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The Factors Roles That Affect E-commerce Adoption in Iraqi Small and Medium Enterprise

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Abstract: This research fills the gap in research focused on the region by examining factors that motivate the adoption of e-commerce by small and medium enterprises (SMEs) in Iraq. Although there is plenty of research on e-commerce adoption in developed countries, there is little about e-commerce adoption in Iraq. This research uses the quantitative approach whereby a survey was distributed to SMEs and analysed using SPSS 20.0 to determine the relationship of the key factors such as ease of use, security, managerial willingness, firm readiness, cost, expected advantages and customers needs. Security issues, infrastructure constraints, and awareness issues constitute fundamental showstoppers; supposed benefits and cost reduction are strong drivers. Policy and business owners should take note of the results, as they affect the participation of SMEs in e-commerce, which play an important role in support of economic growth and competitiveness.

Keywords: E-commerce Adoption, SMEs, Iraq, Digital Transformation, Business Innovation, Quantitative Research, Economic Growth

1. Introduction

1.1 Background of Study

In central of the previous period, researchers increasingly sought to study the effect of E-Commerce on organisations particularly (SMEs). Active and exciting SMEs show an important position of effective state financial grow regardless of whether the state concerns are a improving one (Egbtokun & Olamade, 2009). Assuming their importances in the low-cost and it's no surprise that virtually each countries place specific importance that support also can be strengthened SMEs over the variation organizations or systems. The Internet and E-commerce that are perceive by administrations near of world like knowledge essential to support the enhancement of this sector [1].

Entrance of the network through a final year takes transported more advantages to business, electronics commerce's (online business) begun in 1994, and it is a procedure's purchase, sell, transferee or exchange things, facilities and info over the net. Corporations have utilized the net to control info and integrated E-commerce into their reengineered business procedures. Evidently, E-commerce could complete satisfactory situations to economy to implement the shift of the work-exhaustive model to a awareness workers standard that can able to be powerfully expected to be good leading in coming time [2].

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The study of E-commerce adoption in developing countries was limited until 2005. Most of the studies were conducted in the Western World. A rising frame of study in a developing country has started investigating the adoptions of E-commerce also its benefits, barriers and applications [3] for example, most of the studies that investigated e-commerce adoption were conducted recently. In 2009, Hashim conducted a study in Malaysia to find the factors that affect e-commerce adoption. In 2011, Al-Hudhaif and Alkubeyyer studied the factors of e-commerce adoption in Saudi Arabia. Reviewing the literature, there is no single study pertaining to the adoption in Iraq [4].

Present several profits that corporations take increased over each implementation E-commerce's businesses. E-commercial business can create important contribution and decrease all expenditures of do corporate, improve create /services qualities, novel customer, supplier, penetration, generations that take a new ways or networks to produce distributions. As profits that able to achieve in not Juste a large organization and similarly in SMEs [5].

Implementation of new technologies and its features was the emphasis of academic and experts. Nevertheless, there are a few educations that emphasize the implementation and utilizations of E-commerce of SMEs [6]. The unknown can reject the reel of SMEs productions production a high role in each developing and developed economy. It is would be note that several possible compensations can be formed with E-commerce and astoundingly SMEs adoptions of E-commerce's have remind a limit maybe due to facts of SMEs has dissimilar characteristic of huge companies like a small managements team, stronger owners influences, lack of workers in particular area such as informations technologies, sub-functionally managements, limited controller throuth corporate environments and incomplete marketplace share [7].

Small and medium enterprises are vital for economies growing in developing or developed world. Its projected more than 80% of international economics grow comes of SMEs. According to recently released World Bank Reports the Republic of Iraq: Economical Sector Review small and medium enterprises are not well improved in Iraqi business. This can be attributed to an negative environments over previous year and a deficiency of institution support has impeded their developments and achievement. Nowadays, nevertheless, the outlook for a stale economy with long-term grow prospect is positive. The importances of SMEs as Iraq rebuild its economic, and the possible to SME finance is promising. The classifications of SMEs and medium enterprises is constructed by dealing the number employees and minor (a smaller hen 59 employees) and average size 60-99 employer. The adoptions of E-commerce's are still incomplete due to more causes such as the lack of trust, unaware of benefits, infrastructure absence, cost and security issues [8].

The drive of this research is for examine that factors that effect of adoption E-commerce using MMEs in Iraq. Also, its aim a give the better benefits also good barrier of E-commerce's adoptions that using SMEs in Iraq.

1.2 Problem Statement

In spite of the superior total of SMEs in Iraq. The contributions of SMEs are unmoving of the probable stage. More states of established world use SMEs to grow economics growth and decrease job loss. Nearby, are unclear indications of the contributions of SMEs for employments in Iraq. Nevertheless, creating observations its able to project like minimum as 15 percent. Assumption of E-commerce's by SMEs in Iraq has big possible to force the output of the SMEs and increase all structural performance. Review all relate literatures; nearby aren't each study investigated the adopted of e-market by SMEs in Iraq. An emerging world wants to study the same [1].

Presently, it's clear that E-commerce is doing advantageous condition to economies and implements a move of the labor-intensives paradigms for an information workers standard has strongly expect to be dealing of upcoming. Between a variability of profits reaped by companies, it is contending E-commerce can be making a substantial contribution for reductions in expenses of responsibility corporate, improve produce/services value, novel customer and suppliers' penetrations, and generations of a new way or channel for products distributions.

A requirement to E-commerce adopting by SMEs in Iraq a dynamic for the economic progress and to supporting the administration effort of rebuilding the country also aggressive the wheels of growth. Support and adopting of e-commerce with SMEs led to positive effect on residents and a good economies.

1.3 Objective of the Study

The key objectives of the recherche is to find a factor thus can be influence the adopted the e-market by SMEs of Iraq. From this main objective, the following sub-objectives can be derived from the following sub-objectives:

1. To identify a relationship between ease of use and the adoption of E-commerce.
2. To identify a relationship among security and the adoption of E-commerce.
3. To identify a relationship between the willingness of managers and the adoption of E-commerce.
4. To identify a relationship among company readiness and the adoption of E-commerce.
5. To identify the relationship among cost and the adoption of E-commerce.
6. To identify a relationship among expected advantages and the adoption of E-commerce.
7. To identify a relationship among customer needs and the adoption of E-commerce.

1.4 Significance of the Study

According to previous studies there're no doubt in the role of SMEs is serious to economies growing of all countries. SMEs have a possible for determination economy's expansion for reducing the no employment percentage. Implementing e-commerce empowers of SMEs to operate better successfully, increasing profits and reducing cost. Resulting, the factors that influence adoptions are dynamic for ensuring the achievement of the adoptions and to empower decisions maker and professional holders focusing extra on those issues. This allows adopted E-commerce and approval of profits and future challenges.

2. Materials and Methods

2.1 Research Methodology

Based on preliminary literature review, it showed the maximum of the research that distributed by the adoption of E-commerce has shadowed a quantitative method. This research has no exceptions. Questionnaires survey will be distributed to SMEs in Iraq and the data was examined used SPSS version 20.0.

The population of the research is entire SMEs in Iraq. However, due to time and cost constraints, a purposive sampling method will be adopted and the first 100 SMEs in the directory of SMEs in Iraq. The contact details will be obtained from the Iraqi Chambers of Commerce and Industry.

2.2 Literature Review

2.2.1 Theoretical Framework

The proposed theoretical framework of this work is as shown in figure 1:

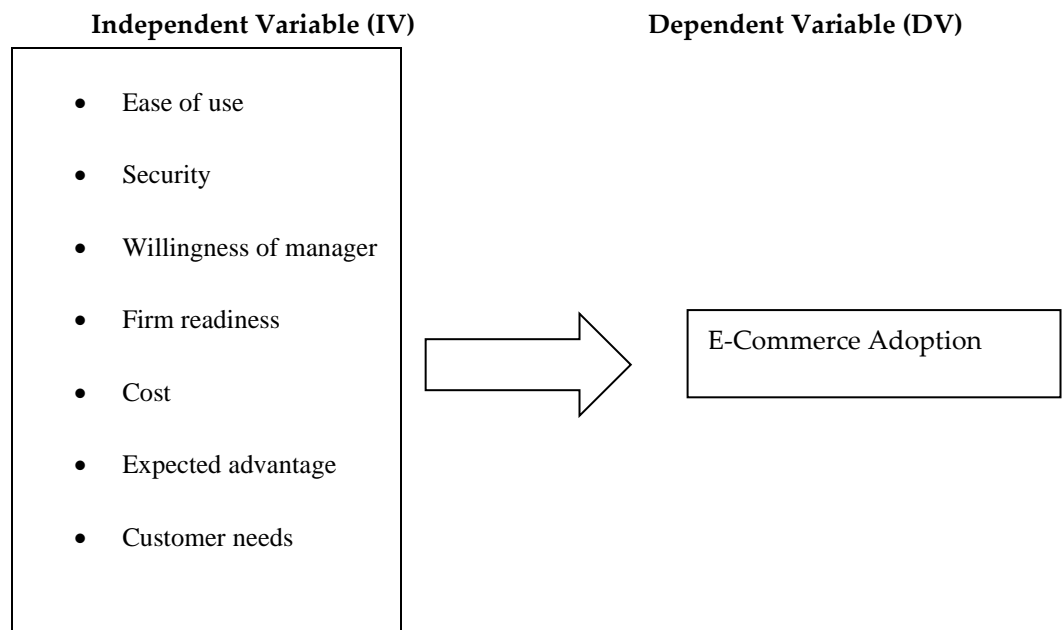


Figure 1. Theoretical Framework.

2.2.2 Data Collection

The collection of data will be conducted through a questionnaire survey. The questionnaire will be distributed or mailed out to SMEs in Iraq. The population and the sample will be determined in later stage after accessing the exact number of SMEs in Iraq.

2.2.3 Data Analysis

The data analysis will be done over Statistical Packages for the Social Science (SPSS) version 20.0. The results will be giving and complete descriptives testing and the hypothesis will be checked by Pearson Correlations to get the way and the significance of the relationships among the independents variables and dependents variables.

3. Results and Discussion

Findings and Interpretation

This study results will help SMEs in Iraq understand the factors affecting e-commerce adoption. Using SPSS 20.0 a quantitative analysis was performed on several critical variables, these includes ease of use, security, managerial willingness, firm readiness, cost, expected advantages and customer needs. The findings seem to suggest that there are other issues related to security and some infrastructure that limits the adoption, as was observed in previous studies conducted in other developing economies like Molla & Licker . Alongside this, the lack of awareness and digital trust used to interact with SMEs means that SMEs are unable to integrate e-commerce within their business model.

On the other hand, strong drivers such as cost reduction, widened markets, operational efficiency, were also found as the advantages expected in adopting. Although many SMEs perceive the potential of e-commerce, they cannot provide digital solutions due to external constraint such as regulatory barriers and lack of institutional support. The study also shows a positive association between managerial willingness and the likelihood of using e-commerce which implies that leadership is key to the digital transformation.

Theoretical Implications

By filling a crucial research gap on e commerce adoption in Iraq, where the little research that has been performed here has focused on this topic, and by employing the newly established retail efficiency measure, this study adds to the existing body of

knowledge. Previous studies have examined the adoption of e-commerce activities in developed economies, that limits the applicability of established theoretical frameworks to developing economies. The findings further support and reinforce the technology acceptance model which states that perceived usefulness and ease of use are the main determinants of the adoption of technology. In addition, the study argues of the validity of Diffusion of Innovation (DOI) theory in explaining why e-commerce is adopted slowly for the infrastructural deficiencies and socio-economic constraints.

Practical Implications

The study on the other hand from a practical perspective highlights the importance of having digital infrastructure, cybersecurity measures taken into account by policymakers, business owners and other stake holders. The implications are that interventions targeting SMEs (e.g. an awareness campaign, a financial incentive, or training program) would result in much greater SME involvement in e-commerce. The cost barriers should be alleviated by subsidy programs such as governments and the financial institutions and integrate secure payment gateways to resolve the trust issues that people and business entities have.

In addition, the findings of a willingness to adopt e-commerce role indicate that digital literacy and leadership educational actions will be of significant importance for their adoption. These practical strategies include investment on developing broadband, public private partnership and streamlined regulatory environment in order to build a more enabling environment for digital commerce to take off in Iraq.

Future Research Directions

This study lays a foundation for future research to uncover additional aspects such as the observance of industry-specific adoption patterns, the hand of the governmental interventionary role(s), and the consequent impact of digital transformation on SMEs performance in the long term. Qualitative methods, for instance, in depth interviews with business owners could be used in future studies so as to get deeper understanding of the challenges and opportunities in this field. Another perspective could be comparative studies between Iraq and other developing countries in order to understand how to overcome the adoption barriers.

4. Conclusion

The drive of those work to obtain the factor impact the adoptions of E-commerce's a small and medium enterprises in Iraq. It's can aim to get a profits and all barrier of adoption. This research is using quantitative approach; the instrument of the research is questionnaires. The social of this study is the perfect SMEs in Iraq, nevertheless, due to times and costs limitations, representative sample is 100 companies is chosen from the directory of Iraq for SMEs.

4.1 Contribution

It is expected that this research will add to the database of the Iraq literature of e-commerce adoption. Moreover, it is anticipated that the research will identify which factor influences the adoption of E-commerce so that the decision makers (official such as the government and private such as business owner) will have real information and they can build their decision based on this data.

It is expected also that among the barriers will be in the first place is the security and technical infrastructure due to the situation in Iraq. And among the benefits, it is expected to be the expected advantage and cost reduction.

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