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Potential E Business in International SMEs (Study of UKM Raragu Craft in Pasuruan)

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Abstract

Internet technology has brought great changes to the way of doing business today. Many terms have been coined to represent electronic concepts and applications such as e-Business and eCommerce. These terms are usually used to represent the transformation of business processes and transactions. In Pasuruan, the adoption of e-business has not only attracted the interest of large organizations but has also been recognized and adopted by small, medium and micro enterprises. Implementing e-Business requires significant changes in corporate structure, culture, strategy, procedures and responsibilities. However, those challenges have not stopped people from venturing into this new business concept. A study was conducted to see the potential of e-business for micro-scale businesses conducted by UKM Raragu Craft in Pasuruan. In this study used qualitative methods. This article reviews issues related to e-business and business education, describes the methodology and reports preliminary findings from the research.

Keywords: E Business, International UMKM

INTRODUCTION

The increasing use of internet and web technologies has introduced various web-based applications and strategies for businesses such as e-business development. Currently, the concept of e-business is widely adopted by large organizations and gradually followed by small to medium enterprises (SMEs) (Al Qirim, 2006; Yeung et al, 2003). e-Business can be seen as a new way of doing business that has changed the traditional buying and selling process to an online based process. It has also changed the way people view their Internet technology investments by focusing on new business models and concepts (Damanpour, 2001).

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This research looks at the potential of e-business for micro-scale businesses that operate from home. It is described as a business, whose main business activities are conducted from home and can be of any size or type as long as the office itself is located at home (Fong et al., 2000). In the previous practice, this business was categorized as a business operating from home and mostly done as a part time job. It is also claimed to be best suited for women; for example, women can sew clothes or sell homemade cakes while caring for the family and doing housework (Fong et al., 2000; Loscocco and Smith-Hunter, 2004).

Today with Internet technology, this perception may have changed as it allows not only the above types of home businesses but also working professionals to take advantage of the Internet and web-based applications to perform their tasks from home. Bateman (2000) states that, the advent of technology especially web-based technology has created a new trend in home-based work. This article offers some insight into the potential of e-business in running a business, and is divided into four sections. Section 1 introduces the paper and briefly reviews the concept of e-Business and the methodology used is described in Section 2. The initial findings of the research and e-Business strategy are discussed in Section 3 and Section 4 concludes the article.

In E-Business review, with the increasing pace of business change, it is often driven by technology and the development of the digital environment is creating a new landscape for companies. Information Technology (IT) is playing a critical role in redesigning the fundamentals of business activities including customer service, internal operations, product and service internal communications and marketing strategies. Among the many IT applications in business activities, Internet-based e-business systems seem to be the most significant. In the late 1990s, there were many companies that were formed or converted to e-Commerce created to illustrate this phenomenon.

However, due to bad investment and business practices at the time in 2001, (Samson, 2003) when many 'dot-com' companies disappeared from the market (Samson, 2003; Pinker et al., 2002). The rise and fall of many 'dot-com' companies raises many questions about the future of e-business and what it takes to succeed (McGann and Lyytinen, 2002). This includes the emergence of new business models, associated systems and the rapidly growing use of the Internet as an essential business tool (McGann and Lyytinen, 2002; Pinker et al., 2002).

Studies also show that the 'bubble burst' scenario creates awareness for all e-business and e-commerce around the world and increases e-business usage significantly (Fillis et al., 2003; Samson, 2003; Pinker et al., 2002). Companies are

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also looking for better ways to adopt e-business concepts and to improve their business operations (Rodgers et al., 2002; Pavic et al., 2007).

In Indonesia, the adoption of e-Business for Micro and Small and Medium Enterprises (MSMEs) is still in its early stages. The acceptance of e-Business among the government and society appears to be encouraging as evidenced by the conferences and related programs held by the Government and business associations. However, the readiness of e-commerce towards implementing the concept of e-business is still very early, such as e-business infrastructure in terms of internet coverage, accessibility of payment methods, level of trust and security, etc.

The term e-business was first introduced by IBM in 1997 as a major business process transformation through the use of Internet technology. In this definition e-business is considered as a secure, flexible and integrated approach to deliver business value by combining systems and processes. It also involves the buying and selling sides of e-commerce transactions and the effectiveness of serving customers, collaborating with business partners and conducting electronic transactions within a company (Gottschalk, 2006; Chaffey and Wood, 2004). Based on the discussion above, this study defines e-Business as: “Business processes conducted using internet technology help improve service quality and values in terms of the way people work, collaborate, and communicate with stakeholders and their business partners. This also includes changes to the structure, strategy, procedures and corporate culture.”

This definition highlights that e-business can be seen as a new way of dealing business and business processes where people do not have to be in a specific physical place to conduct business. Business operations can be carried out from home or other places as long as they are connected to the Internet. However, implementing the concept of e-business requires major changes to the structure, strategy, procedures and culture of the company. This is supported by Gale and Abraham (2005) and Jackson (2003) who state that implementing e-business involves rethinking fundamental aspects of corporate strategy, business model, structure and culture.

METHODE

As mentioned before, the purpose of this research is to explore the potential of e-business in Raragu Craft SMEs in Pasuruan. To assess and evaluate the situation, a qualitative case study was selected and for a case study approach, Raragu Craft UKM in Pasuruan was selected. Data for this study were collected through interviews, direct observation, and document analysis.

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The case study approach is described as an empirical investigation that investigates contemporary phenomena in real-life contexts and by using multiple sources of evidence (Yin, 2002). In this study, the approach was used because it allows for detailed and open exploration of the subject matter, as well as reaching selected cases in various ways such as in-depth interviews, observation and document analysis. The data collected through these techniques helps provide detailed information and understanding of the case study. Riege (2003) and Kumar (1999) suggest that this approach can be applied to discover new relationships of reality and build understanding in a particular study context.

In addition, the involvement of this supporting case study can help strengthen and support the findings from the case study in research conducted at Raragu Craft UKM in Pasuruan, while several techniques in data collection used in the article include:

In-Depth Interview

In-depth interviews were conducted with the owners and employees of UKM Raragu Craft to get a more complete view of the adoption of their e-business, which has been selling with digital platforms so that they are able to sell to Malaysia and Singapore. For the interview session, several documents were prepared such as case study protocols. , interview questions, and selected company profiles and relevant forms. At the time of writing, interview results and data analysis. explore more of their roles, current related policies, and infrastructure to support e-Business and acceptance and readiness for e-business.

The interview questions prepared for this case study included personal information, sales procedures, product information to the benefits of the Raragu Craft SME products in Pasuruan.

Direct Observation

During the data collection process, direct observation techniques were carried out in two ways, first in the interview session and secondly in the Raragu Craft UKM digital account. Because most of the interview sessions were conducted at the UKM Raragu Craft office, they provided an opportunity to observe their business, direct observation forms were prepared before the interview session and filled in after the session was over. the digital account of UKM Raragu Craft was observed from time to time during the research period to see changes and improvements in its business. This technique helps to experience not only the way people do business from home but also to get to know the players in this type of business. In addition, observations are also made during conference sessions or workshops.

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Analysis of Data Documents

Also collected by analyzing all relevant documents about the company case which includes cutting of newspapers, articles, magazines, pamphlets, newsletters as well as company websites and portals.

Document analysis techniques provide ideas for preparing interview questions as well as related categories to observe during the interview session. The information gathered is used to profile cases in the early stages of the case study approach. Information also influences decision making during case study design and preparation of data collection tools eg for designing direct observation forms and interview questions. Information gathered through this technique was also used to support and complement the findings from the interview sessions

FINDING AND DISCUSSION

Many studies have reported the benefits of implementing an e-business strategy for organizations. Initially, the concept of e-Business was introduced to address the problem of how Internet technologies could reshape a company and give it a competitive advantage. Internet-based tools can only be fully utilized with the right strategy.

In this study the definition by Jutla et al. (2001) adopted to define an e-Business strategy as a strategy that should address how partners, employees, governance, society, and customers deal with e-Business-enabled processes. The definition highlights the meaning of enabled e-business as how business processes are enhanced using technology, new knowledge management, and online trust capabilities. From this definition, it is very important for companies to really understand the existing business processes and relationships between stakeholders and the requirements needed to adopt e-business.

This understanding is important because the implementation of e-business will definitely require radical changes to the current business structure and business strategy. Norton (2000) suggests two stages in adopting an e-business strategy 1) increasing the efficiency of existing structures and supply chains and 2) changing the nature of the industry. Companies also need to be aware of the new capabilities e-business has to offer and reconnect with them the special requirements of their own business. Sanchez (2003) describes a number of Internet strategies for small businesses, for example, efficient online market research that allows business owners to research the industry, their competitors, and potential markets and find information about suitable products or services. The findings from this study also show that small businesses have shown a positive impact on business growth,

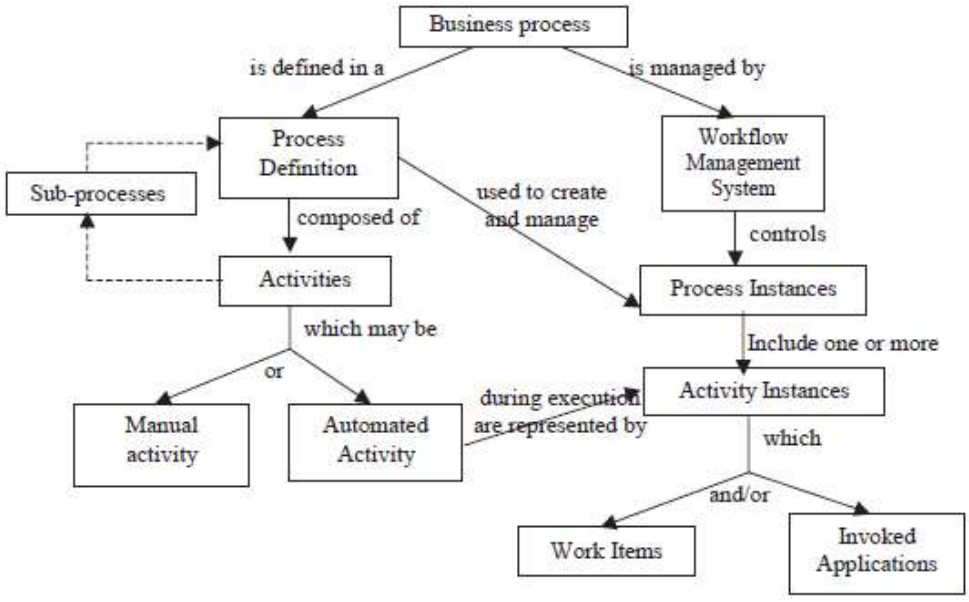
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performance, and an increase in the number of customers due to the implementation of an e-business strategy.

In general, it is defined as the computerized facilitation or automation of business processes, in whole or in part, in which documents, information or tasks are passed from one participant to another for action, according to a set of procedural rules (Fischer, 1995). Workflow is the flow of tasks between computer applications or people within an organization. Two or more members of a work group to achieve a common goal can determine the workflow as well as any tasks carried out in series or in parallel. Workflow is more than just a technique for modeling a process. It is a method for analyzing and improving processes, including their modeling. A job management system is a system that defines, creates and manages execution of workflows through the use of software whose sequence of execution is driven by a computer representation of the work logic (Hollingsworth, 1995).

In Figure 1 which explains the workflow development process using the workflow model to capture relevant information from the process. This process consists of four stages: Information Gathering, Business Process Modeling, Workflow Modeling, and Implementation, Verification and Execution. Figure 8 shows the basic concepts and terms used in workflow and their relationships. Some of the advantages are: work does not forget, shorter learning time, data transfer, process improvement, easier to make changes, decentralization, workflows can be used in combination with other systems. Weaknesses: loss of human contact, lack of motivation, feeling of being controlled.



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CONCLUSION

The e-business model has been in practice for many years. Adoption of e-Business for Raragu Craft Pasuruan SMEs and micro-enterprises has started to make progress. However, the emergence of Internet technology has revolutionized the way of doing business (Damanpour, 2001) which has a positive impact on business growth, especially in Raragu Craft Pasuruan SMEs. Further studies are in progress to gather more information that contributes to the adoption of e-Business for enterprise improvement such as readiness, barriers and critical success factors. This article discusses the literature related to e-business and e-business strategies for micro and small enterprises. and process flow based on the initial findings of this research and the methodology used in this research. Going forward, further studies will be carried out to look at various aspects that can be linked to business innovation such as, integrated value chain systems and to formulate a comprehensive framework for e-business.

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