

Examining the cultural obstacles to the use of E-commerce in SMEs of Iran

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Abstract

By detailed examination on man's innovation in the past years and centuries, we can conclude that e-commerce has had a unique and positive impact on the global economy.

These models have provided great opportunities for millions of people around the world. Their specific interactions and their wide scope of potentials from one hand and rapid expansion of the infrastructure needed for web, have provided great advantages for many companies, individuals and the society as a whole .

The main objective of this research is to explore the cultural obstacles and problems existing before e-commerce in the national trade procedures and to find ways to improve and offer recommendations in this regard. The recommended method for the present research will be based upon the method and field study and it will be possible to implement this research according to the objectives.

The statement of hypotheses is:

- Insufficient awareness and general know how on SMEs related to the benefits of e-commerce are the major obstacles to applying e-commerce
- Organizational (cultural) readiness i.e. IT know- how at staff level and use of computers and the internet which affect the growth of e-commerce application

According to the studies conducted on small and medium sized enterprises in Tehran and in the field of computers, a number of 570 companies have been identified and have been selected as subjects of this research .The results of this research indicate that the cultural aspect of IT and the general “E”s such as e- government, e- -business, e-commerce, etc... have required more attention and certain measures should be undertaken to remove the cultural obstacles in order to allow “E” to enter into action . Cultural factors of this project known as general knowledge and organizational readiness within the statistical investigations indicated that the small and medium sized companies had low knowledge on the potentials of e-commerce and the organizational readiness was also on the average level and this is when the authorities of the country claim to have conducted certain activities for training and promotion of general knowledge regarding the advantages of the e-commerce .On the other hand, by viewing the test results of this research it can be said that the growth of general knowledge and know- how towards the potentials of e- commerce may be beneficial to the increase in the use of e-commerce. Efforts to remove the obstacles and problems related to training will be an effective step towards the application of e-commerce in the first stage and development of this type of commerce among small and medium sized companies will have equal effect in the next stage .On the other the results of tests showed the strong impact of organizational readiness (cultural) such as the use of computers, and the internet and to have IT staff in the organization in using e-commerce among the SMEs has admitted that organizational readiness and its promotion in applying e- commerce will play an important role .

Key words:

The internet, WEB, E-Mail, SMEs,

EDI, E-commerce, B2B, B2G

Introduction

What is meant by 'e'? Today anything may have an e concept, from e-commerce to e-business, from e-literacy to e-enabled, from e-government to e-democracy.

From the conceptual aspect the new term is mostly based on an idea and has yet been achieved.

The prefix 'e' which is used frequently means manipulating information which is mainly in the digitized and electronics form and is usually followed by the word of action .For example, e-government, means electronic manipulating for control and governing purposes.

Moreover, e could also mean a method for action .The popularity of e is not due to it efficiency and having more impact; rather it is due to the fact that without e those actions will be impossible.

Therefore, it is unable to correct a mistake but it can only improve the method of performance.

By definition, business means manipulating digitized information in the business process. Its advantages are to increase the efficiency of the internal processes of companies and it also can be applied to client and supplier process .It is noteworthy to mention here again that it would be

impossible to have a successful e-business without an adequate business activity. E has another facet: A perspective by which e is pursuing a compatibility of the process and business cultures with the new economy or the digitized market. The performance of the first stage will help the achievement of the second stage .This is one of the successful methods.

An e-enterprise is defined as an enterprise which has prepared itself to take part in this modern economy and market. This means that the enterprise has adapted its strategies with the variable market and opportunities and threats. Moreover, this enterprise has provided itself with technologic infrastructure needed to maintain the new process .Through such performance the enterprise will be able to perform e-commerce i.e. exchange of trade values (money, goods, services or data) between an enterprise and a foreign entity (or offering on a higher level a partner, a lower lever client) within an electronic and global environment.

Whenever a company processes its information and data in the form of electronics (in particular for receiving and processing orders, pre -purchased and post- purchased services) it can be said that the company is involved in e-commerce. E-commerce will reduce the costs* and would increase the rate of selling. This growth is possible either through access or creating new activities or both** .Thus, e-commerce is useful for both present activities and for new situations i.e. e-commerce has something beyond technology and is more related to management and strategy of the business.

E-trade is the same as e-commerce at international levels. Ultimately, trade development through “e” would mean promotion of “e” through a method for the growth of development and competition rate.

*E-commerce would raise efficiency in the use of time and approach .it would be possible through the use of modern technologies which extend from e-mails to EDI (Exchange of Electronic Data) and it also embraces a chain of automatic maintenance. This can be useful for the governments and for B2B.Some of its usage would be faster and swifter for transactions through the use of EDI.

**New business activities: activated businesses through IT (which work according to IT and which are interrelated through a digitized network), Call-centers (centers for interrelating networks and through which clients can be connected through the use of the internet and receive services such as ordering, software maintenance etc....), maintenance services and software, etc...as well as “digitized trade” (goods, digitized transactions and services which work online)

Research questions

The research question would be:

-What factors stand as obstacles to the application and development of e-commerce among SMEs in the country?

There are also other minor questions besides the main questions which are:

-What are the general factors which prevent e-commerce development?

- What are the advantages and limitations of e-commerce?

-How much has e-commerce been used among SMEs?

The following advantages have been found through this research:

1- To find out about the cultural problems related to e-commerce development.

2- To create a framework for solving out the obstacles to e-commerce progress

3- To explore the obstacles and problems related to the expansion of e-commerce in the commercial procedures of the country.

4-To find ways to promote a strategic perspective for applying e-trade within SMEs

5- Endeavor to develop e- trades within the country

Statement of the Hypotheses

- Inadequate information regarding e-trades and in general lack of knowledge and general information of SMEs regarding the advantages of e-trades are the key obstacles to the application of e-trades.

- Organizational readiness (cultural) i.e. IT knowledge at staff level and the culture of the internet and computer use will increase the e-trade application.

Methodology

The method applied in this research is divided according to the goal and methods:

According to the method, it will be a field research, but this research could be applicable according to its goal.

Results

Number one hypothesis:

Lack of information related to e- trades and in general lack of knowledge related to advantages of e- trades are the key obstacles to the application of e-trades.

In order to review this hypothesis first the Pearson coefficient correlation were calculated between to variables i.e. knowledge towards e-commerce potential and application of e-

commerce .The null hypothesis states: lack of information regarding e- trades does not prevent usage of e- trades among SMEs.

And number one hypothesis states: lack of information regarding e-trades prevents usage of e-trades among SMEs.

Therefore, a statistical analysis on the first hypothesis will approve that the first research coefficient of correlation is 99 .The determining score out of the data will give 0.136 which represents the invariable effect of other variables, i.e. 0.136 will indicate the percentage of variables of usage of e-commerce related to knowledge and information related to potentials of e-commerce; other variables indicate the effect of organizational readiness.

Hypothesis Two:

Organizational (cultural) readiness –i.e. IT know- how at staff and culture level, use of computers and the internet have direct impact on application of e-commerce .What is found from the SPSS software analyses indicates that the coefficient correlation here equals 0.557 and therefore, there is a positive correlation between organizational readiness and an increase in the application of e-trades .The value of which is shown in the chart and equals to 2.33 and deviation of t are shown by 5.53 equals to n^2 .Hence ,the null hypothesis is rejected and the hypothesis of the research is approved .

In other words, the coefficient of correlation has a value of 99 which means there is a positive and meaningful relation between the e-trades usage and the increase in the organizational (cultural) readiness, more e-trades in small and medium scale enterprises will be seen.

Multivariable correlation

Awareness, Organizational readiness and e-trades application

The results of the SPSS analysis indicate that the multivariable correlation equals to 0.579 which is of a medium rate. But the determining correlation shows a 0.335% increase in the application of e-trades in companies which is the result of more information and know- how on the potentials of e-trades in addition to organizational (cultural) readiness.

The results show that the second independent variable i.e. organizational readiness has a great influence on the growth of e-trades. The following is the regression formula:

$$Y = a + b_1 x_1 + b_2 x_2$$

$$(.139 \times \text{Organizational readiness}) + (.670 \times \text{awareness}) = 7.480 \text{ application of e-trades}$$

Conclusion

The results of this research and the academic projects as well as the second project of TAKFA indicate that the cultural aspect of IT and all Es within the country such as e-government, e-business, e-trades etc....require more attention and certain measures should be undertaken in order to alleviate the cultural obstacles in order to develop the application in every walk of life.

Cultural factors of this project known as “public awareness” and “Organizational readiness” in the statistical examinations show that the rate of knowledge and public information of the small and medium sized enterprises is at low level and in the case of organizational (cultural) readiness it is at average level .This is when the authorities in recent years have claimed to have endeavored to promote and develop public awareness regarding the advantages of e-trades .On the other hand, by examining the test results it can be concluded that raising public awareness and general knowledge towards e- trades can have positive impacts on the application of e- trades and it would promote its application within the small and medium sized enterprises.

On the other hand, the test results also indicated that organizational readiness (cultural) such the culture for using computers and the internet and availability of IT staff will help e-trades to be used among EMEs and would also show that organizational readiness and increase in the use of e-trades will play a major role in its promotion .Lack of interest and necessary incentives for applying e-trades are among other findings of this research.

Inadequate knowledge of SMEs users and even e-trades sponsors dealing with the application and use of e-trades methods are among other types of obstacles and problems related to e-trades

It can be concluded also that lack of information and SMEs' public awareness towards e-trades potential is related to infra- structural investment failure for SMEs training. Lack of credibility towards legal frameworks related to e-trades (such as contracts, payment ,transactions of goods etc...)are other major factors in small and medium sized enterprises which face cultural obstacles in developing e-trades which are all approved in this research .

Of course, it should be noted that this is also one of the major problems of the leading countries involved with e-trades. These countries have attempted to promote the culture of risk taking among their users.

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