



**Thai Nguyen University**

**Socialist Republic of Vietnam**



**Southern Luzon State University**

**Republic of Philippines**

**FACTORS AFFECTING THE ADOPTION OF E-COMMERCE MODEL  
DEVELOPED FOR SMALL AND MEDIUM ENTERPRISES IN VIET NAM**

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**A Dissertation**

**Presented to the Faculty of Graduate School**

**Southern Luzon State University, The Philippines and**

**Thai Nguyen University, Socialist Republic of Vietnam**

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**In Partial Fulfillment  
of the Requirements for the Degree  
Doctor in Management**

**By**

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**May 2013**

## **Abstract**

E-commerce can be an important source of competitive advantage for most business organizations, especially small and medium enterprise sized (SMEs). This study examines the factors that influence e-commerce adoption in Vietnam SMEs .

By studying the ecommerce model advantage and SMES' Readiness to Adopt, this study proposed and validated a predictive model.

Developed from the technology acceptance model and other relevant researches in the area, the author identified six factors that influence electronic commerce adoption in VietNam as follows: Capacity of the firm to start e-commerce adoption; compatibility of e-commerce to the value, work practices, and technology at the firm; influence of managers on e-commerce adoption; effect of the ease of use on e-commerce adoption; effect of the usefulness on e-commerce adoption; and effect of effectiveness on e-commerce adoption.

To validate the research model, 200 questionnaires were collected from 200 SMEs in HaNoi.

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# CHAPTER 1

## INTRODUCTION

For recent decades, Information technology (IT) has been changing the world by significantly contributing to fasten the globalization process in which all competitors come to have equal opportunities in a flattened world as well as creating a real revolution in every field of science and life.

The application of IT in production and business is not out of this trend either. The concept of IT application in commercial activities, also known as e-commerce, came into the world and become a new trend. E-commerce has been gradually replacing the old ways of doing business because of its various prominent advantages, such as faster buying/selling procedure, lowered operational costs, more convenience for customers to place orders, increased efficiency with unlimited space and time properties, etc.

However, for developing countries in general and for Vietnam in particular, e-commerce is a relatively new thing although the development of this trend have been taking place in both width and depth. It has not actually been completed for this area in State management. The application in the enterprises as well as in the agencies and organizations is also at explorative level, to support the traditional business form or to combine these two forms with each other.

In fact, many enterprises have applied and developed e-commerce and some of them have become good models in this area such as VIETGO, a pricing joint stock company with e-commerce page [www.vatgia.com](http://www.vatgia.com); and Peaceoft solution company with website [www.chodientu.vn](http://www.chodientu.vn), etc...Despite its increased popularity, the exploitation and application of e-commerce are always two sides of a problem:



Firstly, we are in a transitional period from traditional business to e-commerce business method, so it is necessary to always make pragmatic and short-term comparison of the efficiency between these two methods.

Secondly, there also requires a different and more intellectual way of looking at e-commerce. In order to successfully apply and develop e-commerce, it is required that negative aspects such as a fraudulence, distrust and sabotage, etc. are limited by raising public awareness, developing firms' policy, executing management of e-commerce. These things, however, have been difficult to control because of the fast, powerful and high-tech characteristics of e-commerce.

The development of e-commerce has happened in the same manner as the development of traditional commerce, in which the first step was unprompted as each individual, company, agency or organization realized its internal benefits then it became more advanced and multiform. However, to expand and develop it to a high level as well as to create real benefits for society, it needs an intervention of "*State hand*" from the angle that these entities can not or do not want to do.

For the above reasons, there is a question to ponder how do we develop and manage e-commerce in order to minimize the negativity and make optimal use of the positivity, and to successfully promote high efficiency to the society, the community, and each individual?

### **1.1. Background of the Study**

It can not be denied that benefits achieved by e-commerce have a great impact to the development of a nation's economy. Many developed countries in the world, among which United States was the first, have created favorable conditions for e-commerce to be developed, leading human being in achieving great business results.

Although there are many problems needed to be solved in the application of e-commerce, the developed countries, realizing its huge advantages, has quickly employed and developed e-commerce with the expectation of achieving the foundation for digital economy.

Internet is changing the lifestyle and the way of working. Internet creates good conditions for everyone, from university researchers and students in big cities to people in remote mountainous areas, in which everyone has the opportunity to access the same endless information resources. Moreover, Internet also provides means of communication for people or places to carry out transactions at any time. Enterprises with different scales all can communicate to their partners and customers via Internet. Online activities help them quickly get necessary information, thereby improving the quality of products and services with low cost.

The Government of Vietnam has placed special emphasis on developing e-commerce and assigned the Ministry of Commerce to be the key agency who is responsible for examining and constructing the projects of e-commerce development in Vietnam. On 22/11/2001, the Center of Promoting Software Development, directly under Department of Vietnam Trade and Industry, opened the first training course named "E-commerce for Business" that was held free in Dong Nai with the purpose of helping enterprises step by step approach e-commerce and serve business activities on Internet.

Since an initial application of e-commerce still faces a number of difficulties, it is essential to create real power, which comes from the infrastructure for e-commerce, strategy to develop e-commerce business in small and medium enterprises, government support, and awareness of business e-commerce applications in business. The intelligentsia needs to meet the requirements of specialty, and the cultural