The Development of Electronic Commerce in Agribusiness – The Polish Example

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Abstract

The development of information technology and the Internet make it, they are increasingly being used in agribusiness. Electronic commerce has had a tangible impact on the way business is conducted and the structure of markets. The aim of the study is to assess the development of electronic commerce in agribusiness. The analysis was conducted on the example of Poland, which is a country with a specific structure of the agricultural market. It is shown that the development of electronic commerce in Polish agribusiness is at an early stage of development and at the same time is a process of evolutionary changes. The article also pointed to examples of current areas of application of e-commerce in Polish agribusiness and the potential future directions of its development.

Keywords: electronic commerce, electronic marketplaces, agribusiness, Poland

1. Introduction

Information technologies are increasingly being used in business. They have impact on relationships between consumers and enterprises and influence changes in the ways of doing business and in market structure. Information
technologies enable many companies to achieve competitive advantage over their competitors by cutting costs, and entering new markets.

These changes also apply to agribusiness, which in many countries is an important sector of the economy. Agribusiness is also an important sector of Polish economy, a country that after the period of economic transition, in 2004 became a member of European Union.

An important part of information technologies used in enterprises is represented by electronic commerce. The aim of the paper is to assess the level of electronic commerce use in Polish agribusiness and possible directions of its future development. The analysis is based on qualitative content analysis of agribusiness websites and quantitative data of statistical institutions like Eurostat and Polish Main Statistical Office (GUS). Some examples of electronic commerce usage in the world and in Poland come from existing literature on the subject.

2. The development of electronic commerce as a complex and evolutionary phenomenon

Zwass (1998) defines electronic commerce as the sharing of business information, maintaining of business relationships and conducting business transactions by means of telecommunication media. The main types of electronic commerce transactions are Business-to-Business and Business-to-Consumer transactions. There are significant differences between these two types of transactions. B2B transactions are of larger volume and value, higher risks, less buyers, and different way of making purchasing decisions comparing to B2C transactions. B2B transactions are also prevailing in agribusiness as they are conducted between enterprises representing successive levels of agri-food chain.

With the bursting of Internet bubble in the late nineties of the XX century, practitioners and researchers began to look at e-commerce as an evolutionary phenomenon rather than revolutionary changes. It turned out that investing in e-business undertakings should be more cautious. However, it is commonly believed that the Internet has a great potential to improve the operations of companies and entire markets. The electronic flow of information makes the processes in enterprises run faster, without errors and automatically without human labor. Internet also helps companies to enter new markets.

The potential of electronic commerce is often considered from the perspective of transaction costs economics. Bakos (1991) distinguishes between two different ways of conducting B2B e-commerce which are the information links, which are mutual investments of the two companies in a solution of electronic communication between them, and the electronic marketplaces, which are represented by inter-organizational information systems that allow the exchange of information between many sellers and many buyers. It is believed that electronic marketplaces are more useful for the implementation of open market transactions, and are less useful for the operation of supply chains. However, electronic marketplaces, along with their development and expansion of services are becoming increasingly useful for supply chain (Christians and Markus 2003). What particularly distinguishes electronic marketplaces from the information links is the ease of comparison of suppliers and buyers, ease of changing suppliers and buyers, and enabling access to price information. With the development of information technology e-commerce should rather evolve from information links towards electronic marketplaces (Malone et al., 1987). Electronic marketplaces have the potential to reduce market transaction costs (e.g. costs of searching for suppliers and buyers, costs of negotiation, costs of contracting and contract enforcement), they reduce the information asymmetry between the transaction parties and contribute to efficient price discovery (Xiaoping et.al., 2009). Therefore, their development may be beneficial for businesses and economies.

Adoption of information technology in enterprises is a complex issue and may depend on various factors. Thatcher et al. (2006) classified the factors of adoption of IT into two groups: intra-organizational factors (e.g. organizational readiness, size of the organization, top management support, consistency with the company's business strategy), and extra-organizational factors (e.g. industrial, governmental, cultural).

The importance and role of electronic commerce may be particularly evident in international markets because the Internet is a global medium and reduces the barriers of distance. However, the benefits of the electronic international trade may relate primarily to the companies from developed countries, as companies from developing countries barely overcome barriers and transaction costs associated with entering the markets, and electronic commerce only helps them to reduce search costs, which is insufficient to sell goods abroad (Pare, 2003).
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