

Critical Successful Factors Contributing to E-Commerce Adoption among Iranian SMEs

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Abstract

Iran's Small and Medium Enterprises (SMEs) have been widely introduced in the market these days. In the emerging trend of electronic data interchange, Iran's political, economical and social issues have been diverted to a more aggressive approach to the world of e-commerce, that despite the shadowing issues of the past, Iran already internalized the promising craft of e-commerce through various IT adoption techniques and skills. In line with this, this study is aimed to the growing emergence on Iran's SMEs and how e-commerce contributes to the success of IT adoption. (Ajdari, 2007).

This paper would further identify the ways and reasons how Iran thrived to its current status as a raising e-commerce country (Powers and Carvar, 1990) It's the main responsibility of governmental forces to enable organizational and national forces to gain dynamic control over resources and markets for a better e-Commerce take off (Moor & Benbasat, 1996). Also, we will investigate fifty SMEs and surveys along with personal interviews will be conducted to locate findings, reasons, causes and effects in this regard. Study will focus on three main areas of SMEs including organizational, environmental and technological aspects. Results indicate the significant perceived value of government support in SMEs development in Iran (Dearing, 1990).

Keyword: Successful Factors, E-Commerce, Iran SMEs.

Introduction

The ways of commerce has a deep root in the history of mankind. Commerce, as known these days, is a system of three notable actions: trading, selling and buying of goods, services, money and information.

History shows that the result of commerce in mankind's civilization produced a new world that people live at. This was made possible at the end of the 18th century when commercialization has proliferated in the European countries. The notable commercial trade in the history occurred in Venice and the spice trade monopolized the flow of commerce.

Commerce actually opened new horizon for the travelers, discovering new worlds. Further, colonization and conquering of new worlds occurred during the early 1500s.

Both religious and wealth reasons brought about enormous effects in many countries. As a matter of fact, the economic struggles were intensified leading to many wars and conflicts. In the end, there were empires built, kingdoms and colonies established that thrived so hard to meet the increasing need to be commercially powerful. The more wealth a country possesses, the more power it could extend against other countries.

Literature Review

Bahman Ajdar's research in regards to Iran's use of web and Internet as marketing and commercial tools has paved a long way to the e-commerce industry in the country. Ajdar's study shows how adopting the IT processes lead the Iranians to internalize the system previously unknown to the businesses men, more so, to the SMEs (Ajdari, 2007). Comparative studies were conducted in taking out sampling on SMEs and comparison on the existing Iranian literature later how Iranians make use of the various media in coming up with competitive skills in meeting the SME challenges.

On the other hand, Seyal provided a comparative study on his pilot research concerning Bruneian SMEs. The research was made available and was used to compare the data used in that study against this study on Iranian SMEs and how the data was used to represent the growing practice in the SMEs in embracing new technological approach to marketing and commerce (Seyal & Rahman, 2003).

In summary, SME structures when studied show, are a variable response toward different contexts and approaches. At a time many approaches are applied and exercised with, may bring more information but mostly these don't lead findings to a clear ending (Hussain, S, 1995).

This study would show the relevance of data with practical linkage to problem areas. In different countries like Bangladesh and Pakistan the same experiments were made much earlier in last decade and now these two countries generally and Pakistan specially has an ongoing race for development and growth among SMEs of various industrial factors (Seyal, Rahim, Rahman, & Yussof, 1999).

Development of Hypotheses

Various studies and data from research articles show that for SMEs structural development technology is used and normative models of different types are designed. Technology, electronic infrastructure and general awareness about the concept are very supportive factor if applied in depth after a great deal of careful studies (Yap, Thong, & Raman, 1994).

Independent and dependant variables are further supported if analyzed carefully. Various studies show that there is a relationship between various factors and multiple variants can be grouped together for a better and more focused approach (Gani, 1992).

For one, when Iran drafted the 1995 economic plan, small time and large industries divided Iran's economic sector. Irregardless of which among the two have outwit the other, Iran's growing economy in terms of trade and export made the country's ROI increase to the extent of reaching US\$4580 million, an outstanding 16 percent increase annually (Cronbach, 1951).

These numbers show that Iran's promising SMEs are learning the craft of moving on to the next level and not staying according to what the bandwagon is. This is what referred to as the internationalization of the SMEs for these individuals are thriving really hard to be excluded from the bandwagon. Internationalization, according to Adjari (2007) is based on the learning curve theory whereby an Iranian chose between policies and status quo. The author further explained that internationalization is a "continuous process," a coercion occurred allowing the individual to go ahead and gain the learning, understanding, skills and the capability to learn the craft of e-commerce (Chwelos, Benbasat, & Dexter, 2001).

In consideration of Iran's growing commercial system, plans have been developed aiming for the 1.8 billion is to be achieved annually. Iran's Chamber of Commerce reported that there has been a 20% increase on Iran's balance trade thus, a positive view on the 10-year development plan has been drafted accordingly. What could this plan do in Iran's SMEs? (Chwelos, Benbasat, & Dexter, 2001).

These kinds of SMEs are the ones that built the competitive e-commerce market through their revolutionary approach to their management systems. With the advent of Internet since the 1990s, Iran's SMEs make use of its benefits in engaging to e-commerce business by holding transactions online, communicating online and best of all, working diligently online. Since the Internet became a powerful tool to most online businesses, SMEs in Iran improved greatly the customer service management (CRM) while working remotely and virtually. The following are some of the competitive programs SMEs offer to the customers:

- Understanding what customers really value and deliver good results virtually.
- Provision of quality customer service to customers online and aiming for the real time resolution of customers' problems.
- Timely delivery of data, transaction, services and transaction.
- Disclosure of products and services while maintaining the level of performance a customer is expecting of them.
- Empowering customers by involving them in the processes required in the SMEs. Promoting services while focusing on the results expected.
- Economy is a factor like cost saving, time and energy saving are also important inputs for customers from SMEs.
- Business development is based on budget and fast decision and fast business

adoption happens to avoid redundancies in spending more.

Methodology

Part of the study conducted among the emerging SMEs in Iran is to provide concrete comparative studies on how well e-commerce performed currently compared to the e-commerce years ago. The use of comparative study helped the researcher identify common flaws incurred during the early years of the e-commerce and how Iran's methods of adopting new learning has and technological input eased and allowed internalization process to take place among the new SMEs. Moreover, this study aims to provide understanding on Iranians that there are various avenues of media that a SME business could use in increasing the revenue of the company, thus contributing to the country's over all economic improvements (Schein, 1990).

Fifty SMEs will be selected for the final evaluation and research. Five selected categories will be textile, garments, jewelry, food and tourism. Selected categories will include ten organizations in each category. Complete exploratory research model would be applied to determine the factors deep inside. Research points will include identification of problem, causative factors, responsible agencies and required supports from business and government. Later on data collected from this research will be analyzed and finding would be presented in tabulated form. Projection of findings will be made with the help of tables, diagrams and graphic presentations (Chau & Jim, 2002).

Findings & Analysis

Similar to other growing business establishments, there are rooms for improvements and challenges in maintaining or improving the standards of the International e-commerce. For one, Iran is making ways in meeting the market trend with the use of credit card for electronic business. Report shows that Iran's credit card use is not widely supported in the country and this is the reason why banking system is getting a low feedback because of the loss of support from the government itself. This according to the current issues in Iran is the reason why e-commerce development is slower than expected (IranMania). As a main ingredient in business world, money exchange, credit and debit transactions are equally important processes (Seyal, Awais, Shamail, & Abbas, 2004).

True enough, while Iran's SMEs are thriving really hard to keep their chins' up in terms of achieving great results in e-commerce, issues surrounding the stability of Iran's commercial processes is under siege. Yes, there are talented and skilled individuals who are good enough to boost the ecommerce in Iran. However, minus the growing political issues and missing support from government actually pull the status Iran's SMEs expect

in the coming years. Above all, it takes great leadership in taking care of Iran's EDI, creating top business approaches in creating motivations and creativity among Iran's SMEs (Chau & Jim, 2002).

With the proliferation of Internet, Iran bridged the usual gap in the e-commerce industry. Long that Iranians did not welcome the emerging trends of e-commerce via the Internet. These days, taking advantage of what the net could offer to SMEs bring about excitement to these Iranian professionals. These individuals realized that Internet is not just all about e-mailing or reading news online. Internet is a powerful e-commerce tool that brings about profits and exposure to multiple and hundreds of opportunities locally and overseas.

Commercial Sorts

Evidently existing commerce is diversified and getting complex. Trade and commerce is now using monetary value in performing the selling, buying and exchanging of goods and services. Money is considered to be the basis in commerce, a value that is used for payments, credits and debts (Davies, Bagozzi, & Warshaw, 1992). The ancient Greeks and Babylonians were known to be the first people who used coins in their temples for safekeeping. The practice of using money roots back during the BCE when the system of borrowing and spending also developed (Seyal, Rahman, & Yussof, 2001).

All these years, commerce system evolved from simply exchanging of livestock to the use of coins. With the power of Industrial revolution, commercialization and globalization, a country's economy is greatly affected with the many changing phases of the world. Further, commercial establishments no longer are limited to the stores one could visit when purchasing some goods or services.

It is true that a business' success can be gauged on the amount of profit generated in a given period of time. However, with so many government-imposed rules in commerce and trade, markets and commercial establishments have branched out internationally and interestingly, virtually.

The latter plays a big part in making commerce a successful entity. Think about how grandeur it is to earn good profits while working virtually, online that is. According to researches, electronic commerce or e-commerce is all about conducting business online or through electronic means. In fact, the latter is the original meaning of e-commerce. Research shows that the real history of e-commerce can be attributed to the invention of the very first telephone through the end of the previous century. It's when the EDI or the electronic data interchange was known (Davis et al., 1992).

Interestingly, EDI has been existent since the 1960s but this actually did not attracted many businessmen in a way that EDI was considered to be too expensive, too

slow in meeting the needs of the businesses and too complicated to be adopted in the business. However, big businesses all over the world have seen the effective business dealings of conducting business electronically. In fact, e-commerce became an avenue of the new business system and since 1990s, e-commerce developed into a more reliable entity in the economic system of each country (History of Ecommerce).

Business partnerships and merging occur every now and then. Those countries who were previously not communicating about holding business together become allies. Interestingly, an example of rich in natural resources and talented individuals' country is Iran. With a long history of political and economic issues, Iran's economic development has transformed from one phase to another, leaving the scars of recent wards and conflicts.

Iran's e-commerce is mainly focused on the export commerce. The country's main export industry and highest generating ROI lead is oil. It cannot be said that Iran is lacking the natural resources to support the countrymen's economic needs. However, there are other major issues that hold Iran from being freed from being a full blown economically developed country: political power (EIA).

With that in mind, these large corporations holding businesses online have shifted their attentions on small time enterprises (SMEs) not only because these business owners are bored with the usual grand corporate business practices but because of other reasons such as: Innovation on adopting new business processes on SMEs. SMEs are resources in handling the back end processes needed on big corporations. Thus, taking advantage of the power of EDI as a great tool in enhancing business communication usually handled by SMEs is a new avenue of the business. Adoption of new technological approach on SMEs can be categorized as a phenomenon considering the possible result the study could bring diversion of international business activities to SMEs in terms of affordable acquisition of services and products.

Growing concerns on business to consumers (B2C) and growing competition drive many big companies to extend their businesses to SMEs for them to receive added support and manpower (Ajdari, 2007).

The economic downfall of Iran, on the other hand, provide unmasked issues in terms of employment and job opportunities among the young professionals (EIA). With the growing political tension surrounding Iran, many Iranians are achieving to be removed from the bonds that hold them from being successful in terms of business and e-commerce industry. What are their options? (Iran Daily)

Conclusion

This paper followed by exploratory research and surveys covered 50 SMEs in Iran. The purpose was to explore the e-Commerce issues and violability of e-Commerce in

Iran. This study discovered different influences and factors responsible for the growth of e-Commerce initiative in Iran. This study further strengthens the studies already conducted in this regard on same issue.

Study measured the whole parameters on five point Linkert scale to ensure quality of analysis and validity of findings. E-Commerce adoption is measured, after research, as 3.2 with 7% of SMEs adopting e-Commerce as a core and major business activity. On other hand, 91% organizations merely use internet accounts for sending and receiving emails. Such emails though have indirect business generation as these reply queries and answer questions of buyers and suppliers cannot be claimed to use internet as main tool of e-Commerce. Interestingly such companies believe they exercise e-Commerce in their business and are quite happy with the results, which are of course, very minor in comparison of real e-Commerce.

Among SMEs organizational support was evident from management and support staff. This study also observed government support that is significant in determining the role and importance of e-Commerce in Iran. SMEs already engaged in technological business spheres are quickly adapting to the change and accepting e-Commerce as an emerging and supportive tool for their business.

Though any kinds of support is necessary for e-commerce development from entrepreneurial and government side, no incentive can be a success without proper promotion of the ideas among business community. It's also evident that management of SMEs should focus on business transformation and related support to ensue smooth transition of traditional business to e-Commerce scenario. Benefits of e-Commerce are numerous but SMEs are to be convinced to have these benefits in their business.

Apart from all valuable findings, some limitations of this study may hinder it from reaching exact findings. Limited sample size and restricted scope of work can be considered main barriers in this research (Figure 1).

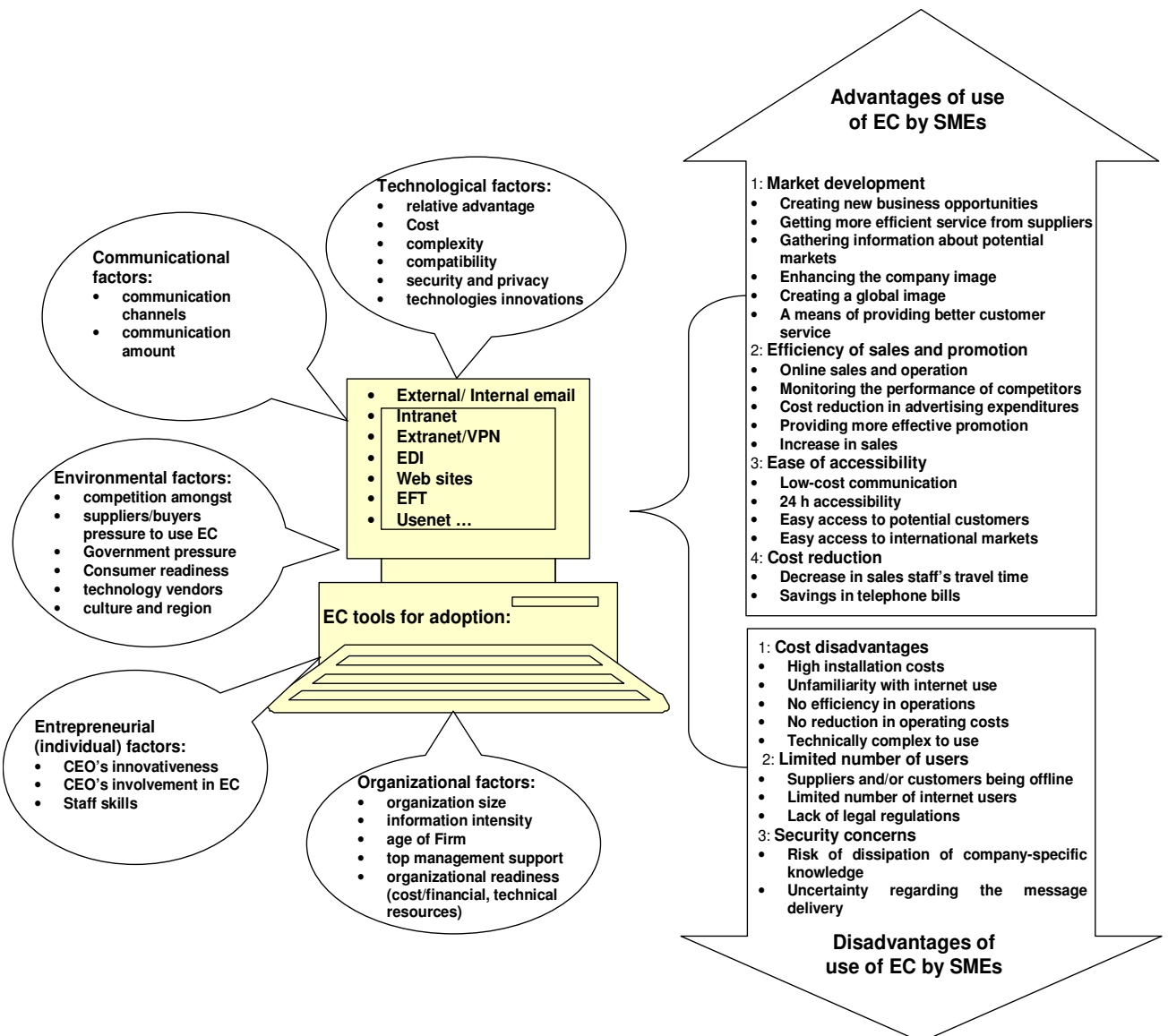


Figure 1. Advantage of use of EC by SMEs.

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