

## **Barriers to Using E-Commerce Companies, Distribution Cooperatives in Tehran Province**

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### **Abstract**

One of the most important strategies to maintain a competitive advantage in today's e-commerce enterprises is considered. Due to the implementation of the 25 percent target for the cooperative sector of the economy has and considering the fact that a substantial volume of distribution cooperatives had formed firms in Iran Identify barriers and problems in the application of e-commerce will be particularly important. Accordingly, the present study aim's cooperatives in Tehran province intends to review such obstacles. Kind of applied research and quantitative and retrospective data collected in the questionnaire. In this study, 4,000 cooperatives in Tehran province comprised the sample size of 187 was calculated using Cochran's formula. Results from the study show that financial constraints and technical difficulties and behavioral barriers - the most important cultural and inter-organizational barriers and lack of preparedness and lack the necessary business partners - not enough competition in the business similar and lack of preparation and of customers' interest external obstacles in the application of e-commerce distribution cooperatives in Tehran province are considered.

**Key words:** E-commerce, cooperatives and distribution of internal barriers, external barriers

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### **Introduction**

In today's world due to the turbulent environment of all businesses are evolving, and new businesses are being born. One factor is the evolution of business technology. Information and communication technology as one of the new technologies resulted in dramatic changes in the business world is that of including the development and integration of businesses into e-commerce. To succeed in the world of electronics and e-commerce planning first and most important step is to identify the barriers to e-commerce. Organizations to design and implement appropriate strategies need to be aware of the obstacles to adopting e-commerce and e-business. These barriers are divided into two categories at home and abroad. For the successful implementation of e-commerce organization should have a set of internal resources and capabilities. Infrastructure should also be external, environmental and legal issues such as infrastructure readiness and ability to be good partners and competitive environment. In Iran, the use of e-commerce in the early stages and is mainly regarded as a promotional tool. In order for companies to go beyond this stage and multiple benefits to attract e-commerce should identify barriers.

The research hypotheses are:

1. Lack of financial resources in distribution cooperatives in Tehran prevented the use of e-commerce in companies.
2. Technical problems in the distribution cooperatives in Tehran prevented the use of e-commerce in companies.
3. Behavioral and cultural barriers to distribution cooperatives in Tehran prevented the use of e-commerce in companies.
4. Lack of knowledge and lack of ability to be cooperative partners in the distribution of Tehran to prevent the use of e-commerce in companies.

### **Theory and literature**

#### **Literature**

##### **Cooperative**

Is a collaborative group of people who fit the same class or a neighbor, friend, relative or fellow citizens to achieve common interests come jointly and help each other, and to provide the mortgage or buy groceries or credit union loans Field's work, respect and collective problem fixed capital among them. In fact, participants together, they created a small population, for example, in the procurement of goods for its members, with each member's part of raising money needed; commodity bought and members of the alike cost or profit minor. It sells through intermediaries to members and non-essential businesses, and business owners are eliminating jobs. Members of the cooperative may not have the capital and share the profit equally, but each member regardless of the percentage of shares, and the shares to vote is not a vote. In fact, cooperatives, relies on members not to invest.

##### **Cooperative in Iran**

The cooperative sector in 1991 was approved by Parliament. The first article of this law, outlined the objectives of the economic system, including the conjunctive sector, to prevent the government from being the major employer, employment, placing the means of work for those who are able to work but do not have the means to prevent the concentration or circulation of wealth, prevention of monopoly, speculation, inflation, was injurious to others.

In recent years with the implementation and explanation of Article 44 of the constitution, the privatization of the public sector, co-operatives as the most important and worthiest of the private sector in this submission were noted were the many benefits. Cooperatives also enjoy the benefits of tax cuts in some types of cooperatives.

##### **A variety of cooperative activities**

1. The production cooperative company for employment in matters relating to agriculture, animal husbandry, animal husbandry, farming and fishing, fisheries, industry, mining, urban, rural, nomadic and so operates a total of a production unit within the office as well.

2. Cooperative distribution company in matters relating to the preparation and distribution of goods, housing, and other services serves the needs of members. Those cooperatives that their activities are the production and distribution of both production and distribution cooperative called.

3. Production cooperatives such as ranchers, farmers, beekeepers or industry and any others that have been mentioned in the category of production, the establishments of cooperatives to meet their needs of distribution cooperatives (supplier requires producers) are considered.

The type of cooperative membership

1. General Cooperative:

The company that its membership is open to all, members of the cooperative at least 500 people, according to the Ministry of Cooperatives has set operative determined.

2. cooperative particular:

Company to its membership for a specific group, such as workers, students, farmers, women, doctors, lawyers, members of the Guild and certain occupations and so determined to comply with conditions of release.

All kinds of cooperatives in terms of orientation

- Agriculture
- Industrial
- Mineral
- Services
- Housing
- Handmade Carpet
- meet the needs of producers
- Supplier Consumer
- Credits
- Transportation
- Multipurpose
- Natural resources

General Conditions

Cooperative least seven members can be established that the lawful requirements for membership in the cooperative have. Including Iranian nationals, lack of legal prohibition and stone, and the member cooperatives are not similar. Cooperative company established by the founder, and after that invites those terms have become a member. The Founder of the Statute and other characteristics of cooperative action plans and cooperative agreements to get permission from the Ministry of Cooperatives and are then recorded a cooperative of the Ministry of Cooperatives, the company shall be registered, then the license the establishment of cooperative's Ministry issued. Members of the general assembly meeting, board members and investigators chose their cooperative. All are equal and all are partners in cooperatives and in terms of race, language, color, nationality, occupation, etc., None of the members are not superior to another. The degree of cooperation and prosperity in the country's universities accepts students.

#### **E-commerce models**

E-business models result of the interaction of three major groups of individuals in a society of economical views that include: State or Government and business organizations and economic organizations and product manufacturers and service providers in Business, and the general public that the latest buyers of the final goods or services the Consumer.

Model B2B<sup>1</sup>:

In this model the relationship between two or more organizations and economic institutions and manufacturers of raw materials and manufacturers of various types of consumer goods and providers of various types and desired service In fact, ED<sup>2</sup> is the model developed earlier version of this model includes the operations that were carried on the EDI<sup>3</sup> it means an exchange of information and data and order entry and sales, and continue to exist; However, the new model of communication is a very open and flexible process is designed so that producers and manufacturers of raw materials and goods retailers and distributors can have a direct relationship with each other. This model is considered as the most important e-commerce model and the short time since its creation has been considerable income to the holders of the capital. According to available statistic's businessmen and activists in the field able to earn \$ 43 billion in 1998 to \$ 1,300 billion reached at the end of 2004.

Models B2C<sup>4</sup>, C2B<sup>5</sup>:

These two models represent the correlation between the original manufacturer of various goods with suppliers and buyers of final products and services. In these two models, manufacturers can identify end users of their products and offer their products directly to them. C2B model, consumers can turn to the producers it serves more favorable conditions and each was to choose a leader in B2C model more appropriate customer information is limited mainly to the properties of the materials needed and there is little information about a supplier, or it is impossible prices. C2B model customer to a vendor or vendor's bid, but in this model, B2C companies are the supplier to offer the customer an offer to sell.

Model C2C<sup>6</sup>:

<sup>1</sup> Business2Business

<sup>2</sup> Electronic Data

<sup>3</sup> Electronic Data Interchange

<sup>4</sup> Business2Consumer

<sup>5</sup> Consumer2Business

This e-commerce model is based largely on that Pyramydyar designer and owner of the eBay site, and people like him have created innovative. In the C2C sellers of goods it was possible to find that in a large environment to provide goods to final buyers. Today, due to a broad category that is to come from eBay, this site is known as a symbol of C2C is made. Site eBay has \$ 20 billion in 2002 to provide income for their owners.

#### **Models in relation to the state (government):**

Model associated with the government can be divided into three categories. The first category is the model B2G<sup>7</sup> and G2B<sup>8</sup>. The two organizations, institutions and government agencies and government-related financial institutions, businesses and company-producers and providers of goods and services. In this structure, the parties refer to each other and interact with each other through computer networks to do business among themselves. C2G<sup>9</sup> and G2C<sup>10</sup> model is the second category. The two discussed the relationship between people and government, and between government and people have rather than commercial in nature around services to people that the government can provide or facilitate financing and government people in the field of tax and similar bypasses. The two activities include a variety of identification documents, banking operations and getting information from the government. The third category G2G<sup>11</sup> is based on the relationship and interaction between government agencies, provide two or more ministries and municipalities, such as communication with the police, the Interior Ministry, military institutions and include the screw.

E-commerce includes sales, marketing, and information services for goods and services via the Internet and other networks.

E-commerce means doing activities with the aim of exchanging money and goods and services, and information occurs.

E-commerce development, marketing, sale and delivery of all processes and services and electronic payment for goods and services exchanged in markets and universal customer network and is the global network of support partners are entitled. O'Brien (2008)

The advantages of e-commerce:

There are many benefits of using e-commerce. At the micro level, economic use of e-commerce saves costs and reduces transaction costs and increases the effectiveness and change management processes and the establishment of firms and reduce the cost of exploring and easier access to information and adjustment of power between producers and consumers and reduce restrictions on market entry and increase competition and reduce monopoly profits and so on will be followed.

#### **Organizational factors.**

Organizational factors as the context in which they should be appointed on a significant role in the success and failure of this new technology will play. Different aspects of organizational factors can be things like:

Leadership and management, corporate culture and considered financial structure.

#### **Inter-organizational systems**

Inter-organizational information systems, including the flow of information between two or more organizations that the main purpose of transfer orders, and billing and payment processing efficiency of the process are like.

Inter-agency information systems can locally or large. Khani Nasrallah (2007)

#### **Infrastructure required for the development of e-commerce**

Research and studies both inside, and outside the country e-commerce infrastructure required to examine that each one some aspects of e-commerce infrastructure required to show up. With a thorough and rigorous, and can be combined with a relatively comprehensive model of e-commerce infrastructure to create. Ja'farnejad2009 spring race and others (2002)

#### **Meet some marketing terms**

1. electronic data interchange:

Transmission of data via computer and the Internet or any other means.

2. E-mail or E-Mail:

Service on the Internet through which correspondence is paperless and send and receive mail electronically done.

3. Browser:

Browser software is software, which can be viewed page's computer graphics software for Internet browsing is three items:

- web browser
- Net Scope
- Firefox

#### **Background Research**

The work undertaken in the field of e-commerce in the world

Measures taken in America:

America's e-commerce strategies based on five principles:

1. The private sector must play a major role in this context.
2. The government should avoid the use of e-commerce unjustified restrictions.
3. Where the purpose of the government is required to support and enforce a simple and predictable and consistent rule and limits for the trading summary.

<sup>6</sup> Consumer2Consumer

<sup>7</sup> Business2Government

<sup>8</sup>Government2Business

<sup>9</sup> Consumer2Government

<sup>10</sup>Government2Consumer

<sup>11</sup>Government2 Government

4. The government should consider the unique characteristics of the Internet.

5. E-commerce over the Internet should be facilitated globally.

The government required that all goods and services via the Internet exchange are exempted from customs duties, and all constituent equipment is also exempt from the provisions of the tariff. In addition, the government prevented the imposition of any new taxes and discriminatory trade through the Internet.

#### Measures taken in India:

Monideepa Tarafdara with fans and colleagues in 2006 to review the organizational dynamics in the development of e-commerce in India's influence. They analytic and exploratory qualitative research methods and statistical population Hindi four companies in the financial services industry and personally interviews and data collection industry information and business documents have been press reports. The results of this study organizational dynamics influence the development of e-commerce in order of importance are: excellent leadership, organizational features, and characteristics of information systems professionals.

#### Measures taken in Malaysia:

Rajesh and Bee Theng Lau to review the main obstacles in the development of e-commerce among small and medium companies in Malaysia began. Method of quantitative and exploratory study population included 205 of the 624 companies registered in the state of Sarawak; Malaysian SMEs with random sampling and data collection is a five-part questionnaire. The results of the main barriers in e-commerce among small and medium businesses in order of priority are: social and cultural factors, technical factors, financial obstacles.

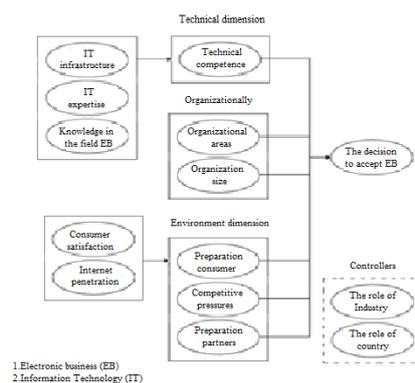
#### Measures taken in Singapore:

The Singapore government has taken an active role in the development of e-commerce infrastructure. In fact, as a catalyst to encourage the private sector to participate in developing the e-commerce played. When the Singapore government realized the potential of e-commerce and its effects on the economy and leading role in the implementation and deployment of an e-commerce leaders claimed. Coordinated by the government's plan to create a national information infrastructure and expanding the use of IT in all sectors of society. The Singapore government information technology to stimulate economic growth and national competitiveness has used to gain power. Government initiatives in the field of e-commerce have had a significant positive effect. As more and more companies in Singapore have used the applications of e-commerce activities. Statistics and research findings have shown that many organizations move to implement e-business and e-commerce by the private sector has been substantial government is beneficial for them. Chitura (2008)

#### Development of hypotheses and model

To study the mechanical innovation and public acceptance Tornatzky and Fleischer TOE<sup>12</sup> framework presented in 1990. The framework of the three aspects of an organization, including the organization - technical and environmental influences on the process and the result of an organization's technical initiatives and considers accepted. After mainly by several criteria such as size of the organization - Focus - the complexity of the administrative structure - the quality of human resources and the scarce resources evaluated. Including technologies related technical inside, and outside the organization as well as the technology becomes commercially available. The environmental conditions under which an organization conducts its business and the industry - competition and access to resources provided by others and communicate with government. With regard to the conceptual model of the TOE and pedestal under the Kevin and colleagues to e-business adoption is presented.

Figure (1): Kevin conceptual model for the adoption of e-business



#### Research Methodology

Because this study was to assess the quantitative variables in the form of a survey and other activities intended to use the results in development of executive projects are part of a retrospective and applied. The method is also descriptive. The variables of this study can be classified in two independent variables and the dependent variable. The use and development of e-commerce as the dependent variable and the technical infrastructure and infrastructure behavior - in the realm of culture within the organization and pressure from competition and pressure from customers and business partners in the external preparation is as independent variables. In this study, questionnaire as the primary method of gathering information on the Likert scale was used. In this study, the number of distribution cooperatives in Tehran province in 2010, according to statistics provided by the

<sup>12</sup>Technology - Organization - Environments (TOE) Framework

Statistical Office of the Ministry of Cooperatives 4000 that the Managing Directors or a member of the Board of Directors considered and used as a population sample of 187 sample size is calculated respectively.

$$n = \frac{Nt^2 pq}{Nd^2 + t^2 pq} = \frac{4000 \times (1/96)^2 \times 0/25}{4000 \times (0/07)^2 + (1/96)^2 \times 0/25} = 186/84 \cong 187$$

n = volume of sample

N = size of the study population

t = Confidence

d = potential efficiency

p = the variance estimation

The validity of the various types of measurement and was confirmed by experts. Reliability was assessed by Cronbach's alpha reliability was perfect and represents the amount of, which is 0/83. Spss software for data analysis and t-test and Friedman is one example.

**Data analysis**

Given the above, we can say that in general, to remove barriers and facilitate the deployment of e-commerce are three basic elements:

- State or Government
- University
- industry

Government legally and regulations necessary to provide financial aid and tax measures to provide support and facilitate e-commerce. As well as the source of theoretical debate and the theories and findings of modern e-commerce enabled in the field of e-commerce development and discovery and to run promotional schemes in the industry. As well as to incorporate e-commerce industry is practical and laboratory and university systems are practical consideration in this section is executed.

**Conclusion**

The results of the study hypothesis:

**The First hypothesis:**

"The lack of financial resources in distribution cooperatives in Tehran banned the use of e-commerce in this company."

Table 1: variable hypothesis and the average rank

The average rank	The first assumption variables
2/96	<b>The cost of installation and the purchase of software and hardware</b>
2/25	<b>The cost of staff training</b>
2/07	<b>Internet subscription fees</b>
2/71	<b>Ongoing maintenance costs</b>

Table 2: test the hypothesis Friedman

The significance level	Degrees of freedom	Square	Number	Friedman's first assumption test
0/000	3	168/241	187	

1.The estimates for the same level of significance of variables assumed average rank first in terms of its effectiveness as a financial barrier is equal to 0.000. This indicates there is a significant difference between mean scores of variables is predicted at 99%. Hence it can be said that the cost of purchasing and installing the necessary hardware and software and the cost of internet subscription with an average rank 2/07 and 2/96 average rank the highest and lowest impacts on financial obstacles are detected.

**The second hypothesis:**

"Technical problems in distribution cooperatives in Tehran banned the use of e-commerce in this company."

Table 3: Variable's second hypothesis and the average rank

The average rank	The second assumption variables
4/42	<b>Lack of accepted standards in cyberspace</b>
4/19	<b>Low-speed Internet</b>
4/62	<b>Difficulty in continuous software updates</b>
3/28	<b>Human resources was not familiar with the concepts of E-commerce</b>

Table 4: test the hypothesis Friedman

The significance level	Degrees of freedom	Square	Number	Friedman's test the second assumption
0/000	6	228/738	190	

2. Difficulty in continuous updating of software and e-commerce systems with mean scores of 4/62 and a lack of Human resources familiar with e-commerce with an average rank of 3/28 the highest and lowest impacts on the technical problems are detected.

#### The third hypothesis

"Behavioral and cultural barriers to distribution cooperatives in Tehran prevented the use of e-commerce in this company."

Table 5: variables The third hypothesis and mean scores

The average rank	The third premise variables
5/93	Disclosure of Information and Personal Privacy
6/82	Change current working habits and behaviors
4/56	Benefit from company profile From E-commerce
5/60	Reduce the number of Human resources

Table 6: Friedman The third hypothesis test

The significance level	Degrees of freedom	Square	Number	Friedman's test the third assumption
0/000	9	281/121	187	

3. It can be said change current working habits with an average ranking 6/82 and not benefit from e-commerce companies with the highest and lowest average rank 4/56 effects on behavioral and cultural obstacles are detected.

#### The fourth hypothesis:

"Lack of knowledge and lack of ability to be cooperative partners in the distribution of Tehran to prevent the use of e-commerce in this company."

Table 7: The fourth hypothesis variable and the average rank

The average rank	The fourth assumption variables
1/50	Preparation of necessary infrastructure partners
1/50	Trust and confidence of business partners

Table 8: The fourth hypothesis Friedman test

The significance level	Degrees of freedom	Square	Number	Friedman's test the fourth assumption
0/655	1	0/200	187	

4. Significant level estimated for the same quarter in terms of its effectiveness as a means of ordinal variable's hypothesis was not ready, and the necessary capability to trading partners was at 0/655, which represents a significant difference between means of ordinal variables in the fourth hypothesis level is 99% and 95% of the variable effect can be said that both are relatively similar.

According to the aforementioned specific financial obstacles and technical problems and behavioral barriers - cultural as organizational barriers and lack of preparation and lack sufficient competition in similar businesses and the lack of awareness and the willingness of our customers as barriers to external the e-commerce use cooperatives are distributed in Tehran province. The results showed that the constituent elements of financial obstacles in order of importance as follows:

1. The cost of purchasing and installing the necessary hardware and software
2. The cost of maintenance of e-commerce
3. The cost of staff training
4. The subscription fee for Internet

#### Offers

Due to identify barriers to using e-commerce distribution cooperatives in Tehran province executive strategies to address them are presented below. The continuous implementation of the proposals presented his government and the Ministry of Cooperatives and trade unions and cooperatives in Tehran province is distributed.

- Subsidies and other financial facilities to distribution cooperatives in Tehran province to establish the e-commerce platform
- Free computer and Internet training
- Carry out a technical feasibility study for the implementation of e-commerce distribution cooperatives in Tehran
- Given the universality and integrity of the data and e-commerce services in the different layers of software architecture for distributed cooperative
- Seminars and workshops in the field of e-commerce

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