E-COMMERCE ADOPTION AMONG SMALL AND MEDIUM ENTERPRISES IN SAUDI ARABIA

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Thesis submitted to the College of Business, Universiti Utara Malaysia in fulfillment of the requirement for the Degree of Doctor of Philosophy
DEDICATION

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ABSTRACT

The purpose of this study was to determine the relationships between contexts and the e-commerce adoption among SMEs in Saudi Arabia. These contexts included organisational (firm size, attitude, innovativeness, knowledge), technology (relative advantage, compatibility, complexity), and environmental characteristics (competition intensity, information intensity). The study also attempted to determine the moderating effect of culture on these relationships. Rogers’s (2003) Diffusion of Innovations Theory and Tornatzky and Fleischer’s (1990) method were used as a basis for the framework. In addition, Hofstede’s cultural dimensions (power distance, uncertainty avoidance, individualism, and masculinity) were used as moderators.

A quantitative and survey research design was adopted to collect data, test hypotheses, and answer research questions in the study. A total of 1150 questionnaires were sent to SME owner/managers in Saudi Arabia, and 400 were returned, giving a response rate of 34.78 percent.

The results of the study revealed that attitude, firm size, competition intensity, and information intensity had a significant, positive relationship with the e-commerce adoption. However, knowledge and relative advantage had a significant negative relationship with the e-commerce adoption. In addition, the results showed that power distance, uncertainty avoidance, individualism, and masculinity had partially moderating effect on the relationship between organisational context and e-commerce adoption and the relationship between environmental context and e-commerce adoption. Regarding technology context, the result showed that power distance and masculinity had partially moderating effect on e-commerce adoption. On the contrary, the results found that
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uncertainty avoidance and individualism had no moderated effects.

This research adds to the existing body of knowledge on e-commerce adoption and discovers additional contexts by offering organisational, technology, and environmental characteristics and the moderating effect of culture on the influence of these contexts regarding the adoption of e-commerce technology among SMEs for more informed decisions. The OTF Model of Innovation Adoption, the DOI theory, and Hofstede's cultural dimensions combined to form a richer theoretical framework that guided the understanding and prediction of e-commerce adoption among SMEs. In addition, this study showed SME owner/managers the opportunities and benefits of e-commerce adoption in a business environment. Furthermore, the results of the study may provide solutions and recommendations for SMEs and governments to successfully implement e-commerce.
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CHAPTER ONE: INTRODUCTION

1.0 Introduction

The rapid advancements and developments in the information and communication technology (ICT) sphere that have taken place, and continue to occur have changed the entire scenario of the way business is done. These accelerations in ICT have transformed the industry structure and taken the competitiveness in the market to a new level. This transformation has no doubt created more opportunities, but it has also posed a threat for small and medium enterprises (SMEs) of being run over by large and high-profile companies and enterprises, as the SMEs still lag far behind in strategy development and implementation (Schlemmer & Webb, 2009). However, the adoption of e-commerce is not a universal solution to the generation of profit opportunities. It is a technology that, with its set of powerful tools which if used with prudence can be a part of any industry’s competitive strategy that will enhance and enable it to gain a competitive advantage over its competitors (Egan, Clancy, & O’Toole, 2003; Porter, 2001; Soliman & Janz, 2004; Li, 2008).
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