


# Chapter 8

## Analysing the Relationship Between SMME Geographic Coverage and E-Commerce Adoption

**Patrick Ndayizigamiye**

 <https://orcid.org/0000-0001-5721-6070>  
University of Johannesburg, South Africa

**Refiloe Gladys Khoase**

University of Johannesburg, South Africa

### ABSTRACT

*This chapter examines South African SMMEs adoption of e-commerce. The chapter is concerned with four e-commerce adoption options: 1) customer payment by credit card through the SMME's website, 2) customer placing orders through the SMME's website, 3) providing customer services through the SMME's website, and 4) placing orders with suppliers over the internet. By using a sample of 400 conveniently sampled SMME owners, this chapter explores the adoption of the four e-commerce options in two geographic areas within South Africa, Durban and Pietermaritzburg. Specifically, the chapter seeks to establish the extent of the adoption of the four e-commerce options in both locations in relation to the SMMEs' business coverage. Findings revealed that although SMMEs from Durban and Pietermaritzburg have adopted all of the four e-commerce options to various degrees, such adoption is only significant for SMMEs whose business operations extend beyond the local level. Additionally, internet security was identified as a key impediment towards e-commerce adoption in both areas.*

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## **INTRODUCTION**

Currently, there is enough evidence to suggest that SMMEs are the cornerstone of emerging economies. In South Africa, literature suggests that SMMEs contribute to the GDP of the country, generate employment opportunities and thus help reduce poverty in the country (Khoase, Derera, McArthur & Ndayizigamiye, 2020; Moise, Khoase & Ndayizigamiye, 2020; Moise, Khoase, Derera, & Ndayizigamiye, 2019; Khoase & Ndayizigamiye, 2018. Khoase, 2015; Khoase, & Govender, 2013; Khoase, 2011).

In South Africa, a survey (Goldstuck, 2012) indicated that two-thirds of Small, Micro and Medium Enterprises (SMMEs) have a website. In addition, Smith (2017) argues that there is a continued growth of e-commerce in South Africa. The reasons for the increased online purchases include amongst others, the convenience that the online shopping experience offers, money saving, and change in disposal income (Smith, 2017). The current use of digital marketing in South Africa (Nsahlai, Khoase, Ndayizigamiye & Dube, 2020) also suggests that SMMEs with online presence may expand their customer base. However, it is currently unknown how far SMMEs have gone in moving beyond just having an online presence. It is also unknown whether the extent of SMME business coverage plays a significant role in the adoption of e-commerce. Knowledge of SMMEs' web-based e-commerce adoption factors (such as business coverage) would prompt an evaluation of such adoption with the aim of devising strategies that may encourage SMME e-commerce adoption on a large scale. In view of the evidence of the benefits of e-commerce, there is room to suggest that SMMEs stand to benefit from e-commerce adoption. Although SMMEs are faced with budget constraints (Ndayizigamiye & Khoase, 2018), the e-commerce platform enables SMMEs to compete with larger organisations and venture into international markets (Cloete, Courtney & Fintz, 2002) at reduced costs.

The chapter focuses on four e-commerce adoption options: i) customers payment by credit card through the SMME's website, ii) customers placing orders through the SMME's website, iii) providing customer services through the SMME's website and iv) SMMEs placing orders with suppliers over the Internet. This chapter examines the relationship between adoption of these four e-commerce options and SMMEs geographical coverage. The focus is on SMMEs that operate in two cities of KwaZulu-Natal in South Africa, namely Durban and Pietermaritzburg.

## **LITERATURE REVIEW**

Schaper & Volery (2004) state that there are two ways of defining a business: quantitatively and qualitatively. The former refers to the numerical characteristics of

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