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Factors Effecting E-Commerce Prevalence in Jordan

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Abstract

The increased interest in e-commerce in Jordan and the developing countries mainly generates the need to measure the prevalence of web and electronic commerce in Jordan environment. The proposed model in this research focus on four factors that can be used to achieve this study; e-commerce user factor, legal and economic factors and product or service factor, literature review have been used to support the research model and so to use these factors to measure the prevalence of e-commerce in Jordan. Procedural definitions also define the research factor and its relationship with e-commerce prevalence.

Keywords: *E-commerce, Jordan*

1. Introduction

The interest in the study of e-commerce prevalence has become an urgent need to developing countries mainly and Jordan specifically, in order to stand at the problems that can be eliminated in order to facilitate e-commerce applications and thus promote its economy. There is a number of factors used in the literature that may affect e-commerce prevalence, the first factor in this study is the e-commerce user; and to measure this factor a number of variables was used; the user trust, the size of the company and its web infrastructure, the second factor is the product or service itself measured by variable such as type of product and its cost. The final factor is the legal and economic. This study aims to provide a transparent study about the current state of e-commerce by focusing on e-commerce prevalence in order to eliminate the obstacles of e-commerce diffusion Jordan.

2. Background

Gibbs (2006) examine in his article the key environmental and policy factors that act as determinants of e-commerce diffusion by comparing case studies of 10 countries. The study finds that business to business e-commerce seems to be driven by global forces, whereas B2C seems to be more of a local phenomenon. This in turn creates pressures on local companies to adopt e-commerce to stay competitive, the study suggest that enabling policies are likely to have a big impact on e-commerce, by making Internet access more affordable to firms and consumers, on the other hand increasing pressure on firms to adopt e-commerce to compete. The finding of this

research support Sherry's study (2006) M.B. Thatcher William Foster^b Ling Zhu They found that organizational, industrial, governmental, and cultural factors do indeed influence B2B e-commerce adoption decisions. the nature of the cultural influence also is dictated by industry conditions. Sherry's study was based on data derived from over 20 interviews with CEOs, CIOs, and MIS managers in electronics and textile companies in Taiwan. This study contributes to existing literature by describing the degree to which various organizational, industrial, governmental and cultural factors influence B2B e-commerce adoption decisions in Taiwan. Another study in conducted in China and 9 other countries Zixiang (Alex) Tan & Wu Ouyang Director (2010) examines the diffusion impacts of e-commerce found that Chinese firms have started to build up e-commerce technology infrastructure and to create a Web presence. Number of barriers may influence conducting e-commerce was in business, legal and cultural perspectives fail to accommodate the technology progress. Finally the study argues that a healthy e-commerce infrastructure should be supported by both advanced technologies and by a friendly business, legal and cultural environment

3. Research model

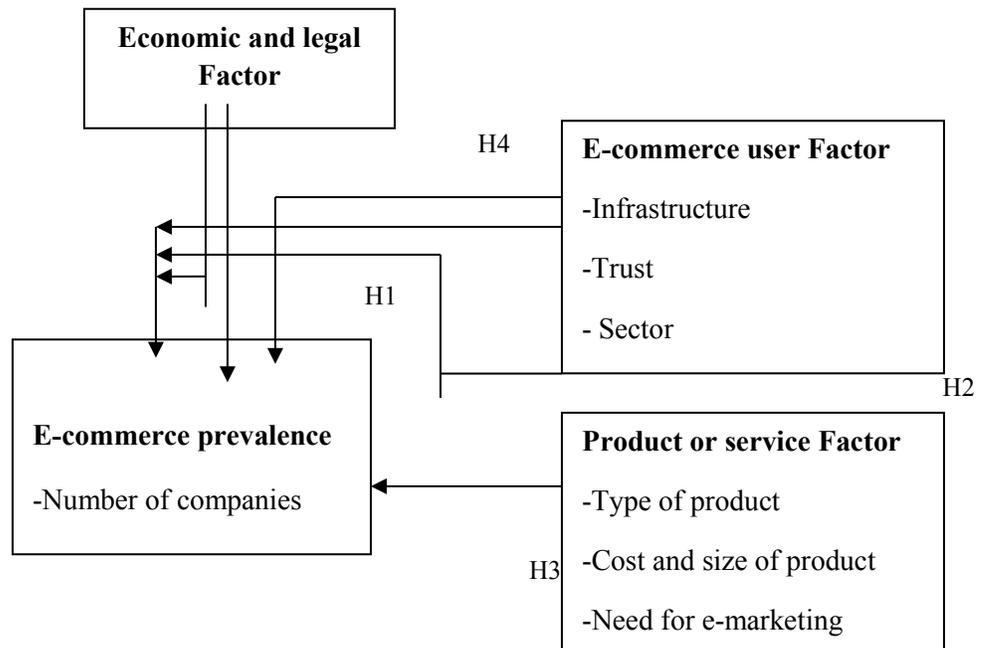


Figure (1) Research model

4. Research Hypothesis

H1: there is a direct significant relationship between e-commerce user, product and service, economic and legal factors and e-commerce prevalence in Jordan.

H2: there is a direct significant relationship between e-commerce user and e-commerce prevalence in Jordan.

H3: there is a direct significant relationship between product and service and e-commerce prevalence in Jordan.

H4: there is a direct significant relationship between economic and legal factors and e-commerce prevalence in Jordan.

5. Procedural definitions

E-commerce user variable

- Infrastructure: the availability of computer hardware, web pages and internet trained human recourses in the organization
- Trust: the conformity of the product to the specification, e-payment,
- Sector: in what sector does the organization work (service, manufacturing, insurance)

Product or service variable

- Type of product: is it service or product
- Need for e-marketing: the need for electronic advertising, promotion (E-marketing)

Economic and legal factors

- If the country value investment in information technology.
- Dose the country has clear legal and regulation of e-commerce use.

5.1 E-commerce user variable in Jordan

In a study published online about the internet user in Jordan it found that 15.4% of Internet Users in Jordan are e-commerce users, these users may pay or purchase and make arrangement online. (Weerakkody, 2011) (E- Commerce national strategy, 2011) The increasing number of e-commerce Jordanian users is due to more awareness of the importance and convenience of using e-commerce they are around 181.000 users, The percentage of e-commerce and internet user is becoming more and more year by year because of the increasing trust of online services by the Jordanian citizen.

E-commerce users have spent around US\$ 192 Million in all transactions of e-commerce between 2009 and 2010. an article published in Jordan times in April 2012 shows that number of e-commerce users in Jordan by 2011 was estimated at 514,000, and if we compare this number to the years before we can observe a big internet user growth, a report by the Arab Advisers Group shows that internet users in Jordan spent \$370 million on products, services and online bill payments in 2011, the report also showed that 24.4 per cent of Internet users in Jordan used e-commerce to buy products or services or pay their bills online in 2011, compared to 15.4 per cent in 2010. (Jordan Times, April 2012).

The reasons that stand behind these increases were the increase of the number of Jordanians holding credit cards that can be used for shopping and pay bills online. However the increase in broadband Internet connections in the Jordan also helps in increasing the number of e-commerce users. On the other hand E-commerce users fears of e-fraud and still discourage them from making online transactions.

5.2 E-commerce products or service in Jordan

Internet provides a huge marketplace for businesses and customers in Jordan and all around the world, not all products can be sold on the internet. The kinds of products and services that sell best on the internet are those that take advantage of the convenience of the net. Customers can shop any hour of the day at any site. Some products may be better suited for online sales than others; others simply will not work on this new commercial channel. However; the national e-commerce strategy in Jordan aims to increase the number of Jordanian retailers that sell online using e-commerce within Jordan, in the Arab region and around the world. The strategy also aims to improve customer's access to goods and services sold by Jordanian retailers and reduce the cost of them and to extend the range of goods and services available to Jordanians. The government in Jordan understands the important role of this strategy on Jordan's economy associated with the adoption of e-commerce products and services across all industry sectors. It will have an impact on the development of the information technology sectors and the postal and logistics sectors also. The financial and logistics sectors will have major impact in providing e-commerce related products, services and advice. Retailers in Jordan must understand that the success of any business starts with the right choice of product or service, business owners need to check the suitability of products for web sales.

5.3 Economic and legal factors in Jordan

Economic factor encompasses all the factors that impact the economic situation in the country, Jordan is one of meddle eastern courtiers that is surrounded by an unstable political neighbors countries which may effect the economic environment in Jordan in many ways. However; the local political environment in Jordan is described as a suitable and highly suitable environment for the business sector to achieve success in its performance (Alquds center for political studies, 2009). On the other hand the availability of regulations concerned with all electronic transaction is another critical success factor for e-commerce prevalence. However; most countries, particularly those in the developing world, are seeking a model to follow in e-transaction law. Legal environment required for the success of the business sector in Jordan to achieve its goals is suitable and highly suitable, e-commerce regulation in Jordan also is pretty enough to cover all the situations that may face retailer or wholesaler e-commerce business.

6. Conclusion

This article provide a proposed model to measure the prevalence of e-commerce in Jordan, depending on the literature about e-commerce diffusion on smeller countries to Jordan the researcher found that the proposed factors; economic and legal factors, e-commerce user factor and product and service factor can be used to measure e-commerce in Jordan. The study found that the research factors in Jordan helps positively and enhance e-commerce prevalence;

the number of internet and e-commerce user is increasing year by year in Jordan because of number of reasons such as the awareness of Jordanian citizen to the importance and easiness of using e-commerce transaction. The national e-commerce strategy in Jordan also enhances and encourages retailers to sell their products and services online. Finally the economic and legal environment in Jordan also enhance doing business online. Further research can use this research model to measure the prevalence of e-commerce by making a comparison between a number of e-commerce companies.

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