



Chapter XI

Bridging B2B E-Commerce Gaps for Taiwanese SMEs: Issues of Government Support and Policies

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ABSTRACT

Many Small and Medium Enterprises (SMEs) have been under pressures from large firms to implement Business-to-Business e-commerce (B2B e-commerce) information systems. However, these SMEs have faced various challenges to do so in the supply chain. This chapter explains the role of Taiwanese government in supporting SMEs in implementing e-commerce by analysing the interactions of government teams with current projects, and challenges of Taiwanese SMEs. Discussions and analyses focus on the government help in setting up infrastructure, B2B e-commerce implementation, and interfirm interactions among SMEs and larger firms. The Taiwanese government has been promoting its global logistic strategy for economic development which stresses supply chain integration by bridging information flows among overseas enterprises, domestic large

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firms, and local SMEs. Government projects related to this strategy are intended to anchor SMEs' growing needs in linking B2B e-commerce with large firms. Our analyses and proposal dwell on how government can further bridge the gaps between the intrinsic barriers of SMEs and the interactions with larger firms in B2B e-commerce implementation.

INTRODUCTION

In January 2002, Taiwan joined the World Trade Organisation (WTO) as a formal member. This has increased the visibility and opportunities for Taiwanese industries in international business environment, while also forcing them to face direct competitions from overseas. Taiwanese Small and Medium Enterprises (SMEs) (Appendix 1), which represent 98% of the total numbers of firms, have played a significant role in the Taiwanese economy (Appendix 2). Economic development in Taiwan depends heavily upon exports, as in the past. Therefore, to improve competency in the new global environment and to upgrade business capabilities for SMEs are key success factors of long-term development of Taiwan economy. The prevalence of Electronic Commerce (e-commerce) originates from computer-based office and networking facilities that has been noted as a fundamental tool for improving the competency of the contemporary business environment (Parker, 1996; Guimaraes & Armstrong, 1997; Ghosh, 1998). For SMEs, implementing e-commerce is expected to create operational efficiency while it is also considered an external interface for communicating with existing and potential customers. Furthermore, e-commerce provides infrastructures to link SMEs with larger firms in collaborative design or manufacture of products.

E-commerce is a cutting edge business practice for today which could become a significant global economic element in 21st century (Clinton & Gore, 1997). Mention e-commerce and high-profile Internet stars such as Amazon.com, Yahoo! Shopping and eBay come to mind. However, e-commerce existed well before consumers' widespread adoption of the Internet. Many researchers or industrial practitioners separate electronic trading into two very different segments of the e-commerce market: business to consumer (B2C) or the sale of goods, services and content to individuals; and business-to-business (B2B) or the buying and selling of goods, services and content among enterprises.

Lawrence et al. (2000) note that e-commerce is the buying and selling of information, products and services via the Internet. Four perspectives have been adopted by them, namely from a communications perspective, business perspective, service perspective, and online perspective. The term commerce is also viewed by some as transactions conducted between business partners (Turban et al., 2000). The term electronic commerce seems to be fairly narrow, and many prefer the term e-business. It refers to a broader definition of EC, not only buying

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