



Chapter VIII

**SMEs in South Africa:
Acceptance and Adoption of
E-Commerce**

Eric Cloete
University of Cape Town, South Africa

ABSTRACT

The chapter reports on research that was done in information systems at the University of Cape Town on the benefits of Internet utilisation and the barriers to its adoption amongst small businesses in South Africa. It addresses how these small businesses in a developing country perceive the potential benefits of e-commerce and look at their consequent adoption of e-commerce activities in their own organizations. Comparisons are made between studies conducted in first world countries, particularly regarding the role of government initiatives. A secondary aim of this research was to determine the current level of e-commerce adoption by small businesses in South Africa. This was achieved by circulating a questionnaire to test the perception of e-commerce benefits and e-commerce adoption levels amongst small businesses from various sectors in South Africa. If the global usage of the Internet for electronic commerce by small businesses is compared to the South African situation, this research clearly indicates that the available technologies are not adopted to the extent that is necessary for survival in a rapidly changing environment.

INTRODUCTION

This chapter reports on research that was done in Information Systems at the University of Cape Town on the benefits of Internet utilization and the barriers to its adoption amongst small businesses in South Africa. It addresses how these small businesses in a developing country perceive the potential benefits of e-commerce and look at their consequent adoption of e-commerce activities in their own organizations. Comparisons are made between studies conducted in first world countries, particularly regarding the role of government initiatives.

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One of the most important features of using the World Wide Web is definitely the ability to conduct business over the Internet. The evolution of the Internet from a military tool to one that is available to organizations and individuals has opened many ways of doing e-commerce for SMEs (Small to Medium Enterprises). With the benefit of using the Internet to cut costs, improving efficiency and reach a much wider market, productivity and profit margins can be improved dramatically. Unfortunately, many South African SMEs are not utilizing the Internet adequately and therefore numerous excellent and unique business opportunities are never discovered or exploited for commercial gain (Courtney & Finch, 2001).

Although the classification of enterprises is normally based on size, turnover and number of employees, the definition of an SME differs in the literature; therefore, no fixed definition exists. An SME for the purposes of this research will be one that complies with the requirements of the South African National Small Business Act, No.102 of 1996.

E-commerce can be defined as the buying and selling of information, products and services with the assistance of computer technology and the Internet (Greenstein et al., 2000). This basically involves the exchange of electronic information between parties, normally followed by the exchange of goods and payment transactions. In the conduct of commerce, many differing activities might occur, such as marketing, interaction with clients and suppliers, interaction with government and acquisition products and the sales forthcoming of these events. Akkeren and Cavaye (1999) state that e-commerce improves an SMEs ability to compete with larger organiza-

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