

# Challenges Faced by Organizations Using E-Commerce in Their Business Practices in Botswana

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**Abstract:** E-Commerce can bring about different challenges to Organizations that have adopted the business environment in which information for the buying, selling and transportation of goods and services move electronically. Although the benefits of using e-Commerce systems are enticing, developing, deploying, and managing these systems is not always easy. Various challenges have surfaced in Organizations that use e-Commerce in their business practices in Botswana. These challenges have a direct impact on the side of organizational productivity in terms of return on investment (ROI) which affects the growth of an Organization at large. Profits generated from e-Commerce transactions may become lower than anticipated if these challenges are not well dealt with. This paper aims to identify challenges that are encountered by Organizations which have adopted e-Commerce to their business practices in Botswana. The challenges being experienced have been found to be both internal and external to the Organizations. By clearly understanding these challenges, Organizations can be able to design appropriate and accurate e-Commerce strategies that can overcome them. This will help Organizations to remain competitive within the market while maximizing profits as a result.

## 1. INTRODUCTION

E-Commerce has greatly changed the way how businesses are conducted in the modern world as it offers huge benefits compared to the traditional business methods. Although the benefits of using e-Commerce in a business are plenteous, several challenges are faced by Organizations using e-Commerce systems in Botswana. Olatokun and Kebonye (2010) found that the main challenge faced by the firms in their use of e-commerce technologies was related to security issues.

Another major challenge is based on the needed information access and skills to manage e-Commerce systems and activities appropriately, especially in Small and Medium Enterprises (SMEs). According to Duncombe and Molla (2009) the inability and lack of access to information related to ICT and general management skills was cited as one of the challenges facing Small and Medium Enterprises in Botswana.

Internet connectivity is one of the challenges facing organizations using e-Commerce in Botswana. A.P Shemi and C.T. Procter (2013) observed that the slow speed of the internet is a key challenge for e-commerce initiatives. Oreku et al (2009) noted that, even when internet is available, it's continued use is hampered by lack of electricity especially in rural areas. Most of tourism companies are remotely based in rural areas and usually experience frequent power outages.

Other challenges are with regard to Government laws and policies. The pace at which the Government laws and policies are updated is relatively low as compared to the speed of e-Commerce growth.

There is a shortage of e-Commerce specialists in Botswana and even third party companies that support e-Commerce. This forces organizations to hire expatriates from other countries. However A.P Shemi and C.T. Procter (2013) further found that ICT expertise that is mostly obtained from non-citizen resident personnel cannot be dependent upon for a long time due to a short term contract practice stipulated in the immigration policy of Botswana. Majority of these contracts are normally between two and three years.

Retention of qualified IT personnel has been found to be one of the major challenges to Organizations using e-Commerce in Botswana. Kaynak et al (2005) reported on the difficulty of funding and retaining qualified personnel with required skills and knowledge and the risk of dissipation of company specific knowledge. However, some Organizations have been using the existing scarce third party companies for their e-Commerce activities.

Most of the previous studies in relation to e-Commerce in Botswana have been much focused on influences and barriers to adoption of e-Commerce at a minimal level. Not much emphasis has been put on the challenges faced by Organizations which have already adopted e-Commerce in Botswana. This paper is therefore aimed at filling that gap by investigating the challenges that are faced by Organizations using e-Commerce in Botswana and then draw

recommendations that can aid Organizations that are using e-Commerce to design appropriate strategies in order to remain competitive by overcoming the e-Commerce challenges that are faced by them.

This paper comprises of seven chapters, with the first chapter being the Introduction followed by research methodology. The third chapter focuses on the findings which have been obtained from the research. Chapter four includes discussions, whereby the results are elaborated and some suggestions are drawn from the author. After discussions, comes conclusion in which all the issues from discussions are summarized and recommendations are expressed. The sixth chapter is Acknowledgements for all the contributors of this research and the last chapter is a list of references that were used.

**2. RESEARCH METHODOLOGY**

This research paper aims to identify the challenges that are faced by Organizations which have adopted e-commerce to their business operations in Botswana. A quantitative approach was used to achieve this objective by using a framework of e-Commerce challenges to develop a questionnaire to aid in primary data collection. The questionnaire used a 5 point Likert scale, where 5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=Strongly disagree. Stratified sampling technique was used to obtain the sample. A sample of 108 was drawn from the population of 150 organizations which were targeted to achieved a confidence level of 95%. As there is no clear list of validated Organizations using e-Commerce in Botswana at the time of this research, this study used updated data that was readily available which included Organizations in the sectors of Tourism, Telecommunication and Banking.

The sampled Organizations in the three chosen sectors which are currently using e-Commerce were then approached for data collection purposes. The sample was investigated in the areas of Technology, Economic, Legal and Sociocultural. Questionnaires were sent to these Organizations via e-mail. Main personnel who were conversant about Information Communication Technologies and Organizational objectives of e-Commerce usage participated in provision of required relevant information. Data collected from the approached Organizations was eventually analyzed to present the findings.

**3. RESULTS**

The e-Commerce challenges faced by Organizations using the method in Botswana can be investigated to various extents. In this study four areas were surveyed as shown in the table 1;

Various challenges exist in current use of e-Commerce systems in Botswana and other developing countries in general. According to Kapurubandara M (2009), Lack of telecommunications infrastructure, lack of qualified staff to

develop and support e-commerce sites, lack of skills amongst consumers needed in order to use the internet, lack of time and reliable systems for the delivery of physical goods, low bank account and credit card penetration, low income, and low computer and internet penetration.

**Table 1: Showing study areas used for questionnaire design**

TECHNOLOGICAL	ECONOMIC
-Internet Connectivity -Network Security issues -Power cut-offs -Shortage of Competitive e-Commerce Specialists	- costs of innovation and upgrading systems - Costs of online transactions -Costs of hiring and retaining IT personnel
LEGAL	SOCIOCULTURAL
-Government Laws and policies - Absence of e-Commerce regulatory body	- Low IT literacy amongst end-users (Customers) - Lack of awareness -Privacy

For an e-Commerce system to function effectively and efficiently there has to be a reliable network infrastructure and personnel. However Kshetri (2007) noted that, lack of ICT infrastructure; hostile environments; lack of macro policies to nurture local e-commerce structures; lack of perception of e-commerce benefits by managers; where some of the challenges to e-commerce developments in developing countries among other issues for which Botswana is not an exception.

**3.4 The Technological e-Commerce challenges**

With regard to technological challenges, 75% of respondents strongly agreed and 25% agreed to have internet connectivity problems.

Internet bandwidth has also been found to be a challenge with 12.5% strongly agreeing while 62.5% agreeing. 12.5% of the sample was not sure while the remaining 12.5% disagreed to bandwidth being a challenge to their e-Commerce practices.

Furthermore, 37.5% strongly agreed while 25% agreed to low IT literacy of general public to be a challenge to their e-Commerce practices leaving 25% disagreeing while 12.5% strongly disagreeing.

Shortage of competitive e-Commerce is also another challenge to Organizations using e-Commerce in Botswana. 12.5% strongly agreed and 50% agreed while 25% disagreed and 12.5% disagreed. According to the findings, 12.5% have strongly agreed while 25% have agreed power outages to bring about challenges to their daily e-Commerce practices. Otherwise, 25% of respondents disagreed while 37.5% were

not sure about the issue. Most of Organizations that are affected by power outages have been found to be in Tourism sector, as most of them are remotely located and are usually found in isolated rural areas.

### **3.2 The Economic e-Commerce challenges**

Economically, the costs innovation and coping with rapid technological challenges have been found to be of challenge to Organizations using e-Commerce in Botswana. 25% of respondents strongly agreed and 25% agreed as well, while 25% disagreed and the remaining 25% was not sure. On the other side 50% of respondents strongly agreed and 12.5% agreed to have challenges with the costs of hiring e-Commerce experts while 25% disagreed and 12.5% strongly disagreed.

From the findings, 25% of respondents strongly agreed while 12.5% agreed to experience some challenges with e-Commerce administration costs. Otherwise, 37.5% disagreed, while 25% were not sure.

### **3.2 The Legal e-Commerce challenges**

From the research findings, the absence of a regulatory framework specializing in e-Commerce to monitor online transactions has been found to be a challenge in Botswana. 25% of respondents strongly agreed while 37.5% agreed to the issue, leaving the remainder 25% disagreeing and 12.5% strongly disagreeing. However, 87.5% of respondents were not sure whether government laws and policies are some of the challenges to their e-Commerce practices. The remaining 12.5% strongly agreed to the point.

### **3.4 The sociocultural e-Commerce challenges**

The study found fraud to be a challenge to the growth of e-Commerce in Botswana with 25% of respondents strongly agreeing while 37.5% agreeing to the issue. Otherwise, 12.5% of respondents were not sure of it while the remaining 25% disagreed to it being a challenge to e-Commerce practices within their respective Organizations.

Another challenge has been found to be lack of awareness to the general public. 25% of respondents strongly agreed and 37% agreed, while 25% of respondents disagreed while 12.5% strongly disagreed.

## **4. DISCUSSION**

With regard to Internet connectivity challenges, better and reliable internet services provision have to be considered by telecommunication companies by strengthening signals in remote locations where some of their niche markets are located such as the tourism sector. On the other side, such Organizations experiencing connectivity problems and power failures should consider using failsafe systems. According to Random House Kernman Webster's College Dictionary

(2010) a failsafe is a system equipped with a secondary system that ensures continued operation even if the primary system fails. For example, in the case of power outages, solar systems, UPS or Generators could be used as automated take-overs. Challenged Organizations should also consider using the most reliable internet Service Provider (ISP) in their areas and even having more than one provider for back-up purposes. This will help companies to avoid being offline which normally results on loss in revenues or even losing customers who may switch to competitors.

To ensure trust, Organizations using e-Commerce should use VeriSign on their websites to ensure trust to their online visitors who may then be converted into clients. According to Symantec Corporation (2011) The VeriSign seal is an indispensable tool for increasing your customers' perception of safety and trust when they do business online. When visitors see the VeriSign seal, they know they can trust the link, trust the site, and trust the transaction.

Economically similar Organizations should consider working collaboratively towards e-Commerce. This will minimize the cost of hiring and retaining e-Commerce specialists as well as system maintenance costs through cost-sharing amongst collaborating Organizations. On the other side Organizations should also consider using trusted public e-Commerce service providers to reduce costs. Furthermore Organizations should consider using neighboring South African based e-Commerce Service Providers as Technology is more advanced in their country.

Government of Botswana should consider structuring legal and regulatory framework to monitor and support e-Commerce activities in the country. This will increase the level of confidence and enhancing trust by assuring business owners and Customers fairness in their business dealings. Likewise, Organizations that use e-Commerce should form a representative body to represent their issues that arise to the Government rather than waiting for Government to respond to changes as it normally takes longer periods as compared to the rapid technological changes.

Some of the cultural elements pose challenges to e-Commerce practices in Botswana. Mohanna S. et al (2011) suggest that, in order to improve the state of e-Commerce in the country, the cultural barriers will need to be overcome. This can be achieved through mass education people to understand and accept the new technologies including IT and e-Commerce. This can be achieved through use of Mass Media for greater reach to improve the level of awareness and reduce e-Commerce misconceptions socially and culturally.

## **5. CONCLUSION**

The purpose of this research was to identify the challenges faced by Organizations which have adopted e-Commerce to

their business practices so recommendations can be made for better designing of e-Commerce strategies to overcome them.

## 6. LIMITATIONS AND FURTHER RESEARCH

The sample size may not be sufficient enough to represent Organizations that use e-Commerce in Botswana. This is due to a major reason that some Organizations that use e-Commerce in their business practices, especially Small and Medium Enterprise (SMEs) are not present in any public databases. New entrants to e-Commerce may have not been updated anywhere in the listings due to the absence of e-Commerce regulatory body. Besides all the above, only 92 Organizations responded back out of the 108 that are in the sample.

The timeframe for data collection was not sufficient as some Organizations require a longer period to respond to research requests especially in financial institutions such as banks.

Further research is needed on how the perceptions of the general public towards e-Commerce can be aligned with the growth aspects of e-Commerce.

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