Chapter 6
A Comparative Study of Small- and Medium-Sized Enterprises in Australia and Singapore: Overall Satisfaction of Electronic Commerce Implementation

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ABSTRACT

Since July 2003, Australia demonstrated the promotion of EC outside the country by forming an international EC partnership with Singapore. While both countries want to increase their international competitiveness by entering this as part of the bilateral free trade agreement, cultural barriers in EC implementation have to be considered and championed. The findings of the study seek to help companies that are embarking upon cross border activities by illustrating the differences in EC implementation in different countries. Results of preliminary interviews of small businesses in both countries show that respondents’ perceptions of EC are pre-dominantly positive. A regression analysis was carried out and 5 out of 19 influencing factors were found to make a significant contribution to the implementation of EC in Australia – observability, communication channel, customer pressure, supplier pressure, and perceived governmental support; while only 3 factors – firm size, perceived readiness, observability have significant impact in Singapore.

1 INTRODUCTION

Electronic Commerce (EC) has changed and is still changing the way business is conducted around the world. The commercialization of the Internet and World Wide Web (WWW) has driven EC to become one of the most promising channels for inter-organizational business processes. Despite the economic downturn and the burst of the “dot-com” bubble, EC is expected to continue its significant growth. EC has emerged as a whole of business strategy that enables organisations to improve business processes and communication, both within the firm and with trading partners. In the US alone, the second decade of EC would boost online sales from $172 billion in 2005 to $329 billion in 2010.
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(Forrester Research, 2005), while Asia Pacific’s B2B EC is forecasted to grow rapidly at a Compound Annual Growth Rate (CAGR) of fifty-nine percent (IDC, 2004). Specifically in Australia, EC is estimated to be worth $11.3 billion dollars annually (Australian Government Information Management Office, 2005). Singapore also began its nationwide internet journey in the 1990’s with the launch of Singnet, its first commercial Internet service, in 1994. Currently, Singapore is ranked 12th in the world for Internet penetration, with a penetration rate of 60 percent (Internet World Stats, 2004) and it is predicted that this will continue to rise as Singapore’s e-commerce revenue is forecast to hit some US$43 million in 2008.

EC has helped opened up the market, particularly on the supply- and demand-side for SMEs. Small firms are now able to compete in the same global arena that has previously only been the exclusive territory of multinationals corporations. This massive change for SME’s has resulted in a number of studies being undertaken by EC researchers worldwide. The strong interest is driven by two clear facts: (1) SMEs play a significant role in most countries’ economies, and (2) EC can provide SMEs with an unprecedented range of benefits, including a relatively inexpensive means of accessing global markets using a low cost communication medium (Al-Qirim & Corbitt, 2004; Chau, & Turner, 2002;). However, despite its obvious advantages, Australia and Singapore have been relatively slow in implementing EC in comparison with other countries (Department of Communications, Information Technology and Arts, 2004; Thong, 2001; Sensis, 2005; Singapore Enterprise, 2001). Prior research in Australia showed that most SMEs perceive the challenge of integrating EC into their business operations as risky, complex, time-consuming, and an expensive initiative (NOIE, 2002). In Singapore, it was indicated that merchants were uncertain about the business potential of the Internet as a medium for trading and payment (Lee et. al., 1997).

1.1 Significance of the Study

The major contribution of this study is to address the limitation of the current literature by looking beyond adoption-decision. As highlighted by Parker and Castleman (2009) between 2003 to 2008, there has been extensive research on SMEs’ adoption of EC, many of which explores the factors that influence SME owner-manager adoption decisions (Chong, 2005; Gibbs, et.al., 207; Gilmore, et.al., 2007; Quadus & Hofmeyer, 2007; Robers & Toleman, 2007; Simmons, et.al., 2008). While adoption factors based studies are useful, it was argued that SME EC research community has reached a point where progress is needed beyond factors that influence adoption decision. This study aims to help SMEs understand the continuity of adoption and affective reasons which would prompt the further width and depth of EC usage.

It has also been observed and verified in many studies that SMEs have been actively looking for suitable solutions and methods of adopting and integrating EC into their business process (Benbasat, Bergeron & Dexter, 1993; Cragg & King, 1993; Dos Santos & Peffers, 1998; Massey, 1986). Although there is a growing body of literature dedicated to the analysis of the technical and operational aspects of EC, there is little empirical research to date that examines the success of EC deployments in organisations once the technology has been adopted. If the EC or IT implementation is successful, potential benefits to small businesses can include increased sales, improved profitability, increased productivity, reduced costs associated with inventories, procurement and distribution, improved quality of service, and secured competitive positions (see Al-Qirim, 2005; Chong, 2006; Dhokalia & Kshetri, 2004; Grandon & Michael, 2004; Rivard, et.al., 2006; Stockdale & Standing, 2004; Whiteley, 2000). On the other hand, if EC implementations are unsuccessful, it will have severe repercussions on small businesses with their limited resources. This paper aims to iden-
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