Electronic Commerce Policies for Dutch SMEs

Maria-Eugenia Iacob
Telematica Instituut,[1] The Netherlands

Piet Boekhoudt
Telematica Instituut,[1] The Netherlands

Freek Ebeling
Telematica Instituut,[1] The Netherlands

INTRODUCTION

Dutch small and medium enterprises (SMEs) are one of The Netherlands' most important sources of wealth creation and employment. No less than 99% of private enterprises consist of medium and small-scale businesses. They provide employment for 2.3 million people (60% of the Dutch labor force) and account for 52% of the national income generated in the private sector (www.mkb.nl/mkbnederland/english.shtml).

Today, the unused potential for SMEs, from adopting electronic commerce, is huge, although this varies by industry, size, and segment of the diverse SMEs. Therefore, enabling the SMEs to engage in the digital economy is one of the key priorities of the Dutch government. This line of thinking is promoted through the "Nederland gaat digitaal" ("The Netherlands go digital") program (www.nederlandgaatdigitaal.nl).

In this article we present an overview of the approach taken by the Dutch government regarding the development of the information society and the diffusion of electronic commerce in small and medium organizations. Our analysis also includes an assessment of the current situation of SMEs with respect to the adoption of electronic commerce and their position with respect to the governmental policies. Furthermore, we refer to policy implementation instruments ("iMPact" and "ASPect" projects) in the area of electronic markets and application service provision.

BACKGROUND: THE PLACE OF SME IN THE ICT POLICY IN THE NETHERLANDS

Policies and Governmental Initiatives

"Nederland gaat digitaal" ("The Netherlands go digital") is the central slogan of a broad campaign the Dutch government started in 2000 with the intention to modernize and change many aspects of Dutch society. The idea of this campaign was to proactively stimulate the use of information and communication technology (ICT) in all the layers of the society: by citizens, government, education, healthcare, and companies. Five ministries are coordinating and financing programs that fall within their areas of responsibility:

- The Ministry of Interior Affairs is taking care of the diffusion of ICT in the relationship between the citizen and the state (e.g., city halls are opening digital offices).
- The Ministry of Justice is coordinating the development of a legal framework that regulates the use of Internet for communication and business.
- The development of a communication infrastructure is under the supervision of the Ministry of Transport, Public Works, and Water Management.
- The Ministry of Education, Culture, and Sciences is coordinating the diffusion of ICT in the educational system.
- The Ministry of Economic Affairs has developed, together with a number of organizations—ECP.NL–Electronic Commerce Platform Netherlands, Syntens,[2] MKB[3] Nederland,[4] and industrial branch organizations—its own SME campaign "Nederland gaat digitaal" (for 2000-2001), aiming to enhance the involvement of SMEs in e-commerce. Furthermore, specific programs were defined to support the industrial branch organizations to develop strategies with respect to ICT, such that these, in their turn, can inform and advise their members accordingly.

During 2001, the Ministry of Economic Affairs collected information from Syntens, MKB Nederland, and other sources showing that there exists a great interest from SMEs for a continuation of the program (see the NIPO Survey, Table 1, Ministerie van Economische Zaken, 2001; NIPO, 2001). The result was that 71% of the SMEs

Table 1. NIPO evaluations (see Snelders & Eecen, 2003)

Category	4-th quarter 1999 (before the start of "Nederland gaat digitaal")	1-st quarter 2001 (half way evaluation)	2003
Percentage of SMEs with internet connection	55%	68%	83%
Percentage of SMEs that do electronic business	18%	36%	66%

were aware of the program and of its goals. Consequently, a second phase of "Nederland gaat digitaal" was initiated.

The new program (2002-2005, 22,7 millions EUR), "The SMEs in the Digital Delta," is targeting companies with less than 100 employees with concrete goals: in the end of the program, two-thirds of the SMEs should be present on the Internet with at least a "shop window" Web site, and two-thirds of the SMEs should do business transactions via the Internet. The plan identifies four obstacles that are in the way of these targets: SMEs do not know what business opportunities the Internet can offer, they don't have in-house *ICT expertise* and knowledge, they don't *trust* the Internet (legally and technologically), and often they are not financially able to support innovation. The approach taken by this new program is dealing only with the first two of the aforementioned problems and in short is the following:

1. To increase the *awareness of SMEs related to ICT opportunities* and to provide them with tailored knowledge, an intensification of the former MKB campaign "Nederland gaat digitaal" is planned. Namely, supplementary founding is directed towards workshops, consultancy, information materials, training and support of branch organizations and of their members, and development of example pilot projects for a number of sectors, also via two projects, iMPact and ASPect, in the areas of e-markets and ASP.

2. With respect to the *enhancement of trust*, the following activities were planned:

   • The government must play an active role in the development of the legal framework for e-commerce. Although, the Dutch legislation can support electronic transactions within acceptable limits (see the white paper on "Legislation for the Electronic Highway," Lower House of Dutch Parliament, 1998), efforts are being made for implementing the EU directives. Several important Internet and e-commerce regulations are already operational, and a number of bills are currently discussed in the Parlia-

ment: Distance Sales Act (see Staatsblad, 2000b), Personal Data Protection Act (see Staatsblad, 2000a), Act Regarding the Legal Protection of Databanks, (see Staatsblad, 1999), Electronic Signatures Act (see Staatsblad, 2003), Electronic Commerce Bill (see Lower House of Dutch Parliament, 2001b), Bill regarding Electronic Money (see Lower House of Dutch Parliament, 2001a).

• Apart from legislation, an important role is reserved for self-regulation. Basically, self-regulation assumes that companies conducting business on the Internet adhere to and act according to a code of conduct. The task of defining and disseminating such a Code of Conduct was carried out in The Netherlands by a non-profit organization, The Electronic Commerce Platform Netherlands (ECP.NL). We will mention here only two of the products that relate ECP.NL to the needs of SMEs: the *"Model Code of Conduct for Electronic Business," version 4.0* (see ECP.NL, 2001; this Dutch initiative was acknowledged as a model by a number of international organizations such as OECD, UN, and the European Commission); and *"Nederland gaat digitaal, netjes volgens het boekje"* ("Netherlands go digital, by the book") (see ECP.NL, Syntens & EZ, 2002, and www.nederlandgaatdigitaal.nl/regels/). The latter explicitly addresses the SMEs. It offers practical guidance related to the e-commerce acts and regulations, by means of questions, answers, and practical examples.

• The reliability of the communication infrastructure and the security of information exchange over the Internet are targeted in two other national programs (NACOTEL and the campaign "Internet and Security").

The European E-Commerce Policy Landscape

Most of the European governments have recognized the fact that e-business has drawn a clear separation line

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