

E-Commerce: Adoption Barriers in Small and Medium-Sized Enterprises (SMEs) in India

Iftaqar Ahmad

Research Scholar, Department of Humanities & Social Sciences, MNNIT Allahabad
e-mail: iftaqarahm@gmail.com

Jyotsna Sinha

Assistant Professor, Department of Humanities & Social Sciences, MNNIT Allahabad

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Abstract:

India is considered as the youth capital of the world. Globalization and the Knowledge Economy pose numerous challenges as well as opportunities for Small and Medium-Sized Enterprises in India. Indian labour force numbers around 500 million. Over 90% of them work in unincorporated, unorganized enterprises gaining traditional knowledge on the job. With the opening up of the economy and increase in exports, improving the productivity of the workforce is a key challenge. Therefore there is an urgency to adopt e-Commerce and become internet savvy so that production and selling goes simultaneously. In today's era when environment is changing with the blink of an eye one must work on the theme "SURVIVAL OF THE FITTEST". SMEs need to get connected with online shoppers or else adopt E-commerce in order to have competitive advantage over others. This research paper has been written in an article form in order to discuss the important key issues related to adoption and opportunities that eCommerce offers for SMEs in India.

Key Words: SMEs, E-commerce, Globalization, Economy.

Introduction

Globalization creates new structures and new relationships, with the result that business decisions and actions in one part of the world have significant consequences in other places. It is argued that the enterprises operating on a global market can take advantage of enhance their international competitiveness via economies of scale, exploitation of lower input costs, risk compensation, optimality of market segmentation. However it is a fact that not all the firms take the advantage of globalization equally and it put pressure on small and medium enterprises (SMEs) which can't easily find an organisational solution to cope with global business opportunities without suffering from limited resources.

Indeed, the internet is growing at a phenomenally rate and it has become one of the biggest network. Thus, the internet is usually presented as an

opportunity for SMEs for several reasons as it helps reduce transaction costs and level the playing field, expanding the scope of marketing, reaching new markets, reducing the cost of operations and partnering with suppliers and other collaborators. The business economy will be benefited from such digital revolution as more customers are turning to the internet to purchase goods which has helped the significant growth of the e-commerce industry.

The effect of globalization on SMEs has received a lot of attention in international circles because although they are small, in both developing and developed countries these enterprises make significant contributions to the economy. For many SMEs, instead of competing against large multinational companies SMEs can take the advantage of opportunities afforded by e-commerce to access new and often distant markets or global value-chains.