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Chapter III

# The Implementation of Electronic Commerce in SMEs in Singapore

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## INTRODUCTION

This chapter analyzes why small to medium enterprises (SMEs) in Singapore have or have not adopted electronic commerce, and explains issues affecting its adoption. In recent years, the Singapore government has spearheaded the implementation of e-commerce in Singapore. SMEs still have not heeded the government's call. In a survey conducted by AC Nielsen, commissioned by the National Computer Board of Singapore, it was found that of 13 percent of 1,500 randomly selected adults, only 6 percent made a purchase using the Internet (NCB, 1998). The reasons for Singapore's SMEs' uniform and widespread unwillingness to adopt e-commerce despite the government's push, are still largely unknown. Research published on the Singapore Government's e-commerce web site (http://www.ec.gov.sg) (also Singapore 2000; 1998a; 1998b), has information only on surveys showing that Internet users are still rather unsure of e-commerce, especially towards Internet commerce. What is required is information from the SME's

viewpoint. Already certain "seminal" advantages exist in adopting e-commerce, such as: cost savings, improved productivity and streamlined business processes. This research will obtain relevant information from selected SMEs in Singapore, to better understand issues that have led to the current e-commerce situation in Singapore.

The Singaporean Government has consistently focused on promoting informatization and information industry development in the economic development strategy of the island economy (IMCM, 1998). Among developing countries, Singapore has achieved one of the highest rates of diffusion of information technology (Wong, 1996; Wong 1998; Corbitt & Thanasankit, 2002). Singapore has also been regularly rated as maintaining among the best telecommunications infrastructure in the world, according to the annual World Competitiveness Report (International Institute for Management Development, 1996).

The "electric commercialization" of Singapore started in 1996 with the National Computer Board (NCB) and with the e-commerce Hotbed Program (ECH) to jumpstart the pervasive use of e-commerce and position Singapore as a hub for e-commerce. An e-commerce committee established six guiding principles to promote e-commerce in Singapore:

- The private sector should take the lead
- Government should create a framework that provides certainty and reliability
- Government should provide a secure and safe environment
- Joint venture pilots and experiments between Government and the private sector are needed to expedite e-commerce growth and development
- Innovative, transparent and liberal policies should be proactively pursued by Government
- Consistency with international regimes, international cooperation and interoperability are necessary for e-commerce to thrive (National Computer Board, 1998)

The borderless nature of e-commerce and the unique characteristics of the Internet meant that there had to be proper legal, regulatory and enforcement procedures in place to complement the above six principles. An Electronic Transactions Bill (1998) ensured that a commercial code is in place to support e-commerce transactions. This Act also empowers the public sector to accept electronic filing and provides for public key infrastructures using certification authorities. Besides enforcing the rule of law, the Act protects the interests of network providers, in that it does not hold liable an Internet Service Provider for third party content outside his or her control. Due to the increased use of networks and computer systems to engage in such transactions, the Computer Misuse Act

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