



## **Chapter I**

# **The Government and eGovernance: A Policy Perspective on Small Businesses in New Zealand**

Nabeel A. Y. Al-Qirim, Auckland University of Technology, New Zealand

Brian J. Corbitt, Deakin University, Australia

### **ABSTRACT**

*This chapter reviews e-Commerce research in Small to Medium-Sized Enterprises (SMEs) in New Zealand. The chapter then attempts to review the Government's e-Commerce strategy highlighting commonalities and gaps with respect to e-Commerce adoption and diffusion research in SMEs in New Zealand. The chapter found the strategy emphasising the role of the Government in providing leadership, in building the capability of New Zealanders and in providing an enabling regulatory environment. The strategy is set out to be a complete partnership between Government, business, and the broader community to achieve these objectives. Recent progress on this strategy is reviewed and its significance to SMEs is discussed. This chapter points to the importance of prioritising the implementation of certain strategies by the New Zealand Government in order for e-Commerce to succeed in SMEs.*

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## INTRODUCTION

Small business Internet commerce (e-Commerce) is defined as “the use of Internet technology and applications to support business activities of a small firm” (Poon, 1999). Recent research in Small to Medium-Sized Enterprises (SMEs) in New Zealand (Al-Qirim, 2003; Al-Qirim & Corbitt, 2002) revealed that organisational size emerged as a strong motivator for e-Commerce adoption. Thus making it quite clear that larger SMEs are more capable than smaller SMEs in adopting e-Commerce technologies. The innovative Chief Executive Officer (CEO) was needed to guarantee the shift to the e-Commerce arena. The compatibility of e-Commerce in the business environment of SMEs appeared to be highly significant. Hence, in order to move to the e-Commerce arena, potential adopters highlighted the need to overcome compatibility issues such as security and legal concerns and the compatibility of e-Commerce with their earlier practices and customers. In addition, the SMEs would adopt more e-Commerce technologies as a result of pressure from their competitors. However, those adopters highlighted the negative effect of technology vendors in New Zealand on their adoption decision of more e-Commerce technologies. Other factors such as the relative advantage of e-Commerce, cost of adopting e-Commerce, information intensity of products, pressure from suppliers/buyers, and CEOs’ involvement were not significant in Al-Qirim’s (2003) and Al-Qirim’s and Corbitt’s (2002) research suggesting that adopting SMEs were not witnessing many advantages out of their e-Commerce initiatives. It is worth noting that most of Poon’s (2000) and Poon and Swatman’s (1997, 1998, 1999a, b) research focused on whether SMEs were realising any real advantage from having e-Commerce. They found that most SMEs were not witnessing tangible advantages from e-Commerce and the advantages sought from having e-Commerce were perceptions only (Poon, 1999, 2000; Poon & Swatman, 1997, 1999a). Poon and Swatman (1997, 1998) found that SMEs did not use the Internet strategically to gain a competitive advantage. Poon and Swatman (1998, 1999a) related these lower advantages to the different perceptions about e-Commerce advantages and found that most of the SMEs did not anticipate real benefits (direct sales and tangible profits) in the short term due to difficulties in selling their products over the Internet.

Recent survey research in New Zealand confirmed the same and provided significant insight into the level, value, growth and extent of e-Commerce among high adopters (ACNielsen, 2001). The survey targeted businesses with commercial websites (taking orders via their website) and included 800 respondents (e-traders). Although commercially oriented sites were targeted, 50% of those surveyed currently are selling less than \$NZ 10,000 per annum over the Internet. Overall, this study reported that Internet sales are a small percentage of total sales volume for most e-traders. Fifty-eight percent (58%) of the businesses do

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