Economics and Electronic Commerce

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The economic downturn, especially in information technology investments, has had a big impact on the adoption of new e-commerce technologies. In the last two years, Managers and investors have become especially skeptical of investments in e-commerce. In this mini-track, we present a number of papers to help understand and evaluate e-commerce ventures.

Grandon and Pearson combine two independent research streams to examine the determinant factors of strategic value and adoption of electronic commerce as perceived by top managers in small and medium-sized enterprises (**SMEs**) in the Midwest region of the U.S. Their analysis reveals a significant relationship between the perceived strategic value of e-commerce variables, such as organizational support, managerial productivity and the factors, such as organizational readiness, ease of use, and compatibility, that influence e-commerce adoption in SMEs.

The role of compatibility and organizational networks in determining the adoption and diffusion of Web technologies is examined by Quaddus and Ajchari. They construct an empirical model and evaluate it using data from Indonesian financial institutions. They find that organizational networks for supporting e-commerce initiatives are important in understanding the economic significance of investments in these technologies. Madeja and Schoder take the next logical step of evaluating the impact of "Web features" on the overall corporate success of e-commerce. They evaluate Web implementations and do an inventory of features, such as interactivity and immediacy, for a sample of over a thousand firms. They then analyze the relationship between the availability of these features and the corporate success of e-commerce ventures, as measured by revenue and profit growth, loyalty of customers, cost reduction, etc.

Success of e-commerce ventures in the business-to-business arena is examined by Levi, Kleindorfer and Wu. There was an explosion of e-commerce supply procurement exchanges in 1999 and 2000. Although many of them have since ceased to exist, there are still quite a few that continue to function. The authors construct a model in which market participants decide whether to use a spot market or use long-term contracts to procure their supplies. They show that transaction codifiability, or standardization of the items or services being sold, is a significant determinant of spot market success. Moreover, goods and services that are not easily codified or closely specified are best sold through long term contracts. The authors construct a model and test it empirically.

Application service providers (**ASPs**) are a new class of information service vendors that offer remote execution and processing of information technology functions. The Internet and Web technologies underlie this marketplace. Desai, Weerakkody, Currie, Tebbouneand Khan examine the strategies employed by ASPs. They start by outlining theoretical aspects of outsourcing and ASP strategy, and then examine the strategies developed by two European ASPs. This study presents and example of strategy formulation in a rapidly changing marketplace.

These papers will be presented in conjunction with others from the Competitive Strategy and Information Systems mini-track in the Organizational Systems and Technologies Track. Viewed as a whole, they represent a variety of new perspectives in research that draw on several academic disciplines and that offer senior managers fresh insights into how to make sense of critical managerial issues that they face.

At the Wharton School of the University of Pennsylvania, the Simon School of University of Rochester, and the Carlson School of the University of Minnesota, respectively.

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