

ONLINE BUSINESS BARRIERS: PERCEPTION OF INDONESIAN SMALL FAMILY BUSINESS

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ABSTRACT: *The aim of this study is to define the underline barrier perception of online business adoption in Indonesia's small family businesses. Research has identified, that the different results in the different locations. Consequently, the barrier to the adoption of online business depends on the location, type, and scale of the company. Based on an analysis of the results of research in several countries found 11 factors the barrier to online business adoption. This study is an empirical study. Questionnaires have been distributed to small family businesses that do not have an online business. Data is processed and analyzed by factor analysis. This study has identified a barrier to online business adoption for small family businesses. They are online business is not suitable for the small family business, online business infrastructure, and the readiness of the business model for online business adoption.*

Index Terms: Barrier, Family business. Online business

I. INTRODUCTION

The internet is the catalyst for information, communication, and technology (ICT) development and has radically changed the way business is conducted, including the family business. The family business is a small business (SMEs), and the changes resulting from the ICT, have a significant impact on its survival. As such, it is very important for a family business to respond to these new phenomena and find ways to ensure its sustainability. The family business needs an innovative business model that provides a blueprint for business change. Online business is considered an innovative business model that has been used by many companies in the world because it is considered to be able to increase the company's competitive advantage [1]. However, online business has not been popular with most companies in Indonesia [2–4]. Recognizing the dependence and facilitation of online technology in conducting business, many businesses are starting to adopt online business. Previous researchers have identified to analyze the barriers to adopting online business [5–9]. These researchers have identified there are different results in the different locations, indicating that the barriers to adopting online business vary according to location, type, and scale of the company. Further, research related to the perceived barriers to adopting online business among Indonesian small family businesses is still lacking. The aim of this research is to investigate the barriers to online business adoption in Indonesian small family businesses based on the perceptions of the owners. The paper is organized as follows; section 2 describes the barriers to online business adoption, section 3 describes the method by which the study is conducted, and this is followed by section 4, describes the result and discussion drawn from the study and we conclude the study in section 5

II. BARRIERS TO ONLINE BUSINESS ADOPTION

Research on the barriers to adopting online business has been conducted in various countries all over the world. One research conducted in Sweden claimed that the online business is not suitable for SMEs that engage in processing the business [10]. The research in England identified the organizational readiness and internal environment as the barriers to online business adoption [4]. In South Africa, a lack of understanding of technology and security is

considered the barrier [11], and in Egypt, the regulation, security, and cost are the barriers to online business adoption [6].

With respect to research within the Asian region, the barriers to online business in Jordan are technology, security, and cost [3]. Meanwhile, the barriers to online business in Iran are technology, incompatibility with the company's business, and company structure [7]. Whereas, in Turkey, the study identified that the barriers are customer preference, security, infrastructure, cost, and human resources [12].

Research relating to online business in India claimed that organizational readiness, capability, external pressure, perceive ease of use, perceived unusualness as the barriers to online business among SMEs [13], whereas, research on Pakistan SMEs, identified the lack of awareness, lack of training, cost, power supply, and security [4]. Researchers from Sri Lanka claimed the lack of skill, lack of awareness, company characteristic, cost, infrastructure, social culture, and regulation is the barriers to online business among SMEs [9, 10].

Table 1: Barriers to Online Business Adaption in Various Countries

Barriers Factor	Europe	Africa	Asia			
			West Asia	South Asia	East Asia	Southeast Asia
Online business is not suitable for product/service	√		√	√		√
Online business is not suitable for business process	√					√
Online business is not suitable for client business	√		√			√
Online business did not offer advantage					√	√
Skill and knowledge about online business	√	√	√	√		
Complexity to implement online business						√
Security		√	√	√		√
Cost	√	√	√	√		√
Limited time for online business development	√		√			
Standard and regulation		√	√			√
Company's readiness to implement online business models	√			√		√
Quality of networks and other infrastructure			√	√	√	

In Malaysia, it was found that the barriers to online business among Malaysian SMEs are complexity, professional support, human capacity, risk perception, advantage, and high cost [1–13], whereas, in Thailand, the barriers are the utilization of business, individual and company characteristic [16]. Research in Brunei Darussalam indicated that IT infrastructure, advantage, security, and government support [17]. Meanwhile, research in Indonesia identified business, advantage, suited to business processes, and suited with business clients as the barriers to online business adoption [10]. A summary of the barriers to the online business adoption in various countries is presented in Table 1

III. METHODOLOGY

This study is an empirical study, which was designed to explore the barriers to adopting online business among family businesses in Indonesia. The survey questionnaire was used as the instrument to collect the data. Respondents have been selected to respond to the survey questionnaire survey. The questionnaire is divided into two sections: the background of the respondents and the barriers to online business. Respondents were asked to respond to the questionnaire in the form of statements developed based on identified barriers from the literature review. The Likert scale is used in the design of the questionnaire. Based on the opinions of the respondent, each statement was given a rating on a scale of 1-5 to identify their barriers to doing online business. The questionnaires were then distributed to the family business operated in Surakarta, Jakarta, West Nusa Tenggara, and Padang. Data were processed and analyzed using factor analysis. In-depth interviews using social media (Whatsup and Instagram) were conducted in order to obtain a more comprehensive analysis.

IV. RESULT AND DISCUSSION

The study has been participated by 30 small family businesses. The respondents of the survey comprised 53% of owners of the family business and 47% of respondents are managers of those family businesses. The types of industries that the family business involved are services and manufacturing. The percentage and type of industry are shown in Figure 1

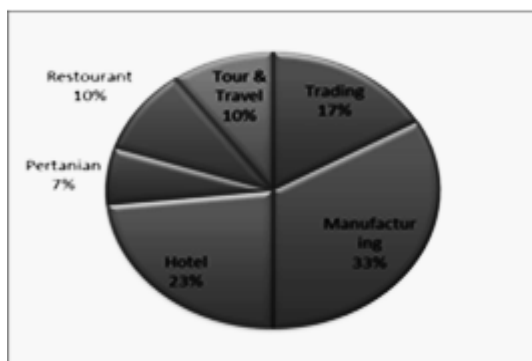


Figure 1: Respondents: Small Family Business

The results of this study show small family business current assets (excluding fixed assets) and net sales, as presented in Table 2

Table 2: Current Asset and Sales

Current Assets	Amount	Sales/year	Amount
< 50.000.000	16	<300.000.000	23
50.000.000-300.000.000	11	300.000.000-2.500.000.000	7
>300.000.000	3	>2.500.000.000	0

Table 2 above shows that some companies have current assets lower than 300 million, and only three companies have current assets of over 300 million. Most respondents have sales below 300 million. It can be concluded that these small family businesses are classified as small and medium enterprises. The respondents are from family businesses operated traditionally. No company strategy has been formed. Their business process is still done offline and they do not have any company website.

The data collected were processed and analyzed using factorial analysis. The results of factor analysis by SPSS were analyzed for KMO and Bartlett's test and the Anti Image Correlation test. Table 3 shows that data can be continued for the factor identification process.

Table 3: KMO and Bartlett's test and Anti Image Correlation test

Test	Result	Standard	Explanation
Keuser-Mayer-Olkin Measure of Sampling Adequacy	0,599	> 0.5	The data set satisfied the assumptions for factorability
KMO and Bartlett's test Chi-Square Significant	171,913,000	<0,05	

The result of total variance as shown in Table 4 identified that there are three underline factors of online business barrier adoption for small family businesses.

Table 4: Total Variance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	% of Cumulative	Total	% of Variance	% of Cumulative
Online business is not suitable for product/service	3.323	30.205	30.205	3.323	30.205	30.205
Online business is not suitable for business process	2.810	25.549	55.754	2.810	25.549	55.754
Online business is not suitable for client business	1.574	14.312	70.066	1.574	14.312	70.066
Online business did not offer advantage	.934	8.492	78.558			
Skill and knowledge about online business	.775	7.045	85.603			
Complexity to implement online business	.603	5.478	91.081			
Security	.393	3.576	94.657			
Cost	.245	2.227	96.884			
Limited time for online business development	.136	1.238	98.122			
Standard and regulation	.107	.970	99.093			
Company's readiness to implement online business modets	.100	.907	100.000			

Based on the Component Matric shown in Table 5, the loading factor from every factor of the barriers to online business adoption in the small family business.

Further, As shown in Table 5, the first underline barrier factors of online business are the adoption of online business in a family business is not suitable for product/service (0.683), business process (0.654) and client business (0.621), as well as an online business, did not offer advantage (0.581), complexity to implement online business (0.587).

Table 5: Rotated Component Matric

Component	Underline Factor		
	1	2	3
Online business is not suitable for product/service	0.683	-0.507	-0.079
Online business is not suitable for business process	0.654	-0.579	0.063
Online business is not suitable for client business	0.621	-0.586	0.122
The online business did not offer the advantage	0.581	-0.404	-0.079
Skill and knowledge about online business	0.708	0.086	0.302
Complexity to implement online business	0.587	0.452	0.512
Security	0.447	0.735	0.352
Cost	0.350	0.680	0.167
Limited time for online business development	0.439	0.498	-0.603
Standard and regulation	0.478	0.495	-0.664
Company's readiness to implement online business models	-0.341	0.071	0.484

The second underline barrier factor to online business adoption in the small family business is a skill and knowledge about online business (0.086), security (0.735), cost (0.680), and limited time for online business development (0.498), standard and regulation (0.495). The Third underline factor the barrier to online business in a small family business is the readiness of the company to implement business models (0.484).

Based on the results above, identify that there are three underline barrier factors to online business adoption for the small family business. The strong barrier factors online business adoption is online business is not suitable for the small family business. Therefore, it is necessary to change the perception of the small family business about online business adoption. These perception changes include strategy, process business, and habit in doing business. An integrated system needs to be developed between the small family business, customer, supplier, and other stakeholders. The second underline barrier factor to online business adoption is online business infrastructure. This is due to limited funds owned by the small family business. This barrier factor will be resolved through collaboration with various stakeholders e.g. government, university, and bank. Government regulation is needed to provide infrastructure for the development of online for the small family business. The last barrier is the appropriate business model for online business adoption. The development of an online business model that is suitable to the characteristics of the small family business is needed to eliminate this underline barrier factor to online business adoption.

The results of this study are in line with the research on the barriers to adopting online business in Indonesian SMEs [14]. These results are also in line with the previous research in Southeast Asia and West Asia [1, 15, 6]. Similarities in conditions in several Southeast Asian and

West Asia have led to the similarity of the underline barrier factor of online business adoption. Some companies in Southeast Asia and West Asia also belong to the type of SMEs, so they have the same problems with the small family business in Indonesia to online business adoption. Therefore, it is significant to synergize several institutions to help develop online business in the small family business. In future research, it is significant to develop an online business model that fits the characteristics of the small family business.

V. CONCLUSION

The aim of this study is to identify the underline barrier factors of online business adoption in Indonesia's small family businesses as perceived by the owner and managers of the family business. There have been conflicting findings from previous research in which different results were reported at different locations, indicating the barriers to adopting online business vary according to location, type, and scale of the company. Based on an analysis of the results of research in several countries, there are 11 factors relating to barriers to online business adoption. This study is an empirical study utilizing survey questionnaires distributed to 30 small family businesses that do not have an online business. Data were processed and analyzed using factor analysis. The study indicated that there are three underline barriers factors online business adoption for the small family business. They are online business is not suitable for the small family business, online business infrastructure, and the readiness of the business model for online business adoption. This study has a limited level of respondents' participation, so it can cause a perception bias towards barrier factors online business adoption. Perception bias has been controlled with the result of the previous study. The results of this study are in line with the research on the barriers to adopting online business in Indonesian SMEs and also in Southeast Asia and West Asia. In future research, it is significant to develop a fit online business model that appropriates the characteristics of the small family business.

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