



## **Chapter XIX**

# **Training for E-Commerce Success in SMEs**

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## **INTRODUCTION**

Rapid developments in Information and Communication Technologies (ICTs), such as electronic commerce (e-commerce), have revolutionized the way that business is conducted. E-commerce refers to the process of buying and selling goods and services electronically involving transactions using Internet, network, and other digital technology. It offers companies tremendous opportunities to improve their business performance in new and innovative ways. However, its huge potential benefit would only be realized by capable managers who can deal with these emerging technologies and implement them wisely. A skills shortage has been categorized as one of the challenges facing global e-commerce by Bingi and Khamalah (2000). The demand for highly knowledgeable and skilled managers and workloads places enormous pressure upon companies to improve or update their current knowledge and skills. This is particularly important in Small and Medium Enterprises (SMEs) as compared with their larger counterparts, as they are often described as “lacking the expertise needed to set up the technologies necessary, despite having a great deal to gain from doing so” (Anonymous, 1998).

Training is often seen as the most effective way to help SMEs to cope with the increasing demand on improving their skills, while not increasing staffing. A pilot project supported by the European Commission’s Leonardo Da Vinci Program was set up to address training issues and provide online training and support for SMEs in participating countries. To provide the training in the

most needed areas and at the most appropriate levels, surveys and focus group discussions were conducted. Guidelines for the development of the online training system are derived from the findings. This chapter reports the results and summarizes the findings from the empirical studies conducted across five participating countries.

The definition of SMEs varies in different countries. For the purposes of the research, a small and medium-sized business is defined as having between 10 and 249 employees. This working definition is in line with that used by the UK Department for Trade and Industry (DTI) in its SME Statistics for the UK (DTI, 1998), and its Spectrum Business Surveys on the use of Information and Communication Technologies in SMEs (Spectrum, 1999).

## **E-COMMERCE CHALLENGES FOR SMES**

E-commerce and e-business affect the whole business process and cover a wide range of activities. The issues related to the e-commerce challenges within these areas can be examined from different perspectives. From the strategic perspective, Laudon and Laudon (1999) summarized them as:

- The strategic business challenge
- The globalization challenge
- The information architecture challenge
- The information systems investment challenge
- The responsibility and control challenge

From the operational perspective, Bingi and Khamalah (2000) categorized e-commerce challenges along four major dimensions:

1. Economic: Cost justification, Internet access, Telecom infrastructure, Skill shortage.
2. Technical: Security, reliability and protocols, Bandwidth, Integration.
3. Social: Privacy/security, Cultural diversity, Trust, Absence of “touch/feel.”
4. Legal: Intellectual property right, Legal validity of transactions, Taxation issues, Policing/regulation.

Despite the widespread use of numerous electronic tools, SMEs are described as the slowest sector to embrace e-commerce (Mehling, 1998; Poon and Swatman, 1999). For many small businesses, e-commerce seems like a confusing nightmare. They are not able to react to the rapid changes brought about by this emerging technology, but on the other hand they are scared to be left behind and therefore eager to embrace the technology (Hobson, 2000). The fear of being left behind was also recognized by focus group discussions conducted by the authors (Mullins et al, 2000).

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