Chapter II

E-Commerce and SMEs: A Reflection and the Way Ahead

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Abstract

Since the middle of the 1990s when e-commerce promised to transform the way business is done, curiosity about what impact it has on small to medium-sized enterprises (SMEs) was raised. Throughout the 1990s till this chapter was written, academia, industry, and governments around the world have carried out much research in this area. The efforts range from studying adoption of e-commerce to understanding what contributed to the success of e-commerce. Some focused on the technical issues while other looked at organizational and management concerns. Despite this wealth of added knowledge, there is only a fragmented understanding of how SMEs have benefited from e-commerce. In this chapter, we attempt to provide a reflection, based on the research published, on how SMEs have fared in the era of e-commerce. We conclude that further consolidation of the understanding will be developed by systematically refining research so far carried out.
Introduction

When the Internet was first opened up to carry commercial traffic, and a new class of domain names ended with .com was created, many predicted it would transform the business sector. Some compared it to Gutenberg’s experiment in printing in the 15th Century. Others thought this was the dawn of the ‘new economy’. It has almost been a decade since the first .com domain name was registered, and the world had embraced the era of ‘dotcom’ and disowned it as the era of ‘dot-gones’. It is time to reflect on what impact e-commerce has had on SMEs and what future might be lying ahead for SMEs in the context of e-commerce.

In this chapter, we first provide an overview of key studies on SMEs and e-commerce. We then discuss the common issues addressed in the area and those which are still outstanding. We provide a number of future research trends, together with theories and models to be adopted, which may help to enrich and consolidate the domain of knowledge. Finally, we conclude that despite the fact that we have gained much understanding on how SMEs are using e-commerce for various purposes, there is still a need for further understanding, and such can only be obtained using an integrated approach and an examination of theories relevant to the field.

Overview of SME E-Commerce Research

The earliest e-commerce studies can be traced back to those published in 1994 (Barker, 1994; Cronin et al., 1994). Barker (1994) provided one of the first surveys on how small businesses used the Internet for business purposes. Cronin et al. (1994) discussed how e-commerce might change how competitive intelligence was being gathered. They also discussed briefly how small businesses could benefit from such a tool. In the next year or so, more research was published focusing on SMEs and e-commerce (e.g., Cockburn & Wilson, 1995; Dou, 1996; Fuller & Jenkins, 1995; Poon & Swatman, 1995). Since then, much has been published from the perspective of information systems, marketing, and management.

Research on the impact of e-business on SMEs so far is spread along the spectrum from technology adoption to management application (e.g., marketing and advertising). In this section, we briefly describe the research findings and issues adhered.

Technology Adoption of E-Commerce

Given the nature of youth in this field and its evolution, it is not surprising that earlier research in this field has focused on the adoption of e-business in SMEs. These early studies of SMEs’ adoption of the Internet and e-commerce predicted how SMEs would benefit from this new technology. Although not always exact, some (e.g., Fuller & Jenkins, 1995; Poon & Swatman, 1995) of the predictions are true even to-date. For example, the key usages of the Internet as a communication medium and for information
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