



CIHAN
UNIVERSITY-ERBIL

E-commerce Adoption among Small and Medium Enterprises

A.L. Alaa Salam Jameel
Department of Public Administration
Cihan University-Erbil

Introduction

- the internet has appeared to the world in the beginning of 1990s and the e-commerce application started in 1994, the adoption of e-commerce by business firms in the developing world was late as of 2005 (Molla & Licker, 2005).
- In the middle of the last decade, researchers increasingly sought to examine the impact of e-business or e-commerce on organizations, especially SMEs.
- SMEs play a key role in successful national economic growth, irrespective of whether the country concerned is a developed or a developing one (Egbtokun & Olamade, 2009).
- The Internet and e-business are seen by governments around the world as a technology critical to supporting the development of economic sectors (Egbtokun & Olamade, 2009)

SME

- There is no universal definition of SMEs. However, generally, SMEs are defined as non-subsidiary and sovereign firms in which the number of employees is less than a stated number.
 - in the United States (U.S), SMEs are defined as firms with less than 500 employees;
 - in the European Union (EU), the SME limit is set to 250 workers;
 - while in other nations, the SME limit is set at 200 employees.
-
- Small firms are supposed to have fewer than 50 employees, while micro-enterprises have ten employees at most (Carter & Jones-Evans, 2006).
 - In this study, SME refers to companies, which have less than 50 employees, most of the SMEs companies in Iraq are considered as SMEs, and they are characterized by small size and small number of employees.

E-commerce

- E-commerce has become a reality only with the development of the World Wide Web (WWW) and its associated technologies (Napier, Judd, Rivers, & Wagner, 2001).
- Some researchers see e-commerce in terms of Internet applications, such as e-mail, website, and intranet (Drew, 2003). Some investigate the use of e-commerce in terms of business activities; for example, communicating with customers and suppliers (Daniel & Wilson, 2002). Others see e-commerce as a mix of Internet applications and business activities (Kendall, Tung, Chua, Ng & Tan, 2001)
- This study adopts the components of e-commerce as: e-mail, websites for online selling, and online buying. These three components will be the measures used in this study.

Benefits of E-Commerce Adoption

- e-commerce has been making significant contributions to reduction in costs of doing business, improved product/service quality, new customer and supplier penetration, and generation of new ways or channels for product distribution (Chaudhury & Kuiboer, 2002).
- benefits that can be gained through the adoption of the technology are: access to new markets, enhance competitiveness, and cost advantage Aydemir (2013)
- Stockdale and Standing (2004) find the benefits to be access to a wider range of markets, flexibility in administration and communication, accessibility, information, improved customer services, updating of information, lower transaction costs.

Barriers of E-commerce Adoption

- Al-Weshah, Deacon and Thomas, (2009) concluded that lack of top management support and lack of staff skills were the major barriers
- security and legal issues and a lack of IT skills Courtney and Fintz, (2002)
- security issue is the greatest barrier, followed by cost and the lack of government initiatives in Australian SMEs Burgess (2003)
- The lack of security, high cost of implementation and the lack of expertise staff, in Malaysian SMEs
- Lawson's (2007) survey of Sri Lankan SMEs classified political barriers and lack of skills at the top of the list,
- customers' preferences, security issue, inadequate technical infrastructure, cost and lack of competent in e-commerce Aydemir (2013)

Factors Affecting E-Commerce Adoption by SMEs

1. Expected Advantage
2. Ease of Use
3. Cost
4. Willingness of Manager
5. Customer Need
6. Security
7. Company Readiness

CONCLUSION

Many advantages can be gained through the adoption of the technology. The most important advantages are that companies can create **competitive advantages** by adopting e-commerce. **Cost** is one of the major advantages as the adoption of e-commerce reduces the work force needed and reduce traveling cost along with communication cost. E-commerce enables companies to offer their product and services **online and to reach to new markets**. It provides companies with **ease access to information** and about **customers, suppliers, competitors** and so on. **Satisfied customers** will repurchase and use the product or the services again which can be translated in more sales and ultimately more profits.