A Literature Review on the Effects of Ecommerce on Small Businesses

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Abstract
E-commerce allows businesses to reach millions of potential consumers and suppliers on online. It decreases the need for personnel and creates flexibility and convenience for the organization to develop relationships with potential buyers and sellers. It provides the consumer with a more personalized experience, eliminating the need for physical presence and with the aid of home delivery-commerce has been a part of the shopping experience globally. However, the recent few years have also seen an increasing trend in e-commerce in SMEs, even at a national level. In this study, we investigated the link between EC and business strategy and how it affects the management approach.

Keywords: SMEs, Business strategy, E-Commerce Adoption

Introduction
The Government of Pakistan established Small & Medium Enterprises Development Authority (SMEDA) in 1998 as the primary agency tasked with aiding SMEs in light of the realisation that these businesses are crucial to the country's economic growth and development. SMEs have a significant contribution in the total GDP of Pakistan, according to SME Development Authority (SMEDA) and Economic survey reports; the share in the annual GDP is 40%, share in manufacturing export 25% and SMEs providing significant employment opportunities for skilled workers and entrepreneurs. SMEs represent approximately 90% of all the enterprises in Pakistan and are providing the 82% jobs to those persons who are not employed in the agriculture sector in the different SMEs especially in the different parts of the country like Lahore, Sialkot, Faisalabad and Gujranwala. Cities like Hyderabad and Karachi may be found in Sindh (Khan, 2014). Small and medium-sized businesses (SMEs) who have adopted E-Commerce have seen a huge boost in productivity. In an effort to compete on the international stage, small and medium-sized enterprises (SMEs) in Pakistan are looking to upgrade their skills via the use of cutting-edge technological solutions (Liang, 2014).

If a company does not embrace this way of thinking and operating, they will fall behind the competition. In addition, Jerry Jasinowski, president of the United States National Association of Manufacturers, said in the Wall Street Journal that "small enterprises need to engage in the e-commerce game or they are going to be shut out of a major portion of the marketplace" (Alam, Ali, & Jani, 2011). Whether you're in the developed or the less developed globe, there are significant potential in the realm of e-commerce. Among them are the opening of previously inaccessible markets, the speed with which products and services may be traded, the convenience of safe financial transactions, the encouragement of creative endeavours, and the creation of new jobs. If successful, it might provide the developing world a second chance at industrial-era-style economic and technical progress. E-commerce has great potential to improve living standards, boost business competitiveness, and broaden Pakistan's participation in international trade. Increasing the developing world's share in global commerce and bridging the digital divide need some actions to improve local capability by both qualitatively and quantitatively ways (Development, 2017).
Companies can track consumer purchasing behaviors and demographic traits using data technologies to match products and services to their needs and expectations. To compensate for its resources, measure any possible losses, and stay competitive, the corporation must employ specific tools and techniques. E-commerce is one of the strategies, as is the use of rapidly developing and successful business devices for expanding coverage, outperforming the competition, and cutting operational costs (Rosário, 2021).

There are considerable distinctions between MSMEs and large, well-established enterprises when it comes to using the internet for business (ecommerce) (Fomin et al., 2005). The continued growth and development of global e-commerce are directly proportional to online shopping by Asian consumers. Compared to Western countries, the average adoption rate in Asian countries is lower. The e-commerce adoption situation based on the current study could affect consumers' participation in e-commerce from three aspects: security, privacy issues in online transactions, and trust in the reliability of online suppliers (Wei et al., 2010).

There was a time when all business was conducted in the usual manner. Several types of business transactions that used to need actual contact may now be accomplished without ever leaving the comfort of one's own home, and this has led to the growth of new enterprises online (e-commerce). The impact of competition based on customers' valuations of products and services is double for firms. For one, it restates the importance of information and communication technology (ICT) systems in meeting customer needs and creating successful positioning strategies. Two, it shifts the company's emphasis from internal operations to the marketplace, adopting a strategy that places a premium on customer retention and fidelity. This focus necessitates a company's understanding of what actual, and potential customer's value to position itself as their best provider of satisfaction, as well as tight management and resource allocation. Focusing on supplementary benefits for value creation necessitates determining which supplemental benefits create a competitive advantage. Because developing countries generally lack the essential financial, legal, and physical infrastructures for E-Commerce, they lag substantially behind industrialized ones in adopting the technology. Different business practices and cultures exist in underdeveloped countries, limiting the implementation and utility of e-Commerce tactics created for industrialized countries (Al-Hudhaif, & Alkubeyyer, 2011).

E-commerce benefits both developing and developed countries, but it has been discovered that developing countries benefit the most from adopting e-commerce compared to developed countries. Because of the substantial reduction in inefficiencies in their systems, developing countries boost their products faster. Despite the various benefits of e-commerce, developing countries face several obstacles in using it. E-commerce adoption in developing nations is still in its early stages, and they lag in terms of interactive online transaction capabilities, according to new research. In rich countries around the world, several theories and models of e-commerce barriers have been offered from time to time, but few studies on developing countries have been undertaken.

E-commerce, in its broadest meaning, encompasses more than simply the transaction of goods and services via the Internet. Suppliers, accountants, payment providers, government organisations, and rivals may all be found by an internet company, in addition to clients. These internet partners seek to revolutionise how companies conduct business, from manufacturing to consumption (Kartiwi, 2006). (Kartiwi, 2006). Electronic commerce (or "e-commerce") is a cutting-edge method of doing trade. The most effective technique is for businesses to coordinate their activity management with a larger plan for attracting and retaining customers. Globally, companies are increasingly using e-commerce platforms as a way to showcase their proficiency with information and communication technologies by taking advantage of the widespread availability and low cost of e-commerce technology. There has been a recent uptick in the number of SMEs around the globe. There are around 1.3 million enterprises in Saudi Arabia, which generate 20% of the GDP (SMEA, 2017). The goal of the Vision 2030 programme is to increase the percentage of SMEs' contributions to GDP in Saudi Arabia from 25% to 35%. (Vision 2030, 2016).

Utilizing e-commerce may help you in many ways. E-commerce may provide businesses with a fresh approach to optimising resource use, which might boost productivity and streamline processes (Turban, 2015). It has also been argued that online shopping may help businesses save money and provide better service to their customers (Damanpour & Damanpour, 2001). With e-commerce expected to grow at a 20% annual pace, businesses will
need to adapt their strategies accordingly (CITC, 2017). Underdeveloped countries typically lack the essential financial, legal, and physical infrastructures for eCommerce, their adoption of the technology differs significantly from that of rich countries. Different business practices and cultures exist in developing countries, limiting the applicability and usefulness of eCommerce methods intended for industrialized countries (Al-Hudhaif, & Alkubeyyer, 2011). Internal and external organizational factors are including readiness, managers' attitudes, and external pressure from trading partners, affect SMEs' adoption of e-commerce systems. The most crucial factors for maximizing the benefits of e-commerce adoption are readiness and external pressure (Al-Bakri & Katsioloudes, 2015).

With eCommerce, a company's homepage may function as a storefront, increasing the company's exposure. Websites provide companies access to millions of customers and vendors around the clock, every day of the week. The company's website is available 24/7 from any location with an internet connection, allowing customers and vendors to quickly find the information they need. It makes forming connections with customers and suppliers simple and adaptable for the business (Limthongchai & Speece, 2003). The effects of technological advancement on commercial enterprises might be seen as occurring in phases. When making decisions on ICT adoption, production theory was taken into account since it predicts that doing so would lead to reduced production costs at a given output level. If a corporation was unable to gain a competitive advantage via increased productivity and efficiency due to the existence of realistic hurdles to adopting new technologies, the company would lose ground to its rivals (Pires & Aisbett, 2001). More concrete policies encouraging SMEs to embrace and employ advanced technologies should be established. The government may help small and medium-sized enterprises (SMEs) in a number of ways, including by establishing legislation, expanding access to education, and providing technical assistance. Business-to-business (B2B) eCommerce might benefit from tax breaks on technology purchases such computers, servers, and website development (Xuhua et al., 2019). eCommerce may also be adopted via the use of social media platforms like Facebook and Instagram, in addition to the aforementioned third-party and website options. With the social media e-business option, the only associated technical expense is a user's Internet or data plan (ISP). According to the case study, neither network connection nor maintenance upgrades are required (Mkansi, 2021).

Despite the wealth of information, little, if anything, has been done to reduce cost obstacles to e-business adoption by small businesses. Most of the earlier research concentrated on identifying the impediments to e-business adoption (Deng, Duan, & Luo, 2019). As more and more Asian customers make their purchases online, the eCommerce industry as a whole will continue to expand and flourish. Adoption rates in Asia are often lower than in the West. The survey also revealed the current state of eCommerce adoption based on consumers' involvement in eCommerce across three dimensions: safety, privacy concerns, and confidence in the dependability of online retailers (Wei et al., 2010). It has been argued that the level playing field created by widespread access to information and ICT, which makes eCommerce possible, is independent of a company's size or location (Rosen, 2000). E-procurement, which describes online buyer exchanges or cooperatives, and the e-consortium, "in which a collection of organisations...- establish an online entity in an area where their abilities may be better exploited to produce" value, put this situation to the test. You may save money by buying them in bulk. In a highly competitive business climate, large companies may form alliances to share information and resources, reduce duplication in the supply chain, and save money. This includes (a) lowering prices, (b) restricting the number of suppliers who can handle larger orders, and (c) pushing distributors into online sales (Mitchell & Strauss, 2001; Pires & Aisbett, 2001).

Although the rise of online shopping may not spell doom for mom-and-pop stores, it is certainly a challenge. For companies, adopting eCommerce might benefit them in a number of ways, and there are a number of proactive reasons to do so (Gilmore et al., 2007). One of the key reasons is the company's expansion into international and national markets. With little investment, a firm may rapidly expand its global consumer base, source the most reliable and competitive suppliers, and team up with the most compatible business partners in any region (Sajuyigbe, 2012). Businesses may rapidly and cheaply source goods and services from other businesses with the help of this system. Smaller enterprises may compete with larger ones and a wider range of business models can be implemented thanks to shortened or even eliminated marketing distribution networks.
and cheaper items with better profitability (Molla & Licker, 2005). (Jeffcoate, Chappell, & Feindt, 2002). For the purposes of an effective export marketing plan (Gilmore et al., 2007). The scale of the e-commerce problem necessitates the formation and management of public-private and multi-partnership, alliance, and consortia to pool resources and expertise from several entities (Moodley, 2001).

Conclusion
The study showed that many factors have an influence on the relationship between ecommerce adoption and strategic management of small businesses. More research needs to be done specially to find out how the perception of Ecommerce had on E-commerce adoption and to find other factors which have an influence on it. The literature in this study may aid small business owners, the managers, and the employees in better comprehending and recognizing the impact of e-commerce on their goals and strategies. Consequently, it may assist the policymakers and governments in developing appropriate policies.

References


