumar & Roberts, 1999), and enthusiasm among academicians (Adam & Deans, 2000; Abell & Lim, 1996; Infotech Weekly, 1997; Poon & Swatman, 1999a) and professionals (Deloitte, 2000; IDC, 1998; PWHC, 1999) about electronic commerce (EC), the published research about EC in general provided little insights about EC penetration and success in SMEs.

In a recent study, 73 percent of surveyed small businesses are connected to the Internet; however, the potential use of the Internet in business was rarely explored (Waikato, 1999). Findings from another survey study indicate a lack of knowledge among SMEs about EC and its applications (Deloitte, 2000; PWHC, 1999). Despite the high adoption rates of e-mail, domain names, and Web sites, SMEs are lagging other larger businesses in the use of EC in business and in the adoption of EC-technology in general (Deloitte, 2000) and the extent of such laggardness varies from one country to another. Overall, the above portray a gloomy picture about EC uptake and use by SMEs and hence, investigating the reasons behind such laggardness in adopting and in using EC effectively is very essential.

In line with the above discussion, this chapter attempts to unveil different factors influencing EC adoption and use in small business and hence, influence its success and penetration in SMEs. By reviewing relevant literature about EC, it is expected to develop factors that would assist SMEs in resolving many of the ambiguities surrounding the new EC field. Thus, an attempt is made to further bridge the existing gap between SMEs and EC.

A RECIPE FOR ELECTRONIC COMMERCE SUCCESS IN SMEs

The Dilemma of Electronic Commerce Benefits

In the SMEs scenario, different research emphasized the different EC advantages to SMEs (Abell & Black, 1997; Abell & Lim, 1996; Adam & Deans, 2000; Deloitte, 2000; Poon & Swatman, 1997, 1998, 1999a, 1999b; PWHC, 1999):

- The Internet is an efficient communication medium and a vast resource for information. The SMEs could use the e-mail technology to communicate efficiently with their buyers and suppliers, reducing many of the communication cost including buying of expensive equipment (e.g., fax/telex).
- The Internet provides value-added services to customers/partners/suppliers by providing different primary/supplementary information about the organization's industry, products and services on their Web sites. This could result in increasing the

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