

## FACTORS AFFECTING THE ELECTRONIC COMMERCE READINESS OF PHILIPPINE EXPORTERS

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### ABSTRACT

The value of electronic commerce transactions worldwide is projected to reach USD1,234 billion in 2002 from an estimated USD0.1 billion in 1995 (Bandyopadhyay 2001). While developed countries in North America, Western Europe and Japan lead in electronic commerce, developing countries are becoming actively involved. There is no doubt that electronic commerce plays a vital role in importing and exporting.

Electronic commerce can boost exporters' competitiveness (Sprano, Esther and Zakak, Alexandra, 2000). With the Internet as its main driving force, electronic commerce has reduced the cost of global communication, matched buyers and sellers electronically and facilitated access to information (Bandyopadhyay, 2001). Another advantage of electronic commerce is that it can create a level playing field for small and medium enterprises or SMEs (Yan, 2001).

The Asian governments and exporters know the importance of new technology and, consequently, electronic commerce, in sustaining future economic growth. Industrialized Asian economies such as Singapore, Korea, Taiwan, Hong Kong and China are growing rapidly while other Asian economies such as the Philippines and Indonesia are still struggling (Yoshida, 2001).

To promote electronic commerce capability of Philippine firms, especially exporters, DTI created the Electronic Commerce Promotion Council. Among the Council's active supporter is the Philippine Exporters' Foundation (PHILEXPORT). A PHILEXPORT official stressed that Philippine exporters have no choice but to use electronic commerce or faced the consequence of being discarded by their importers who want to transact business with those who are electronic commerce-ready (Computerworld Philippines, 1999).

Through the efforts of the Electronic Commerce Promotion Council, Philippine

Internet Commerce Society, PHILEXPORT and other parties, the electronic commerce law was approved in 1999. This law provided the legal infrastructure for electronic commerce.

Examples of electronic commerce in the Philippines include import purchases over the Internet with deliveries by parcel. The computerization at the Bureau of Customs led to the faster turnaround from raw materials to imports of finished products especially for the electronics exports (Gallagher, 1999). PHILEXPORT had been involved in the following electronic commerce initiatives (Gallagher, 1999):

1. Electronic Data Interchange (EDI) systems for textile quota information and customs operations
2. Company advertising on the PHILEXPORT web site
3. Virtual exhibit of gifts and houseware products
4. Design and pilot testing of the Philippine Article Numbering Council web site

A study on the electronic commerce readiness of Philippine exporters showed that there is high computer proficiency, high Internet connectivity and that Internet has been used mostly for electronic mails. (Interview with Allan Reyes, 2001). Exporters are ready to get involved in electronic commerce because their importers require them to be electronic commerce ready. Further, pressures from competitors who are electronic commerce ready motivated most exporters to engage in Internet and electronic commerce. Thus, the major motivator for firms to engage in electronic commerce was the efficiency motive. The exporters' internal capabilities, such as IT and computer proficiency, also motivated them to adopt electronic commerce.