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**E-BUSINESS IMPLEMENTATION OF SMEs IN
SURABAYA AND SURROUNDING AREA:
A SERVICE-BASED ECONOMY**

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ABSTRACT

This study aims to explore the adoption and application of e-business to SMEs in the application and implementation of service-based economy. Some of the key findings that can be highlighted in this study include: First, the objectives of SMEs to adopt e-business and information technology are mainly related to efforts to increase competitive advantage, meet customer demands, and improve competitiveness. Second, changes in economic conditions and consumer demand for quality are the dominant external factors affecting SMEs decision in adopting e-business and information technology. Third, the dominant internal factors affecting the company's decision to adopt e-business and information technology is the implementation of technology-based business strategy. Fifth, the common problems facing SMEs involved in this study can be identified as follows: CBIS implementation, use of social media applications, basic IT and traditional website usage, raw material control and customer complaints systems, corporate financial records system, computer provisioning services, adoption of data managing machines and training for maintenance becomes. Sixth, low trust, doubt on online services, so consumers prefer transactions in physical stores. Seventh, the results of the study found that the sales and marketing sectors of the idea of e-business adoption and information technology based on functional areas, while the top management of the idea of adoption of e-business and information technology based on management level. Eighth, there are several strategies in managing e-business and information technology including: system maintenance, top management commitment, implementation socialization, business network development, service speed and data accuracy, corporate business information update, increasing market share, customer needs accommodation, and update data continuously. Ninth, the majority of SMEs views the adoption of e-business and information technology. Tenth, improving company

productivity, accelerating services, ease of communication, business efficiency, image building and partnerships in business networks, and ease of financial management are some of the benefits of e-business adoption and information technology. Based on the findings in this study, it can be concluded that SMEs have a perception that service-based economic services are essential for business as an effort to add value to the company, expand markets, and as an important strategy in the face of uncertain business

competition. However, this strategy is still not widely used by SMEs. The role of e-business in a service-based economy is critical, especially in facilitating the establishment of business networks, supporting the speed of service, ease of transactions, and ease of access to information for customers.

KEY WORDS: *e-business, Service Excellence, SMEs*

INTRODUCTION

1.1. Background

Implementation of internet-based electronic business (e-business) is rapidly growing not only in large-scale enterprises but also in small and medium enterprises (SMEs). E-business has the meaning of using internet technology to improve business processes, eliminating manual processes and replacing them with automated processes or accelerating the availability of information needed for decision makers (Zhu et al., 2002). The adoption of e-business at SMEs will provide benefits in creating better information management, better supplier and vendor integration, and lower transaction costs. Through the implementation of e-business, companies can improve business processes and service formats delivered to customers.

To support the success of e-business exploitation, it is necessary to link the organization's business strategy with technology that will support organizational strategy (Wang and Cheung (2004). This research will explore the challenges and opportunities faced by SMEs in adopting e-business so as to compete with large companies and has a competitive advantage. Deperindag (2002) in Sugiharto et al (2007) mentions that one of the main weaknesses of small businesses in Indonesia is the ability and aggressiveness of accessing the market of small entrepreneurs is still limited and still the limited use of information technology to promote small business (Suyanto, 2005). In details, the problems and objectives of this study will be outlined in the next section of this proposal.

1.2. Research Objectives

Based on the background of the above problems, this study has several objectives, among others:

1. To know the purpose of implementing e-business by SMEs in Surabaya and surrounding areas.
2. To know the external and internal factors those encourage SMEs in Surabaya and surrounding areas to adopt e-business.
3. To find out how e-business management is done, what does the company do before implementing e-business, information technology, what basis is used as consideration in adopting new technology, from which source new ideas are obtained, and who monitors technology implementation e-business and IT.

4. To know the factors that supports the adoption of technology and what obstacles faced in the adoption and implementation of technology.

5. To know the technology strategy is done, that is by looking at technology sourcing, the type of IT and software more dominant as well as in what areas of the company adopts and practice new technology.

6. To find out how the company develops technological capabilities (IT and software) and the expected benefits as well as those that have been obtained by adopting new technologies.

LITERATURE REVIEW

2.1. Service-Driven Economy: New Paradigm in the Global Economy

Competitive business competition and the rapid development of information and communication technology resulted in the shortening of the product life cycle because companies are competing to offer something new and valuable for consumers (Porter, 1998). Competition is no longer an inventory-driven system but rather a service-driven system, where consumer demand is a controlling factor in competition rather than driven by inventory systems (Boubekri, 2001). To achieve competitive advantage, service must be an integrated part of business implementation to realize superior customer value (Ellitan and Anatan, 2007). The global economy is faced with a paradigm shift towards the convergence of digital technology, intellectual property, and customer supremacy (Chang and Li, 2003). Chang and Li (2003) suggest four developmental components that make e-business a key component and a key driver in the new intellectual, demand-driven, and interconnected world intellectual paradigm.

The role of e-business in service-driven economy results in the elasticity of space and time limits in responding to changes in the business environment (Ellitan and Anatan, 2007). SMEs, business partners, consumers and workers are involved in the innovation and adoption process of e-business, so that intellectual cooperation and asset become the focus of value creation. E-business will enhance the company's long-term competitiveness through increased profitability. E-business includes not only buying and selling but also customer service, collaboration with business partners and building organizational interaction (Shu-Jun, et al. 2007). E-

business includes inter-institutional business activities conducted via the internet, extranet, intranet, or private network (for example, related to credit / debit card payment systems).

2.2. Adoption of E-Business in SMEs: Opportunities and Challenges

Increasing the adoption of e-business in SMEs is a form of corporate action to respond to the development of a more competitive business environment that requires the company to be able to improve its competitiveness not only through the achievement of cost advantage or product differentiation but also able to provide fast and satisfactory service for consumers. In this condition, good cooperative relationship between company and consumer or business partner can be managed well through communication to establish cooperation in long term (Anatan and Ellitan, 2009).

The obstacles still felt in the e-business adoption process by SMEs are resource constraints, limitations of economies of scale, does not seem to benefit from a web-based process (Crisman, 2004). Crisman (2004) argues that e-business creates opportunities for SMEs through two major business transactions: consumer transactions and transactions with partners (both suppliers and distributors). E-business provides an opportunity to maintain productive relationships with partners through several things (Laudon, 2010): 1) projects can be managed through shared web-based tasks; 2) companies can ensure that other resellers and marketing partners have access to marketing collateral; 3) the company can implement vendor-managed inventory system. Companies have access with suppliers to maintain inventory that can provide satisfaction for consumers through the fulfillment of consumer demand.

Various challenges may be faced by SMEs in adopting e-business. The first challenges faced by SMEs are related to today's business challenges, adoption drivers of e-business adoption at SMEs, as well as approaches to adopting e-business (Boateng et al., 2008). In the global economy, the challenges of business competition arise because of the differences in the business environment faced by SMEs resulting in an increase in productivity gap between each of the business environments in which the company operates. The second challenge relates to the drivers of e-business adoption. To decide on the adoption of e-business, it is necessary to consider the complexity factor (i.e. related to technological factors and business environment) and transactional benefits factor (revenue increase and cost reduction). Some other supporting factors to note are usability, development, availability of technology, system compatibility, strategy development, and skill intensity. The third challenge relates to a new approach in e-business adoption at SMEs. Issues related to this challenge include the

following: 1) business to business (B2B) linkage model that is compatible with SMEs i.e. linking operator model, open sources application, or infrastructure, and digital ecosystem, partner role in the project as a consulting partner, process integrators, ERP-vendor, linker operator and other support services. In order to take advantage of opportunities or opportunities of SMEs in the process of adopting e-business and addressing various challenges, the company needs the right information both in terms of infrastructure and service support (Turban, et.al, 2004). The innovation process developed through e-business adoption provides several benefits for both the organization, for consumers, and for the social community (Ellitan and Anatan, 2009). Some of these benefits include the goal of achieving better information management, better supplier and vendor integration, better channel partnerships, shorter transaction costs, better understanding of markets or business environments, and expanding geographic share (Damanpour, 2001).

2.3. The Success Factors of E-Business Adoption of SMEs

Julius (2014) suggests that previous studies have shown that e-business offers potential benefits for companies including broader geographic access, lower information exchange costs, lower transactional costs, lower marketing costs, strong customer relationships, and base dimension of price. The adoption of e-business is expected to add value to the company. To realize the benefits that can be derived from the adoption of e-business, companies need to identify the determinants of successful e-business adoption.

Appelbaum, et al., (1998) suggest several attributes that are the determinants of organizational success that can be classified in strategic factors related to the environment, structural factors, and management orientation. Successful organizations need to focus on their customers and needs, adapt the structure to meet the needs, emphasize the creation of actions that ensure the achievement of goals, and the management commitment to create the core expertise of the company (Appelbaum et al., 1998). Porter (2001) argues that to be able to participate in a demand-driven economy as a key to corporate success, to gain a competitive edge the company needs to develop effective strategy principles, integrating e-business as a complement to traditional competition methods. More precisely the key to business success is to complement the organization-specific business knowledge with an important concern about the new opportunities created by e-business (Norton, 2000).

The success of e-business also depends heavily on the company's commitment to leadership roles and responsibilities in e-business adoption, the role of cross functional team and management structure so top management needs to have a deep understanding of rapid technological change and communicate the

value of e-business to the entire organization. Kalahota and Robinson (1999) argue that the creation and implementation of e-business is not possible to be associated with change management so that systematic attention needs to be paid to the learning process, organizational culture, and human resources. To realize the benefits of e-business adoption, companies must identify the right corporate vision, embrace the e-transformation process, create a collaborative organizational culture, develop plans to achieve e-transformation processes, implement communication strategies as feedback loops, and create e-business solutions which is flexible (Phan, 2001; Turban et al., 2004, Porter, 2001).

To effectively improve the competitiveness of enterprises, companies need knowledge-based worker and multiskilling worker capable of mastering the development of existing technology and also need concentrated development especially in terms of understanding regional or cluster targets which is the company's business partner (both consumers, suppliers, and distributors) because without partners, e-business innovation will not work (Julius, 2014). It is necessary to understand the views of consumers in the network, the need for managing changes in working methods, it is also necessary to consider the ease of use of tools for the design and implementation of business (Siyal, et al., 2006). In other words, a combination of technology and management is needed to get the optimal benefits of e-business implementation.

RESEARCH METHODS

3.1. Research Design

There are several approaches to studying technology adoption. Some previous researchers studied adoption and implementation through questionnaires developed with several methods and conducted interviews directly on the organizations they studied (Sim, 2001). Several other researchers used case studies to examine the adoption and implementation of technology and its impact on organizational performance (Butcher, et al., 1999). These approaches will be used in this study mainly related to IT adoption and support software. While the adoption of e-business implementation will use approach from marketing aspect and management of soft technology.

3.2. Data sources and informants

For the purposes of this study, samples were obtained from the Manufacturing Companies Directory published by the Indonesian Central Bureau of Statistics 2015. The researcher submitted a research proposal and submitted an application to study the companies included in the criteria in this study: Manufacturing companies that have adopted or implemented Advanced Manufacturing Technologies and New Management Practices. Data will be collected by interviews to company leaders using semi-structured

questionnaires. The researcher will also collect information from the secondary data as well as perform a cross check on the information given by the company leader to the functional areas or related divisions. Less than an interview was conducted for 2.5 hours (flexible in accordance with conditions in the field). This interview revolves around issues related to research objectives. This study is expected to involve at least 25-30 SMEs representing all business categories or businesses.

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For the purposes of this study, samples were obtained from the Manufacturing Companies Directory published by the Indonesian Central Bureau of Statistics 2010. The researcher submitted a research proposal and submitted an application to study the companies included in the criteria in this study followed qualitative research data collection method (Silalahi, 2003; Moleong, 2013): Manufacturing companies that have adopted or implemented Advanced Manufacturing Technologies and New Management Practices. Data will be collected by interviews to company leaders using semi-structured questionnaires. The researcher will also collect information from the secondary data as well as perform a cross check on the information given by the company leader to the functional areas or related divisions. Less than an interview was conducted for 2.5 hours (flexible in accordance with conditions in the field). This interview revolves around issues related to research objectives. This study is expected to involve at least 25-30 SMEs representing all business categories or businesses.

3.3. Scope of Questions in Research Instruments

The instrument of this research is researcher, researcher set focus of research, selecting informant as data source, collecting data, assessing data quality, analyzing data, interpreting data and making

conclusion on research result. Instruments in this research are:

1. What is the profile and status of the company covering the line of business, duration of operation, ownership and performance in general?
2. What are the general objectives and Factors Affecting the Adoption of Information Technology, software and technology supporting and implementing e-business?
3. What are the external factors driving the adoption of Information Technology, software and technology supporting and implementing e-business?
4. What are the internal factors driving the Information Technology, software and technology supporting and implementing e-business?
5. Exploration of technology readiness in the company.
6. What issues are evolving during e-business implementation?
7. What strategies are needed in e-business and IT management to achieve goals and benefit from the implementation of e-business?
8. What are the best practices keys to success of e-business according to the company's perception?
9. What is the perception of the company related to economy or Service-Based Business?
10. What is the role of e-business and IT related to the creation of a service-based economy.

DATA ANALYSIS

4.1. Profile of Informants

In the expedition stage and observation studies on the role of IT and e-business in a service-based economy, this study used 10 small and medium-sized companies willing to participate in the study. The profile of the informants can be seen in Table 4.1. The majority of informants are companies that have been steady with the operating period of more than 10 years. The informant's business sector is relatively dispersed with the largest percentage of food and beverage and timber, services, handicrafts and printing. The majority of informants experienced a 0-15 percent performance improvement in the last three years.

In detail, the participants and informants of this study consist of: 1) Hans Car Bridal, engaged in automotive business, with a total workforce of 10 people, with the owner Mr. Rudi Santoso, 2) Petra Togamas Surabaya, with a workforce of 34 people, 3) PT. Samator, who has been operating since 1975 with a

workforce of more than 34 people, 4) Kriya Daun, engaged in the workshop business, with speakers Mrs. Retnanik and Mr. Adit, 5) Eka Board, engaged in timber with a long operation of about 9 years, 6) Batik Jumpat, engaged in textile batik jumpat with a total workforce of 22 people, 7) Papyrus Photo, engaged in photo studio services, photo printing, album design, and various photo variations, duration of operations ranging from 6 years, manpower 10 people, 8) Terang Bulan Francis, engaged in food business for 25 years, with a workforce of 5 people, 9) Do Screen Printing Surabaya, with the field of screen printing and editing services for two years, with the owner Mr. David Santoso Tjietra, 10) Pratama Buana, engaged in tour and travel services since July 20, 2010 with the number of employees 16 people.

4.2 General Purpose of Adoption and Implementation of E-Business and Information Technology

The general purpose of adopting technology is summarized in Table 1. All companies participating in this study agreed that the purpose of adopting information technology and implementing e-business is to: increase competitive advantage, satisfy customer needs, and enhance competitiveness. Ninety percent of participants have an opinion that the purpose of adopting the application of information technology and e-business is: expanding market share, expanding product marketing network, and improving delivery of products to customers. Efforts to lower costs, improve productivity, improve product quality and accelerate marketing processes are seen as not the main objective of e-business implementation. The purpose of the adoption of information technology and the application of e-business is seen as a more strategic objective than operational.

Table 1. General Purpose of Adoption and Implementation of E-Business and Information Technology

General purpose	Number of Informant	Percentage
Increase competitive advantage *****	10	100
Improve product quality and process *****	7	70.00
Increase productivity *****	8	80.00
Meet customer demands *****	10	100
Fixed delivery capability *****	9	90.00
Increase productivity *****	7	70.00
Expanding market share. *****	9	90.00
Lower costs. ****	5	50.00
Fixed competitiveness *****	10	100
Create competitive prices. *****	8	80.00
Improve product quality and process *****	6	60.00
Accelerate product marketing *****	9	90.00

Based on the perception of informants can be concluded that other objectives in technology adoption include: First, for e-business consumers, e-business adoption and information technology will make it easier for consumers to make transactions, the more products offered to customers, lower prices, and customers can interact with other customers more easily. This finding is in line with Ellitan (2017a), who found that technology (Advanced Technology and computer based technology) are valuable resource for SMEs. For the wider community, e-business and IT reduce transportation costs and social costs.

Second, the adoption of e-business and information technology will provide a competitive advantage compared to other competitors in the same field. For example, the Petra Togamas Surabaya bookstore adopts e-business and information technology in order to become a discount bookstore different from competitors, such as Gramedia and Uranus, so that it can easily meet consumer needs. With the Petra Togamas Discount Book Store system joining social media systems, such as Tokopedia, Instagram, and Facebook, so as to expand market share for consumers by reducing costs and efforts to spread brochures and physical promotions, and start shifting with the use of social media.

Third, the decision to adopt e-business and information technology for PT Samator is to improve telemetry technology. Telemetry is a form of technology that serves as a long distance measurement and reporting information to system designers and operators. In addition, the adoption of e-business and information technology also aims to increase the company's courage to provide faster service for its products.

Fourth, the adoption of e-business and information technology for PT Kriya Daun aims to keep abreast of the way business is aligned with IT

development, simplify communication process with customers in order to increase customer satisfaction and loyalty, build customer perception about the company, and accelerate the process of work and marketing .

Fifth, Eka Board which is engaged in wood field to adopt e-business and industrial technology with other objectives as follows: improving corporate governance, able to dominate the market, innovate services continuously, set prices and strategies in the market, improve IT related skills and e-business for employees, and building business networks. Sixth, the business of Batik Jumput adopted e-business and information technology aims to become more intensive in technology and reduce sales operational employees, increase marketing and sales capacities, improve employee productivity, build image as a technology-reliant company.

Seventh, the adoption of e-business and information technology for Papyrus Photo has other objectives as an effort to increase employee productivity, fulfill the needs of consumers about excellent service, market share expansion, and achievement of vision and mission of the company. Eighth, informants from the Light of the Moon Francis put forward several other objectives in adopting e-business and information technology, including: an effort to ease the communication process with customers and expand the reach of marketing.

Ninth, based on informants from Do Screen Printing Surabaya, the decision of e-business adoption and technology in the company's operational activities aims to facilitate the process of checking data that is sent first (order), and speed up data transmission to the leadership of the company. And speed up the process of handling orders to the company. Tenth, informants from Pratama Buana who are engaged in tour and travel services, e-business adoption and information

technology aims to simplify marketing. With e-business and IT, companies get sales data from period to period and can project demand fluctuations.

4.3. External Factors Drivers of Information Technology Adoption and E-Business Implementation

The external factors driving the adoption of information technology and the application of e-business are summarized in Table 2. Based on the results of the study, the majority of informants stated

Table 2 External Factors Drivers of the Adoption of Information Technology and the Application of E-Business

External Factors	Number of Informant	Percentage
Global Competition *****	7	70.00
Consumer demands on quality. *****	8	80.00
Changes in economic conditions. *****	9	90.00
The high pressure on the market. *****	7	70.00
Environmental sustainability *****	6	60.00
Competition in the local market. *****	7	70.00
Media reviews. *****	5	50.00

There are several variations of informant responses that participated in this study related to other external factors as drivers of the adoption of information technology and e-business. Hans Car Bridal points out several other external factors as a driver of the adoption of information technology and e-business, including: ease of conducting competition analysis, ability to accommodate customer needs quickly, enhanced capability and intensity of competition among e-business actors, government regulatory considerations, competition and overall industry attractiveness, market opportunities and external threats of the company, as well as competition in getting customers and resources.

Based on informants Petra Togamas Surabaya, other external factors that encourage companies to adopt information technology and e-business is to meet the needs or desires of customers. Companies not only provide the needs of the book, but also provide other goods according to customer needs and desires. For example, during the boom of toy squisy, then Petra Togamas also provide the goods so that the needs or consumer desires are met by the procurement of goods.

Based on PT Samator, the expansion of local and global market share is the only external factor driving the company to adopt information technology and e-business. For Kriya Daun, changes in market conditions, changes in customer demands due to IT development, and consumer demands on delivery speed are the main driving factors.

Expanding the reach of marketing, observing competitors' strategies, working with the best suppliers, selecting suppliers that have competitiveness and providing benefits to companies are other external

that changes in economic conditions (90.00%) were the main external drivers in the decision to adopt information technology and e-business. Other factors include consumer demand for quality (80.00%), global competition, high pressure on the market, and local market competition (70.00% each), and environmental sustainability (60.00%). While media review is an external factor that is considered less influential as the driving factor for the adoption of information technology and the application of e-business (50.00%).

factors driving the adoption of information technology and e-business according to Eka Board informants. Meanwhile, according to Batik Jumpat engaged in batik textile business jumpat put forward several factors include: cultural changes and habits of society and the pattern of life that leads to the use of information technology.

Based on Papyrus Photo, other external factors include: the encouragement of customers about the current lifestyle, especially the young and the demands of business competition that rely on technology and internet usage. Terang Bulan Francis and Do Screen Printing Surabaya each gave an answer that the demands on economies of scale and economic scope of the company and the increasing role of technology in production, accounting, design and management of human resources are the external factors that encourage the adoption of information technology and e-business.

Based on informants from Pratama Buana who are engaged in tour and travel services, the shifting and changing lifestyles of modern society that rely more on on-line applications and continuous technological developments in support of on-line business applications are other external factors that drive the company to adopt information technology and e-business.

4.4. Internal Factors Drivers for the Adoption of Information Technology and E-Business

Internal factors driving the adoption of information technology and e-business are summarized in Table 3, including: implementation of technology-driven business strategy (90.00%), increased operational cost (70.00%), increased business cost

(70.00%), (70.00%), increased promotion fee profit (60.00%), and high turnover of labor (30.00%).
 (70.00%), increased material cost (60.00%), decreased

Table 3 Internal Factors Drivers for the Adoption of Information Technology and E-Business

Internal Factors	Number of informant	Percentage
Implementation of technology-based business strategy. *****	9	90,00
Increased material cost. *****	6	60,00
Increased operational cost. *****	7	70,00
Increased business cost. *****	7	70,00
Increased labor cost. *****	5	50,00
Increased cost of promotion *****	7	70,00
Decreased profit. *****	6	60,00
The high turn-over of labor. ***	3	30,00

Other internal factors drive the adoption of information technology and the application of e-business based on the ten informants from the various companies participating in the study. First, according to Hars Car Bridal informants, these factors include: demands for increased employee productivity and business competition demands and increased e-business implementation in both small and large companies. Secondly, according to informants from Petra Togamas Surabaya, these factors focus on making a profit, for example when there is a highlighted event, the company still expenses transportation and food for the workers in the hope through the event, the company can work together to achieve profit

Third, according to informants from PT Samator, these factors focus on improving the quality and ability of the workforce in operating IT and skill in handling customers. Fourth, according to informants from Kriya Daun, these factors focus on improving service quality and increasing long-term profit.

Fifth, pay attention and create a comfortable working environment, improve job security, provide good training from superiors to be more skilled in operating IT and handle business on-line, and create good service from top to bottom (leadership and employees) other internal factors driving the adoption of information technology and e-business implementation for Eka Board.

Sixth, accelerate delivery order, simplify sales forecast based on previous sales data, sales distribution and more easily see sales fluctuation from time to time, and improve customer service are other internal factors driving the adoption of information technology and application of e-business for Batik Grass.

Seventh, expand the network marketing and business expansion. Eighth, improving production efficiency and growth of the company is related to expanding market reach. Ninth, improving corporate governance standards and improving work efficiency. Tenth, the company's desire to improve services to

consumers and encourage SMEs masiv in applying business.

4.5. IT and Software Adopted in Support of E-Business Implementation

Based on informants from the companies involved in the study, these issues include: CBIS implementation in general, such as customer base data (Hars Car Bridal); use of applications such as line, whatsapp, facebook and others (Petra Togamas Surabaya); companies still use IT at the basic level, there has been no significant development in the implementation of e-business (Kriya Daun); raw material control system and customer complaints service system (Eka Board); SIA, implemented in corporate financial records by adopting appropriate accounting software and user friendly (Batik Jumpat).

Some other issues encountered include: the use of adobe photoshop, websites and social media, the provision of special computers so subscribed can manage their own bookings on the spot (Papyrus Photo); still using the traditional website (Light of the Moon Francis); use app devices, such as apple store, blackberry app world, google play and adopt data management engine and training for maintenance (Do Screen Printing Surabaya); and website and e-business support applications that are still considered conventional (Pratama Buana).

4.6. Problems Encountered In E-Business Implementation Readiness

Table 4. summarizes some of the problems faced by each company in the readiness of e-business implementation. Based on the informants from the companies involved in the study, these issues include: Increased employee training costs to adapt to new technology, time to adjust to new technology, android application usage to share information about goods and services marketed like line, BBM and Whatsapp (Hars Car Bridal); challenges for companies to always explore service-based technologies to meet consumer needs and enhance customer satisfaction (Petra Togamas Surabaya); asset management using barcode

scanner and Telemetry usage (PT Samator); IT plays a role in data management and communication both with internal and external organizations and lack of ready human resources in the utilization of modern information technology (Kriya Daun); Lack of

communication skills between employees and customers (Eka Board); HR has insufficient capability and IT and e-business implementation is still considered in the early stages of use (Batik Jumpat).

Table 4. Readiness of E-Business Implementation

Informan	Problems encountered
1	Increased cost of employee training Adjustment with new technology. Use of android application program
2	Service-based technology exploration to meet consumer needs and enhance customer satisfaction.
3	Asset management uses barcode scanners and Telemetry usage
4	IT plays a role in data management and communication. Lack of human resources.
5	Lack of good communication skills.
6	HR has inadequate capability. Implementation of IT and e-business is still an early stage.
7	Frequent system disruption.
8	Lack of human resource skills.
9	Operation of damaged systems and systems.
10	Disturbance in the marketing process.

Other issues in the readiness of e-business adoption include: Often disrupted systems especially for computer-based technology (Papyrus Photo); new technology is less accompanied by adequate human resource skills and the need for specialized human resource training (Light of the Moon Francis); Problems that develop usually around the operation of systems and systems that are damaged (Do Screen Printing Surabaya); and the occurrence of disruptions in the marketing process due to lack of ready human resources and assessment of information technology as an asset (Pratama Buana).

4.7. Emerging Issues During IT and E-Business Implementation

Table 5 shows the problems that developed during the implementation of IT and e-business. Based on the informants of the companies involved in the study, these issues include: the relative low trust of customers on online stores, consumers' doubt about the services provided, and the consumer's tendency to choose physical and local stores (Hars Car Bridal); The problem that develops is that sometimes the stock of goods is less, the problem on the internet network, lemotnya transactions in the cashier area resulting in wasted time long enough, and rapid technological

depreciation (Petra Togamas Surabaya); resources have not been able to adapt quickly to new information technology, software or applications due to lack of experience and skills and employee resistance (PT Samator); Inadequate internet and IT facilities (Kriya Daun); lack of communication and coordination between one employee and another, poor service, provided by the employee (based on customer complaints report), and lack of optimal cooperation between suppliers (Eka Board); untrained human resources (Batik Jumpat); Often disrupted system especially for computer-based technology (Papyrus Photo); ease of reporting process is not in line with software and systems owned by the company (Light of the Moon Francis); technology has a trade-off with maintenance and implementation costs (Do Screen Printing Surabaya); a growing problem is usually around the operation of the system in e-business and if the system is interrupted (Primary Buana).

Table 5 Emerging Issues during IT and E-Business Implementation

Informan	Problems encountered
1	Relatively low trust. Doubt over service The tendency of consumers to choose physical and local stores.
2	The stock of goods is less Problems with internet network. Lemotnya transactions on the checkout area Technological depreciation is considered fast
3	Resources have not been able to adjust quickly The existence of employee resistance
4	Inadequate internet and IT facility availability.
5	Lack of communication and coordination among employees Still lack of good service Less optimal cooperation between suppliers.
6	Untrained human resources.
7	Frequent system disruption
8	Easier reporting process is not in line with software and systems owned by the company.
9	Technology has a trade off with maintenance and implementation costs.
10	System operation.

4.8. Strategies required in e-business and IT Management to Achieve Goals and Obtain the Benefits of e-Business Implementation

Table 6 summarizes the strategies required in e-business and IT management to achieve the objectives and benefit from implementing e-business. This section discusses some of the strategies undertaken by each of the companies involved in this research. Informants from Hans Car Bridal stated that the company does not have a specific strategy except system maintenance and maintaining customer relationships, besides the company also strives for the website to attract consumers, the company continuously innovates the look of the website as part of marketing and promotion strategy, strives for continuous improvement of service quality.

Based on informants from Petra Togamas Surabaya, to reach the goal and get the benefits of e-business implementation required ideas that can be implemented and processed to achieve the goal. Specifically stated that the strategy used is, when holding an event must think about the number of consumers who come, the target how much to achieve, so from the system can be concluded what the system is wrong and the goods are lacking or unattractive goods.

Top management commitment, socialization of IT implementation and e-business continuously and evaluate every result of socialization and take action

and feedback periodically is a necessary strategy in e-business and IT management to achieve the goals and get the benefits of e-business implementation according to PT Samator. Based on the informants from Kriya Daun the strategies needed in e-business and IT management to achieve the goals and get the benefits of e-business implementation is the speed of service and data accuracy.

According to Eka Board, the strategies needed to achieve the goals and benefit in the implementation of e-business include speed internet access, competent experts, and regular e-business training, business network development and market expansion through e-business implementation. Continuous updating of information related to the company's business and continuously improving the website and performing periodic maintenance is a necessary strategy to achieve the objectives and benefit in the application of e-business according to Batik Jumput engaged in textiles.

Other strategies include: trying to increase market share through social media especially histogram, website in addition to direct promotion from campus to campus (Papyrus Photo); make every effort to accommodate consumer needs (Light of the Month of Francis); data accuracy and acceleration of work process (Do Screen Printing Surabaya); and continuous data updates (Pratama Buana).

Table 6 Strategies Required in e-business and IT Management to Achieve Goals and Obtain the Benefits of e-Business Implementation

Informan	Strategies required in e-business and IT Management
1	System maintenance and maintaining customer relationships. Striving for the website to attract consumers,
2	Ideas are implemented and processed to achieve goals.
3	Top management commitment. Socialization of IT implementation and e-business continuously.
4.	Speed of service and data accuracy.
5.	Internet access speed, competent experts, and e-business training on a regular basis. Development of business networks Expanding the market through e-business implementation.
6.	Performing continuous updates on information related to the company's business. Continually fix the website and perform maintenance periodically.
7.	Increase market share through social media
8.	Accommodate consumer needs.
9.	Accuracy of data and acceleration of work processes.
10.	Update data continuously.

4.9. Benefits of Adoption of Information Technology and E-Business

Table 7 summarizes the benefits of e-business adoption, including: sustainability and existence in competition, decreased marketing, promotion and operational costs so as to allocate those costs for innovation and service quality improvement (Hars Car Bridal); want the opportunities and advantages of implementing e-business, increasing work productivity, and accelerating the development of the technology itself due to the existing competition. (Petra Togamas Surabaya); improve capacity and marketing efficiency, minimize losses due to unnecessary goods, and increase profits (PT Samator); accelerate service and ease of communication both with suppliers and consumers

(Kriya Daun); Business efficiency seen from the decrease in fixed costs such as building leases, inventory and warehousing costs, easier in offering products and finding new customers (Eka Board); easier human resource management, simplify product marketing, improve financial information systems, get a lot of information (Batik Jumput); reduce turnover, improve human resource specialization, and build brand image (Papyrus Photo); building partnerships and business networks (Light of the Moon Francis); work efficiency, more measured time accuracy, ease for company and customer, and improve marketing performance (Do Screen Printing Surabaya); kemudahan in financial management, labor and marketing (Pratama Buana).

Table 4.7 Benefits of Adoption of Information Technology and E-Business

Informan	Benefits of Adoption of Information Technology and E-Business
1	Sustainability and existence in competition. Decrease in marketing, promotion and operational costs.
2	Opportunities and advantages of implementing e-bussines. Increase work productivity. Accelerate the development of the technology itself.
3.	Improving capacity and marketing efficiency. Minimize losses.
4	Speed up service. Ease of communication.
5	Business efiesiensi. Offer products and find new customers.
6	Human resource management is easier. Easing product marketing. Improve financial information systems. Getting a lot of information.
7	Decrease turnover. Improving HR specialization. Building brand image.
8	Building partnerships and business networks.
9	Work efficiency, more measured time accuracy, flexibility for companies and customers, and improved marketing performance.
10.	Ease of financial management, manpower and marketing.

4.10. Best Practices to Support the Implementation of E-Business in Indonesia

The best practices succeed implementation of e-business are summarized in Table 8. Based on the informants from Hars Car Bridal, to achieve e-business success, we need to pay attention to the following: web displaying the best way, because the website is the interface in e- business, maintaining honesty in e-business, providing feedback on customer complaints as quickly as possible, and responding to customer information needs as quickly as possible. Based on informants from Petra Togamas Surabaya, the practices to achieve e-business success include: always striving and striving for all parties to understand, understand the vision and mission so that they can work together to achieve the goals, and each party must share run the goal. The commitment of top management and employee commitment is the key to successful implementation of e-business according to PT Samator.

Kriya Daun who is engaged in the workshop business, stated that following the development of information technology and the implementation of e-business and its practices continuously is the key to the

successful implementation of e-business. Utilizing information technology and e-business professionally, building trust to customers by providing good quality products and services, and improving the quality of workforce, whether managerial, clerical, or operational are the best practices to ensure the successful implementation of e-business according to Eka Board.

Some of the practices that are key to the success of other e-business applications include: management commitment, continuous improvement of existing business systems, periodic evaluations of e-business implementation (Batik Jumpat); leadership support and subordinate commitment to focus on the use of IT and the utilization of e-business practices (Papyrus Photo); the ease of the consumer to order by phone based on information obtained from the company website and delivery assisted by a mock who also applies IT and on-line applications (Light of the Moon Francis); Accuracy of data management, speed of customer service, improving customer confidence (Do Screen Printing Surabaya); and management's commitment to continuously improve IT and e-business systems (Pratama Buana).

Table 8 Best Practices to Succeed the Implementation of E-Business in Indonesia

Informan	Best Practices to Succeed Implementation of E-Business
1	Display the web in the best way possible. Maintain honesty in doing e-business. Provide feedback as soon as possible. Respond the customer as quickly as possible.
2	Strive for all parties to understand the vision and mission.
3	Top management commitment and employee commitment.
4	Following the development of IT and e-business implementation.
5	Use of information technology and e-business professionally. Build trust to customers. Improved quality of workforce
6.	Management commitment Continuous improvement of existing business systems. Evaluate periodically.
7.	Leadership support and subordinate commitment.
8.	Easier consumers to order by phone.
9	Accuracy of data management and speed of customer service
10	Management commitment

4.11. Perceptions of Companies Associated with a Service-Based Economy

Table 9 summarizes the firm's perception of a service-based economy as follows: a service-based business is an enterprise value-added effort to provide competitive advantage and enterprise efforts to improve all aspects of customer service (Hars Car Bridal); In a highly service-based business it is important for businesspeople in the workforce to save money, save time, and serve consumers according to their needs and wants at affordable prices. (Petra

Togamas Surabaya); Until now, the company has not utilized the implementation of e-business, currently there is still a lot of focus on improving IT implementation for operational improvement (PT Samator); In a service-based business, customer service is the key to business competition success in terms of service speed, response speed, and how the company keeps customer ties in the long run (Kriya Daun); Service-based businesses have a positive impact on the company (Eka Board); E-Business and IT create a dynamic style in a modern business era by

relying on technology to maximize customer service (Batik Jumpat); Phapirus is increasingly able to expand the market and gain new customers with technology and service based business, given consumer convenience is the key to business success (Papyrus Photo); It is an honor to face a promising competition.

(Light of the Moon Francis); On-line service is an increasingly important and needs to be improved in serving customers and business competition. (Do Screen Printing Surabaya); Service-based economy becomes the main weapon of IT-based competition and vice versa (Pratama Buana).

Table 9 Perceptions of Companies Associated with a Service-Based Economy

Informan	Perceptions of Companies Associated with a Service-Based Economy
1	Service-based business is an effort to add value to the company.
2.	A service-based economy is essential for businesspeople.
3.	The company has not utilized e-business implementation.
4.	Customer service is the key to competition success.
5.	Service-based businesses have a positive impact on the company.
6.	E-Business and IT create a dynamic style.
7.	A service-based economy can expand the market
8.	It is a must to face competition
9.	On-line service is an increasingly important and needs to be improved in serving customers and business competition.
10.	Service-based economy becomes the main weapon of IT-based competition and vice versa.

4.12. The role of E-Business and IT related to a Service-Based Economy

Table 10 summarizes the role of e-business and IT related to the service-based economy as follows: IT provides convenience in building business networks to consumers, suppliers and competitors, IT and online business provides unlimited information on business development and business competition across field, IT makes it easier for businesses to respond and provide feedback to customers (Hars Car Bridal); IT is not seen directly, but more to the speed, the order must be fast, the expedition must quickly handle and overcome the order. The role of e-business must make

sure that the book is not defective and re-checked so that the different forms of service come directly to the shop (Petra Togamas Surabaya); Currently the company applies IT in various functions but the utilization of e-business is not optimal (PT Samator); Greatly improving customer service response capability (Kriya Daun); Optimize services to customers using existing e-business applications. Service is faster and younger even though the customer is in a dispersed area. Customer ease of transactions that can be done anywhere with various facilities on-line transactions. (Eka Board).

Table 10. The Role of IT and E-Business Associated with a Service-Based Economy

Informan	Perceptions of Companies Associated with a Service-Based Economy
1	Providing the ease of building a business network. Provides unlimited information. Facilitate the business in responding and providing feedback to customers.
2	Supports order speed.
3.	Utilization of e-business is not yet optimal
4.	Greatly improves customer service responsiveness.
5.	Optimizing services to customers Easier transactions made by the customer .
6	Creating excellent service to customers
7.	Make it easy to find all forms of information. Get competitive prices. Reduce transport time, reduce customer transport costs (commuting time)
8.	Improve the speed and quality of service.
9.	IT and E-business strengthen each other in creating a service-based economy.
10	Facilitate customers and companies in accessing various necessary information.

Several other e-business roles, including: E-Business is upgraded by IT will create excellent service

to customers. For UMKM e-business implementation provides an opportunity to play a role in service-based

economy (Batik Jumput); Make it easy for consumers to find all forms of information about products, services, and product providers desired. Get competitive prices. Reduce transport times, reduce customer transport costs (Papyrus Photo); Improve the speed and quality of service. (Light of the Moon Francis); IT and E-business strengthen each other in creating a service-based economy (Do Screen Printing Surabaya); Facilitate customers and companies in accessing various necessary information. (Pratama Buana).

4.13. Findings and Discussion

Piscitello and Sgobbi (2004) argue that the implementation of information technology can improve the management of information and knowledge within the company and reduce transaction costs, such as increasing transaction speed and reliability, as well as improving transaction speed and reliability, both B2B (business-to-business) and B2C (business-to-customer). Increased globalization requires SMEs to be able to compete not only in local and national markets, but also in international activities. Empirical studies in related fields conclude that small-scale enterprises or SMEs are very sensitive to the issue of internationalization of activity, this is because, SMEs are faced with the constraints of the limited financial, managerial, and technological resources required to face an uncertain competition environment. Under these conditions, SMEs are required to develop and maintain ownership and competitive advantage over ownership and exploitation of monopoly power, as well as the possession of scarce and unique resources (Porter, 1998; Permana et.al., 2017). This will be easier to achieve if SMEs have business involvement in a business network (Ellitan, 2017b). According to Porter (1998), involvement in a business network can provide benefits for SMEs so that the productivity, innovation ability, and performance of SMEs can be improved.

Porter (2001) argues that information technology is an important factor in increasing market share and achieving company efficiency. Information technology helps SMEs in overcoming the problem of size limitations and improving the efficiency of the company. Empirical studies prove that information technology not only improves company efficiency but also increases the opportunity to enter international markets (Kolahota and Robison, 1999).

According to Turban, et al. (2004), information technology provides several benefits for companies, especially companies with small and medium scale. These benefits include: enhancing the ability of firms to compete with other companies both locally and nationally, creating possibilities and opportunities for small-scale enterprises to start businesses, offering convenience and convenience in business transactions not limited by operating hours

and virtually operating 24 hours a day and seven days a week, the use of the Internet as an example, offers a cheaper way than using postal services, fax, phone and travel agent before the internet is used. The ability of information technology access such as internet usage enables SMEs to adopt e-business. Turban et al. (2002) defines e-business as a concept that describes the process of selling and purchasing or exchanging products, services, and information through computer networks covering the Internet. With the adoption of e-business and information technology enables SMEs to improve the accuracy and efficiency of business transaction process. Exploratory studies in this study were conducted to examine and explain the phenomenon of e-business adoption and information technology, especially on SMEs. The study involved ten SMEs engaged in different fields to find out the objectives, external and internal driving factors, the types of information technology adopted, information technology and supporting software in the implementation of e-business and information technology. This study also examines the problems encountered. the company's readiness, the company's decision-making base to adopt e-business and information technology, the initiator of e-business adoption and information technology, based on the functional area and management level, monitoring the application of information technology and e-business. The study also examines the strategies and practices necessary to ensure the successful adoption of e-business and information technology, views and perceptions of the adoption of e-business and information technology, as well as service-based economies, benefits and roles in e-business and technology.

5.CONCLUSION AND SUGGESTION

5.1 CONCLUSION

Some of the key findings that can be highlighted in this study include: First, the objectives of SMEs to adopt e-business and information technology mainly related to efforts to increase competitive advantage, meet customer demands, and improve competitiveness become the main general objectives of the ten companies involved in the study this. Second, changes in economic conditions and consumer demand for quality are the dominant external factors affecting SME decision in adopting e-business and information technology. Other external factors, including: opportunities and challenges of local and global markets, efforts to meet customer needs, analysis of industry competition, and efforts to follow and adjust to the rapid development of technology. Third, the dominant internal factors affecting the company's decision to adopt e-business and information technology is the implementation of technology-based business strategy. Other internal factors related to

quality improvement, service, and efficiency. Fourth, accounting information system is the kind of technology adopted by the 10 SMEs involved in this research, and only five SMEs adopt executive information system.

Fifth, the common problems facing SMEs involved in this study can be identified as follows: CBIS implementation, use of social media applications, basic IT and traditional website usage, raw material control and customer complaints systems, corporate financial records system, computer provisioning services, adoption of data managing machines and training for maintenance becomes. Sixth, low trust, doubts about online services, so consumers prefer transactions in physical stores is a growing problem during the application of information technology and e-business. Seventh, the results of the study found that the sales and marketing sectors of the idea of e-business adoption and information technology based on functional areas, while the top management of the idea of adoption of e-business and information technology based on management level. Company leaders, heads of departments and administration, information system auditors, IT staff, managers, and senior management are the responsible parties and act as monitors in the adoption of e-business and information technology. Eighth, there are several strategies in managing e-business and information technology including: system maintenance, top management commitment, implementation socialization, business network development, service speed and data accuracy, corporate business information update, increasing market share, customer needs accommodation, and update data continuously.

Ninth, the majority of UMKM views the adoption of e-business and information technology as an opportunity and only three companies view it as a challenge. Tenth, improving company productivity, accelerating services, ease of communication, business efficiency, image building and partnerships in business networks, and ease of financial management are some of the benefits of e-business adoption and information technology proposed by SMEs involved in this research. Eleventh, there are some best practices to support the successful implementation of e-business and information technology, including: speed in responding to customers, top management commitment, customer trust, quality assurance, management and subordinate commitment, ease of telephone booking, attractive web design, and data accuracy.

Based on the findings in this exploratory study, it can be concluded that MSMEs have a perception that service-based economic services are very important for businesspeople in an effort to add value to the company, expand markets, and as an important strategy in the face of uncertain business

competition. However, this strategy is still not widely used by SMEs. The role of e-business in a service-based economy is crucial, especially in facilitating the establishment of business networks, supporting service speed, ease of transactions, and easy access to information for customers.

5.2. SUGGESTION

This study has contributed to the development and implementation of critical factors determining the success of e-business and information technology adoption by identifying several issues related to e-business adoption and information technology especially to MSMEs. Based on the findings of this study, there are some suggestions or policy suggestions that SMEs may consider particularly in addressing issues related to human resources and technology mastery that support e-business adoption, including: 1) prioritizing human resource issues by providing training programs to managers and employees to improve their HR skills and skills that focus on the mastery of technical skills (information and communication technology) and managerial skills to improve capability in utilizing e-business adoption. Second, the need to focus on network infrastructure, it is due to the importance of networking to achieve SMEs long term sustainability (Ellitan and Koesworo, 2014). The availability of internet and communication services with high quality at competitive prices is very important in supporting SMEs to have service provider as needed. Specifically, high quality network and Wi-Fi infrastructure is needed in support of SMEs business activities.

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