



## **Chapter X**

# **Factors Inhibiting the Collaborative Adoption of Electronic Commerce Among Australian SMEs**

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## **INTRODUCTION**

While Electronic Commerce has been touted as the new way in which businesses around the world will operate, there is little research that focuses on small and medium-sized enterprises and the effects that such radical transformation of traditional business processes and practices will have on these small entities. This chapter reports on a practical study undertaken within Australia that focused on small and medium-sized enterprises (SMEs). The specific focus of the study was born out of numerous government reports, which emphasized the advantages of Electronic Commerce and the potential of collaborative, or industry-based practices, to encourage the adoption of Electronic Commerce technologies among these enterprises. The Tasmanian wine sector was investigated in order to identify issues that may inhibit the development of collaborative, industry-wide Electronic Commerce adoption programs. Three issues of significance to these small and medium organizations were identified as: 1) Strategic Orientation and Alignment of members of the sector; 2) Industry Responsibility exhibited by members of this sector; and 3) The Business Case for technology integration.

## BACKGROUND

Governments worldwide are beginning to understand and appreciate the potential that Electronic Commerce (E-commerce) holds for advancing national growth and facilitating wealth creation.

According to Kalakota and Whinston (1993, p.3), Electronic Commerce can be defined according to four different perspectives:

1. **Communications perspective**—*Electronic Commerce is the delivery of information, products/services, or payments via telephone lines, computer networks, or any other means.*
2. **Business Process perspective**—*Electronic Commerce is the application of technology toward the automation of business transactions and work-flows.*
3. **Service perspective**—*Electronic Commerce is a tool that addresses the desire of firms, consumers, and management to cut service costs while improving the quality of goods and increasing the speed of service delivery.*
4. **Online perspective**—*Electronic Commerce provides the capability of buying and selling products and information on the Internet and other online services*

Whatever the definition adopted, one thing is generally agreed upon—Electronic Commerce is a business concept, based upon new systems of information and communication, that has the potential to completely revolutionize the way business is undertaken (Department of Industry, Science, and Tourism, 1998).

Many recent publications from Australian federal and state government bodies suggest that Electronic Commerce is, and will continue to be, a priority for all Australians (Department of Industry, Science, and Tourism, 1998; National Office for the Information Economy, 1998; Department of Foreign Affairs and Trade, 1997). Such publications suggest that E-commerce has the potential to transform both national and global economies more rapidly than the industrial revolution, resulting in a major shift in the way we live, learn, and work:

*Looking to the near future, the Commonwealth envisages an Australia where the process of work, commerce, learning, social interaction, and Government have been transformed by information technologies; in which all Australians are able to take part in the opportunities brought home by the global information economy. Through participation in the information economy, Australia's economy and national wealth grows strongly, providing business opportunities, quality of work, and jobs for more and more Austra-*

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