Chapter XII

The Shifting Sands of E-Commerce: Investigation of the Mapping Between Expected and Actual E-Commerce Benefits in SMEs

Robert MacGregor, University of Wollongong, Australia

Lejla Vrazalic, University of Wollongong, Australia

Abstract

Prior to the advent of e-commerce, the adoption and implementation of information technology (IT) in organisations was planned and controlled. As a result, the expected and actual (realized) benefits of the new technology could be mapped directly on to each other. However, no research has been carried out to date in order to determine whether this is still the case in the post-e-commerce era. This chapter aims to correct this by presenting the results of a study of small to medium enterprises (SMEs) in Sweden that have adopted e-commerce technology. The study examined the correlations between the expected benefits of e-commerce (i.e., adoption criteria) as
well as the correlations between the actual benefits. In both cases, the correlations were shown to exist. Finally, the study examined whether the direct mapping of criteria and benefits was still applicable. The results show that there is no direct mapping of IT criteria and benefits in the post-e-commerce era in SMEs.

Introduction

The importance of the small to medium enterprise (SME) sector as the cornerstone of economic prosperity is widely recognized (NOIE, 2002). Yet, despite this, recent studies have shown that SME contributions have fallen in terms of percentage of GDP, in a number of western countries (see for example Abernethy, 2002). While the reasons for this decrease are diverse, many SMEs are attempting to reverse the trend by turning to global markets. This development has been enabled by the advent of electronic commerce (e-commerce) technology. E-commerce is defined as “the buying and selling of information, products, and services via computer networks” (Kalakota & Whinston, 1997, p. 3). E-commerce has the potential to become a source of competitive advantage to the SME sector because it is a cost effective way of accessing customers globally and competing on par with large businesses. SMEs have started to capitalise on these benefits initially by connecting to the Internet. Indeed, according to the American City Business Journals (IEI, 2003), SMEs using the Internet have grown 46% faster than their counterparts who don’t use the Internet.

In the pre-e-commerce environment, strategies surrounding the acquisition of IT were planned and controlled and as such the benefits derived from such acquisitions could be mapped to the driving forces or adoption criteria on a 1:1 basis. The very reasons or driving forces for adopting and implementing a particular technology in the organisation resulted in direct outcomes (i.e., the expected benefits matched the actual benefits.) A number of studies were carried out in the early 1990s examining the criteria and benefits of technology adoption in SMEs in particular. In a study of Danish, Irish, and Greek SMEs, Neergaard (1992) concluded that there were four sets of reasons for adopting IT and an identical four sets of benefits derived from the acquisition of IT. These were: increased productivity, streamlining work procedures, better client service, and better record keeping. Similarly, in a study of Australian SMEs, Fink and Tjarka (1994) derived three types of criteria (and corresponding actual benefits) for IT acquisition. They described these as: doing the right thing, doing things right, and improving the bottom line. “Doing the right thing” included
Related Content

Market Reactions to XBRL-Formatted Financial Information: Empirical Evidence from China
www.igi-global.com/article/market-reactions-to-xbrl-formatted-financial-information-empirical-evidence-from-china/116622?camid=4v1a

Challenges of Cloud Computing Adoption From the TOE Framework Perspective
www.igi-global.com/article/challenges-of-cloud-computing-adoPTION-from-the-toe-framework-perspective/207321?camid=4v1a

E-Commerce Penetration in the SADC Region: Consolidating and Moving Forward
www.igi-global.com/chapter/commerce-penetration-sadc-region/50775?camid=4v1a

A Design Tool for Business Process Design and Representation
www.igi-global.com/chapter/design-tool-business-process-design/9299?camid=4v1a