

CRITICAL SUCCESS FACTORS ANALYSIS OF E-COMMERCE IN MSMEs (MICRO, SMALL AND MEDIUM ENTERPRISES) IN EAST JAVA

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Abstract

E-commerce as a method of online transaction starts growing and is often discussed by business actors along with the rapid advances in technology. Since the implementation of e-commerce is recognized to provide variety of benefits such as ease of transaction that can be done anytime and anywhere, it shifts the habits of people which tend to carry out online transactions (online shopping). In the present day, many large-scale businesses and micro businesses, small and medium-sized enterprises (SMEs) start to implement e-commerce. The fact is a lot of businesses can gain benefit the success of e-commerce. On the other hand, it is also a lot business actors who does not know if their implemented e-commerce have been successful, and even many of them have failed to do so.

Hence, this study was conducted to determine the factors that affect the success of e-commerce with reference to the theory of e-commerce success in previous studies. The research theory categorizes the success of e-commerce based on four factors: internal driving forces (Internal Drivers), external driving forces (External Drivers), internal inhibitor factor (Internal Obstacles)

and external inhibitor factor (*External Obstacles*). The method of analysis used in this study is the *Generalized Structured Component Analysis (GSCA)*. Tools used to analyze the data are *SPSS* and *GeSCA*. The result of the analysis from 222 SMEs showed that: (1) *Internal Drivers* have positive influence on the success of e-commerce, (2) *Internal Obstacles* have negative effect on the success of e-commerce, (3) *External Drivers* have positive influence on the success of e-commerce, and (4) *External Obstacles* have negative effect on the success of e-commerce. Also, the result of this study will provide recommendations to improve the success of e-commerce in SMEs.

Keywords : e-commerce, critical success factor of e-commerce, SMEs, Internal Drivers, Internal Obstacles, External Drivers, External Obstacles, Generalized Structured Component Analysis (GSCA) .