Chapter X

E-Readiness and Successful E-Commerce Diffusion in Developing Countries: Results from a Cluster Analysis

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Abstract

This chapter explores the impact of organizational and environmental e-readiness factors on the successful diffusion of e-commerce. It presents a conceptual framework of e-readiness and e-commerce success, identifies the constructs and variables to operationalize the framework and reports the e-readiness and e-commerce success assessments of a sample of business organizations from South Africa. Business managers and policy makers, by understanding the e-readiness factors affecting e-commerce diffusion can make effective decisions to exploit specific e-commerce opportunities. Furthermore, researchers can use the developed framework to study the level of e-commerce adoption, the success of the process that led to it and the benefits to users, organizations and the economy.
**Introduction**

The volume and value of transactions on the Internet are still on the rise and are predicted to continue unabated for the foreseeable future. Likewise, national and international institutions are commissioning strategies to facilitate the conduct of e-commerce. However, global e-commerce diffusion is uneven. Particularly, the participation level of developing countries is still insignificant. The relatively slow e-commerce diffusion in developing countries is mainly attributed to their lack of e-readiness to transcend technological, legal, financial, business and social obstacles. Hence, understanding the relationship between e-readiness and successful e-commerce diffusion is highly important.

Although existing e-readiness literature does help to identify macro level inhibitors of e-commerce diffusion, the drivers of successful e-commerce diffusion at a firm level have not been well studied. In particular, what is missing from the existing literature is: (1) a relevant framework underlining the relationship between e-readiness and successful e-commerce diffusion in developing countries, and (2) an empirical assessment that explicates such relationships. This chapter aims to address these gaps.

**Background**

Of late, the notion of e-readiness has gained popularity in the e-commerce in developing countries literature. However, the concept of readiness can be traced to prior literature in organizational change, information systems (IS), business process reengineering (BPR) and innovation (Todd, 1999; Raymond et al., 1998; Jay & Smith, 1996; Guha et al., 1997; Clark & Cavanaugh, 1997; Grover et al., 1995; Stoddard & Jarvenpaa, 1995).

Most consider readiness as a necessary precondition (or set of pre-conditions) for the implementation of change or information systems or BPR projects. A few (Raymond et al., 1998; Guha et al., 1997) extend this to relate readiness to the success of such projects, but stop short of explicitly defining the nature of the relationship. Others (Clark & Cavanaugh, 1997) consider readiness as an indicator of the agility of a business and a goal an organization must strive to achieve.

From the literature, it can be surmised that having resources such as skilled human resources, leadership, technology (Grover et al., 1995; Stoddard and Jarvenpaa, 1995), appropriate organizational culture, capabilities and learning (Todd, 1999; Guha et al., 1997) and overall organizational commitment in the form of management and administrative support, staff involvement and championship (Jay and Smith, 1996) are some of the variables used to assess readiness at a firm level. Despite these indicators, what the literature does not provide us is a consolidated and systematic framework that explicitly defines the concept of readiness, sufficiently addresses its different constructs and clearly explains its relationship to success.

On the other hand, a number of studies have emerged discussing e-readiness, however defined. In particular, the e-readiness of developing countries to exploit the potential of