



E-business and SMEs Competitive Advantage

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Abstract: Nowadays, 'e' is gaining momentum and most of the things if not everything is getting digitally enabled (Srikanth, V. & Dhanapal, R. 2011) thus, it becomes very important to determine the competitive advantage of firms using e-business. The aim of adopting e-business is to improve the firm's competing ability, since businesses are being competition focus (Xiaoming M., 2010). Increasing global competition has led businesses to consider e-business strategies. E-business technologies present unique opportunities and challenges for businesses, and Small & Medium Enterprises (SMEs) are no exception (Elragal, A. and Abouseif, H., 2011).

The study focuses on how SMEs gained competitive advantage through e-business. The study covers activities of SMEs concerning e-business such as purchasing inventories, supplies machines and equipments through the internet and communicating with suppliers which allows them to create cost advantage and product differentiation that will increase their sales and in turn their profits. In this research, profitability, quality and price of products/services offered will be used for measuring SMEs competitiveness. This study will also correlate the business-related characteristics of SMEs with their competitive advantage. Descriptive correlational research design was used in the study. Questionnaire was used to collect data from the SMEs in Region 2.

The study revealed that SMEs who are into e-business are competitive in terms of price, product quality, and profitability. The type of business is significantly and positively correlated with SMEs competitive advantage in terms of product. Further analysis using t-test reveals that those SMEs that are into trading are most likely gain competitive advantage in terms of product than those in the service sector. Nonetheless, business existence, business classification, and internet experience are not significantly correlated with SMEs competitive advantage in terms of price, product and profitability. SMEs, therefore, must be constantly and fully alive on new ideas, new practices and new opportunities in order to create a competitive advantage.

Key Words: *E-business; SMEs competitive advantage; Product; Price; Profitability*