Managerial Strategies Used to Overcome Technological Hurdles: A Review of E-Commerce Efforts Used by Innovative Caribbean Managers

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ABSTRACT

Studies summarized by the United Nations Commission on Trade and Development continue to show that small and medium enterprises (SMEs) in developing countries face particular problems with managerial skills, connectivity, branding, logistics, security, and foreign competition. Yet the same studies note that barriers and e-commerce efforts vary considerably from one region of the world to another. To determine if these barriers are significant in the Caribbean region during July and August 2004, the principle investigators visited business executives in five Caribbean nations. Thirty-six businesses and government agencies were interviewed. General results showed significant e-commerce efforts underway in these countries with most enabling technologies and business systems in place. However, several major barriers were repeatedly encountered. Logistics challenges, including shipping and customs barriers, as well as recent import controls in the U.S. were frequently mentioned. Many also described a banking sector unwilling or unable to facilitate convenient electronic payment systems. Nevertheless, executives described a number of e-commerce strategies, which could be adopted by other SMEs that wish to increase their e-commerce income. The investigators present four managerial characteristics that were seen in the leading businesses. The authors hope the results of this study will suggest improved strategies for SMEs in developing countries seeking to use e-commerce to expand their markets.

Keywords: Caribbean business; developing countries; e-commerce; information infrastructure; IT skills; managerial competence

INTRODUCTION

The annual report on e-commerce and development (2004) by the United Nations Conference on Trade and Development (UNCTAD) quantifies the enormous growth in the use of the Internet for business purposes. According to the report, "as of June 2004 there were over 51,635,284 Web sites worldwide, 26.13 percent more than a year before. The number of Web sites using secure socket layer protocol (SSL) which supports secure transactions grew by 56.7 percent between April 2003 and April

Despite this rapid worldwide growth in Internet access for business, the report also finds the technological divide between developed and developing countries has been little reduced: “While the international digital divide seems to be closing, this is happening only at a slow rate and for the most part in middle-ranking countries, while those in the most difficult situation are not seeing much progress” (UNCTAD, 2004, p. XVII).

This limited progress occurs against a backdrop of great hope in the potential for e-commerce to aid the development processes of poor countries. Kamel and Hussein speak for many when they say, “e-commerce…provides unprecedented opportunities for increasing trade, promoting investment, facilitating business transactions, providing a larger and more varied market and supplying an unprecedented marketing tool” (Kamel & Hussein, 2002, p. 148).

This opportunity for increased sales has motivated considerable interest in e-commerce efforts in developing countries. Yet studies of e-commerce efforts continue to demonstrate that many barriers to success exist, especially for Small to Medium Enterprises (SMEs). UNCTAD’s annual report notes that barriers differ from country to country and region to region, but the barriers commonly found include:

1. Managerial skills necessary to plan and successfully implement an e-business strategy (UNCTAD, 2004, p. 54)
2. Connectivity (quality, speed, cost) (p. 54)
3. Branding (customers prefer to put their trust in well-known brands rather than take the risk of buying from unknown companies over the Internet (p. 30)
4. Logistical networks for the prompt and reliable delivery of products (p. 30)
5. Trust in the legal and regulatory environment (security) (p. 51)

At the same time, UNCTAD also notes that SMEs are being driven to use the Internet for business by competitors and suppliers. “Global competition is a driver of ICT uptake among SMEs, in particular those targeting the export market” (p. 31).

LITERATURE REVIEW

Given so many barriers and so much competition, is it possible for SME’s in developing countries to succeed in e-commerce? Previous studies have found few successes. A recent study of nine least developed nations (Wresch, 2003) found executives at Small and Medium Enterprises (SMEs) were finding little growth in sales from their Web sites, and were having significant difficulties gaining visibility through search engines and shipping products to remote markets. Previous research explains why such difficulties persist.

Managerial Skills

Summarizing research studies from all over the world, the UNCTAD annual report notes, “An important finding from the studies is that for many companies the main reason not to go online is not the lack of technical skills and capacity…rather the use of ICT depends on the capacity to manage the enterprise and on the level of education of the owner…” (UNCTAD, 2004, p. 54).

This observation confirms a wealth of research done on the importance of managerial expertise in the successful implementation of information systems. DeLone’s study of 98 small manufacturing firms found CEOs were key to computer system success in smaller firms. “If the small business is to succeed in its computer use, the chief executive must be willing to commit substantial personal energy to the realization of that aim” (DeLone, 1988, p. 57). Bassellier’s more recent studies have confirmed the importance of manager’s IT knowledge and IT experience in their willingness to champion IT projects (Bassellier, Benbasat, & Reich, 2003) Her subsequent definitions of managerial IT competence help illustrate the range of IT skills business managers might develop. Of particular relevance to companies considering e-commerce initiatives is vision about the role of IT in
Knowledge Management and Electronic Commerce Supporting Strategic Decisions: The Case of Taiwan


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