Obstacles and Countermeasures of Small and Middle Enterprises in Developing E-commerce

YANG You-hong
College of Management, China Jiliang University, Hangzhou 310018, China

Abstract: This article has expatiated on the concept of e-commerce, and based on it to analyze the importance and necessity of developing e-commerce in small and middle enterprises, examine the factors blocking the development of e-commerce in those enterprises, and bring forward the corresponding countermeasures for these issues.

Keywords: Small and middle enterprises; e-commerce; issues; countermeasures

E-commerce (Electronic Commerce) is a brand new commercial mode based on the Internet, with two trading parties as its subjects and bank electronic payment & settlement as its means and client data as its judgment criteria. Specifically speaking, e-commerce is the latest method that can carry through various business actions rapidly and effectively by applying network technologies. It not only includes international trade, but also involves all commercial activities using international and enterprise intranet and local area network to solve issues, reduce cost, increase added value and create new business opportunities, including various actions from distribution to market operation as well as information management.

I. Importance and Necessity of Developing E-commerce in Small and Middle Enterprises

At present, the small and middle enterprises account for over 90% of our country’s enterprises, and the number of these enterprises has exceeded 10 million. The total annual industrial output value of small and middle enterprises account for 60% of the whole country. Their profit tax is 40% of all the enterprises. These enterprises have also offered about 75% of employment opportunities in towns, and become important economic growth point in the development of national economy as well as channels for relieving employment pressure. Their roles in the construction of national economy have become more and more important. However, the small and middle enterprises have difficulties in competing with large enterprises with powerful manpower, material resources, finance, technology, management and information technology. Especially after joining WTO, it results in more obvious trends of internationalization of domestic markets and domestic transfer of international competitions, and brings severe trials of survival and development to the small and middle enterprises. This new e-commerce mode can best exert the advantages and enhance competence of the small and middle enterprises. Through e-commerce, these enterprises can promote their products and services toward all potential clients around the world; purchase raw materials in a larger area and lower the operating cost; carry out the production according to the actual market demands to reduce the blindness of production, overstock of goods and storage expenses. The salespersons no longer need spend much time dealing with order forms because computer can carry out many procedures of e-commerce automatically. On-line contact and direct sale can shorten the trade cycle and lower the trade cost; e-commerce also can effectively establish and enhance contacts with clients as to make post-sale services more convenient. Therefore, it is fairly important and urgent for small and middle enterprises to develop e-commerce.

II. Obstacles in Developing E-commerce in Small and Middle Enterprises

As the information network and technologies develop speedily, most of small and middle enterprises in China have recognized the advantages of e-commerce in corporate image advertisement, enlarging distribution, lowering cost, etc. However, in most small and middle enterprises, the developing level of e-commerce remains relatively low. Their e-commerce is still at the primary phase, namely, information release and communication. There are also many problems in developing e-commerce.

(l) Blurry Cognition

Most small and middle enterprises only cognize the surface of e-commerce, mainly: First, they “simplify” e-commerce, believing e-commerce is only a trade online, and enterprises can complete e-commerce by having computers, internet and establishing websites. The only thing left for them is to
wait for the order forms falling from the sky; second, they “mystify” e-commerce, regarding e-commerce as a quite profound field and giving a wide berth to it; third, they “model” e-commerce, thinking running e-commerce should “clone” the existing mode. The lag in cognition is a significant obstacle in developing e-commerce of China’s small and middle enterprises.

(II) Deficient Useful Information
Although some small and middle enterprises have established websites, the websites are mainly used to release common information such as enterprise and product information. Little information has really brought economic benefits. It is difficult for enterprises to search useful information online since there is an ocean of this kind of information. In addition, the long cycle of information updating, shortage of fixed visitor, and lack of interactive order forms and online payment have resulted in little benefits to enterprises and affected the development of e-commerce in small and middle enterprises.

(III) Shortage of Complex Intellectuals
Developing e-commerce must have complex intellectuals who both master business management and network knowledge. Most small and middle enterprises cannot attract intellectuals due to fund, system and other reasons. They can hardly keep intellectuals if they really attract some. It has become popular that the small and middle enterprises lack of complex intellectuals to develop e-commerce, which has become a bottleneck in developing e-commerce of small and middle enterprises.

(IV) Incomplete Soft and Hard Environments
The network infrastructure, laws & regulations, technical standards, network safety, credit payment, logistics and distribution, and other environments and conditions of our country, which are required for developing e-commerce of small and middle enterprises, are still incomplete. There are still no formal administrative regulations on finance supervision, industry & commerce, tax, customs, commodity inspection, etc to monitor e-commerce, which blocks the e-commerce activities of small and middle enterprises.

III. Several Suggestions on Developing E-commerce in Small and Middle Enterprises
Developing e-commerce not only involves enterprises but also deals with government and other relevant departments. Only joint efforts of enterprises, government and relevant departments can effectively promote the healthy development of e-commerce in small and middle enterprises.

(1) Enhancing the Cognition of Enterprise Decision-making Group and All Employees on E-commerce
Enterprise’s cognition on e-commerce determines the degree of its application of e-commerce, while the cognition and participation of the decision-making group is the key to the success of enterprise e-commerce. In practice, e-commerce is more effectively implemented in enterprises where the leaders have better cognition and understanding of e-commerce. Therefore, the enterprise decision-making group shall enhance their cognition and understanding of e-commerce to push the progress of their e-commerce. They should introduce the brand new e-commerce operation concept to managers and all employees, and refer to their original management experiences and advantages to find the junction of online and traditional businesses. They, only after taking all these measures, can drive along the activities of all employees on e-commerce through the influence from the decision making group and ensure the effective implementation of enterprise e-commerce system.

(2) Planning as a Whole, Progressing in Proper Sequence and Improving Website Functions
Enterprises should first make an excellent planning in order to effectively impel the application of e-commerce. First, they should clearly realize their practical status, and then base on resource status of themselves such as capital, technology, and personnel to specifically plan all moments and adopt various forms of e-commerce in a flexible and diverse way. In addition, small and middle enterprises will need enormous investment and face great risks when fully implement e-commerce that is a huge project with levels. Therefore, the small and middle enterprises should base on their own status, adhere to the principle of progressing in proper sequence, and initialize e-commerce on the most value achieving aspect according to the business demand. They should begin from the simple operation to gradually develop e-commerce till they achieve a complete and integrated e-commerce system.
A mature e-commerce website should both can release relevant information, and obtain feedbacks from clients to realize the information interaction between enterprises and clients. There are three levels of interaction in enterprise website, namely information release level, interest cultivation level and relation establishing level. Most small and middle enterprises of our country are still at the first interactive level, namely information release level. Their websites only offer basic enterprise information, product pictures, brief introductions and other information relevant to their industry. Enterprise websites should try to realize the second and third level. The second level is namely the interest cultivation level featuring more exquisite website design, rich content, capability of attracting clients, and message board or satisfaction questionnaire through which clients can feed back their opinions on products. The third level is namely the relation establishing level with online order function. The clients can convey product order information to enterprises through filling forms and realize online contract signing, settlement, etc.

(III) Expediting Cultivation of E-commerce Intellectuals
As a huge social system work, the implementation of e-commerce involves the construction and application of basic information structure, standard construction and transaction of data, utilization, management and maintenance of network, aspects including trade, customs, bank, industry & commerce, tax, traffic and transportation. Therefore, developing e-commerce not only needs technical intellectuals but also requires complex intellectuals integrating technology, management and application. The school education can be combined with social education or post training to train a group of intellectuals who not only master business management and practice, know about application technologies of e-commerce, but also can undertake the information system construction of e-commerce, as well as system application, system management and maintenance.

(IV) Government Shall Create Good E-commerce Environment for Small and Middle Enterprises
The healthy and sequential development of e-commerce in small and middle enterprises needs the correct guidance and support from government. The government shall offer enterprise corresponding policies, regulations and system, establish safety certification organizations, and make the associated favorable policies to promote and coordinate the development of e-commerce in China. The government also need put lots of efforts in standardization of information, not only making standards but also requiring enterprises to learn and master them. Meanwhile, the government shall actively participate in e-commerce activities, and offer examples to small and middle enterprises for developing e-commerce.

(V) All Relevant Departments Shall Cooperate Actively and Support Development of E-commerce
Enterprise e-commerce is not only a business activity between enterprise and client, but also involves bank, tax, transportation, customs, and commodity inspection as well as information and communication industry supporting e-commerce. All these industries are involved in the contract fulfillment process. On the one hand, industries like information and communication shall offer practical and feasible e-commerce solutions to small and middle enterprises, and ensure the safety and transmission of data. On the other hand, the departments like bank shall cooperate actively, offer high quality associated services, solve online payment and logistics problems of e-commerce as soon as possible, and get rid of all obstacles in the development of e-commerce of small and middle enterprises.

As Internet develops, e-commerce reveals a quite enticing prospect. E-commerce will become the latest business activity mode of enterprises. The small and middle enterprises of our country lack profound cognition on implementing development strategy of e-commerce. The decision makers of small and middle enterprises should realize the situation, grasp opportunities and obtain large benefit as soon as possible.

References: