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E-commerce in Developing Countries and How to Develop Them During the Introduction of Modern Systems

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Abstract

The rapid proliferation of the Internet gave rise to the concept and practice of electronic commerce (e-commerce, from here onwards), which has become a common phenomenon in the world today. Internet-based economic structures and information groups are the new business reality, as organisations and individuals revel in the ease of purchasing commodities and services from foreign shores. Most developing countries, however, are far from experiencing this reality due to many factors which act as obstacles for e-commerce to flourish.

Key Words: E-Commerce, developing countries, impact, barriers

Introduction

The definition of e-commerce is the electronic process by which individuals or organisations make a transaction, such as buy, sell, transfer, or exchange products, services and/or information (Turban, McLean and Weatherbe 2004). In a nutshell, e-commerce effectively erases the necessity of huge investments or outlays on physical infrastructure to develop a global presence, which has led to a revolution in the way business is conducted around the world. For developing countries in particular, it has the potential to present solutions to many prevalent problems such as provision of remote healthcare and education. However, these countries are unable to reap these benefits, as there is a vast difference between the adoption rates, implementation and use of e-commerce in developed and developing nations, with the latter lagging behind to a significant extent. This essay aims to understand the various reasons for this, as well as the potential impact of e-commerce technologies for developing countries. It begins by introducing the rampant disparities between both sets of countries in its adoption, before progressing to a discussion on the various barriers these countries face, which hinder the growth of e-commerce. It also sheds some light on research on the critical success factors for e-commerce, at least a multiple of which are noticeably missing in these countries. It ends with a few measures taken to boost e-commerce in these countries and the thought that a strategic focus is necessary if developing countries want economic growth, via e-commerce.

High growth, still a rocky road – The case of developing countries

Developing countries represent a market with immense potential for e-commerce. Academic research usually mentions e-commerce as a sound strategy and an ideal opportunity for these countries to cash in on new economic avenues. According