



Chapter IV

**The Emerging Need for
E-Commerce Accepted
Practice (ECAP)**

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ABSTRACT

With the rapid expansion of the Internet and constant technological advances, it is clear that e-commerce will reshape methods of the business world. Government, large corporations, medium and small business now have to conduct their electronic activities in an accountable, transparent and well-structured way. Unlike traditional business recording, such as accounting, with Generally Accepted Accounting Practice (GAAP), no guidelines or frameworks exist that recognize e-commerce issues.

INTRODUCTION

“The newest innovations, which we label information technologies, have begun to alter the manner in which we do business and create value, often in ways not readily foreseeable even five years ago. ”

*Alan Greenspan
Chair, Federal Reserve Board
May 6, 1999*

A large multinational corporation once attempted to sell baby food in an African nation by using packaging designed for its home country market. The company’s regular label showed a picture of a baby with a caption describing the kind of baby food contained in the jar. African consumers took one look at the product and were horrified. They interpreted the label to mean that the jar contained ground-up babies (Ricks, 1993)!

This example serves to illustrate that the design of effective e-commerce sites requires careful planning and sensitivity to cultural issues. For example, South Africa is a low to middle-income, developing country with an abundant supply of resources, well-developed financial, legal, communications, energy and transport sectors, a stock exchange that ranks among the ten largest in the world, and a modern infrastructure supporting an efficient distribution of goods to major centers throughout the region. However, growth has not been strong enough to reduce the prevailing 30 percent unemployment figure. Daunting economic problems remain from the apartheid era, especially poverty and lack of educational and economic empowerment among disadvantaged groups. At the end of 2000, President Mbeki vowed to promote economic growth and foreign investment, and to reduce poverty by relaxing restrictive labour laws, stepping up the pace of privatisation, and cutting unneeded governmental spending. Eleven official languages and cultural diversity further complicate all these challenges. E-commerce cannot target specific audiences, so South Africa illustrates how difficult it is to appeal to customers.

The evolution of Web-based business activity has resulted in the term e-Business referring to three categories of business activity:

- Business-to-Employee (B2E): Intranet-based applications internal to a company.
- Business-to-Consumer (B2C): Internet-based applications for a company’s customers and
- Business-to-Business (B2B): Extranet-based applications for a company’s business partners. (An IOS: Inter Organisational System).

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