



## **Chapter III**

# **Helping SMEs to Engage in Electronic Commerce: The Dutch Way**

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## **ABSTRACT**

*In this chapter we present an overview of the approach taken by the Dutch government regarding the development of the information society and in particular the diffusion of electronic commerce in small and medium organisations. 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 active policy implementation instruments (“iMPact” and “ASPECT” projects). Finally, the last part of the chapter is devoted to a benchmarking of European e-business policies, so that meaningful comparison of the Dutch initiatives with other similar programs could be achieved.*

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## INTRODUCTION

Dutch small and medium enterprises are one of The Netherlands main strengths and one of the most important sources of wealth creation and employment. No less than 99% of private enterprise in The Netherlands consists of medium and small-scale businesses. They provide employment for 2.3 million people (60% of the Dutch labour force) and account for 52% of the national income generated in the private sector (<http://www.mkb.nl/mkbnederland/english.shtml>).

SMEs are potentially in a position to grasp the opportunities offered by electronic commerce. In some cases this is not a matter of choice but a way of coping with competition. For many, electronic commerce is synonymous with having an online storefront. However, electronic commerce in its broadest form entails a whole chain of business processes (product presentation, ordering service, delivery payment, after-sales services), in which the integration between the front office (website) and the back office (internal business and production processes) plays an essential role. E-commerce can be very attractive for many SMEs not only because it facilitates potentially more commercial transactions, but also because it makes them more efficient and connected with the internal needs of the organisation, thus allowing significant decreases in costs. Yet, the SMEs seem to be reluctant in embracing it for several identifiable reasons. Among them are:

- the cost and access to expertise and technical skills,
- the concerns related to Internet security and legislation risks,
- the fear for an open competition with larger and more powerful companies,
- the cost of change and adaptation of the business processes, and
- the lack of awareness of the possible benefits from using the Internet as a base for business transactions.

These factors are the most significant perceived obstacles in the rapid and broad adoption of electronic marketplaces by the Dutch SMEs.

Today, the unused potential for SMEs not 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 an important initiative: the “Nederland gaat digitaal” (The Netherlands go digital) program (<http://www.nederlandgaatdigitaal.nl>).

In this chapter we try to give, from a Dutch perspective, some answers to the main questions raised by this book. More precisely, the first section will provide the reader with information regarding the policies of the Dutch government for the development of the information society and in particular for the diffusion of electronic commerce in small and medium organisations.

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