

Chapter 13

Barriers to E-Procurement Adoption: The Turkish Case

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ABSTRACT

E-procurement practice is not well-established in emerging countries. There are barriers in terms of transportation, financial, telecommunication, and legal infrastructures. Also, a lack of a qualified workforce, cultural barriers, and security problems hinder the development of e-procurement activities. These are not such significant problems in the developed countries. In this study, we examined the Turkish practice. We gave country background information including macroeconomic data and Internet penetration data, and we gave a picture of the current situation of Turkey. We then discussed how these barriers can be overcome in Turkey. Finally, we gave predictions about how m-procurement may alter the situation and its potential for the Turkish market.

INTRODUCTION

E-procurement is the use of electronic technologies to flow and enable the procurement activities of an organization. It is used particularly within the range of the operational, professional purchase. E-procurement is also defined as the business-to-business purchase and sale of supplies and services over the Internet. Typically, e-procurement Web sites allow qualified and registered users to look for buyers or sellers of goods and services.

E-procurement is a concept strongly related to concepts such as logistics, supply chain management (SCM), and even e-commerce. Although, some definitions are suggested to distinguish between these

concepts, the problems faced are similar. They all require financial, transportation, legal, and communication infrastructures (Ohmae, 2000). If a country is weak in one or some of these infrastructures, then e-procurement activities are destined to fail. In addition to these four factors, education of the e-procurement personnel, security issues, societal readiness to use information and communication technologies (ICT), and the impact of the wireless technologies should also be considered.

In countries like Turkey, huge infrastructure investments are the norm. However, since these investments are heavily affected by short-term political concerns and voter influence, projects function most of the time at a sub-optimal rate. A planned and systematic approach is rarely found. Even so, as the economy grows and international trade rises, Turkish companies are facing the pressure of global competition. To stay alive in this environment of fierce competition, efficient tools such as e-procurement are being introduced. However, this is an ongoing process, and fast improvements should not be expected. Problems are still paramount and can slow down the widespread adoption of the e-procurement practices.

In this study, we try to assess the e-procurement activities from a developing country's perspective, namely Turkey. Turkey's unique problems and strengths are also examined. In addition, given the widespread use of wireless technology in Turkey, we have also elaborated on the concepts of m-procurement. The role of ICT is well-documented in the literature, but the possible outcomes of the widespread use of wireless technology in procurement activities are rather an uncharted territory. These issues are discussed in the "Future Trends" section of this chapter.

BACKGROUND

Changes and developments in technology and macro trends such as globalization also affect the micro world of enterprises and functions in the companies. In this respect, purchasing has morphed into procurement (Kotler, 2004). In the past, the purchasing function was seen as a way to execute a transaction between a buyer and a seller. Nowadays purchasing is a function that needs to be executed on a broader level. This means connecting different partners and helping them come up to the mark (Shah, 2002). Pride and Ferrel (1989) classified the three types of organizational purchases as new task, modified rebuy, and straight rebuy purchases.

Internet procurement has the potential to redesign and streamline procurement processes by shaping electronic markets that are tailored to reflect the contracts, purchasing rules, and business workflow of an individual buying organization (Aberdeen Group Profile, n.d.).

E-procurement has a multi-layered body and is connected to ancillary industries and distribution channels. For example, vehicle routing problems are part of the general purchasing system (Emel, Taskin, & Deniz, 2004). These problems are also part of e-procurement. Stanton and Stanton (2002) have created a model of Internet purchasing to show the link between personality, predisposition towards innovativeness, and adoption. However, there is not an adequate solution in the monetary value of face-to-face bargaining.

Tomkins (2000) proposed the supply chain synthesis (SCS) which he claimed to be the next step to SCM. If SCS can be implemented, procurement activities throughout the supply chain can be streamlined. Raisch (2001) saw the future of SCM and e-procurement as B2B marketplaces and stressed the importance of content management and community building. Bovet and Martha (2000) use the term "value net" as almost the equivalent of B2B e-marketplaces. Kuglin and Rosenbaum (2001) and Guinipero and

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