

# CHALLENGES AND BARRIERS OF E-COMMERCE IN IRAN

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## ABSTRACT

Today, Electronic commerce (EC) has the potential to improve efficiency and productivity in many areas and, therefore, has received significant attention in many countries. In many places, such as newspapers, magazines, media, words such as e-commerce, electronic money and electronic communications is heard. Ecommerce is often forgotten that one of the main products of modern technology, and the outcome is the development of communication. Tools and platforms and new business are always changing to make it easy to access resources. But this phenomenon in some country helpful somewhat backward and still benefit from the industry has not provided the necessary substrates. The absence of adequate basic infrastructural, socio-economic and the lack of government national ICT strategies have created a significant barrier in the adoption and growth of e-commerce in developing countries. In this study, it is also an attempt to express some of these barriers be addressed.

**Key words:** E-commerce, Barriers and Challenges of E-Commerce, Challenges of E-Commerce

## 1. INTRODUCTION

E-commerce based on data processing, including text, sound, image. The business includes various activities such as the electronic exchange of goods and services, instant delivery of digital content, business plans, collaborative design and engineering, electronic stock exchange, government procurement, direct marketing, services after the sales. Successful in today's global markets and effective ways to support their view that portrays the country's economic empowerment, including compliance with the requirements of the current international system in terms of its economic and industrial progress in the field.

Undoubtedly, one of the charms of using information technology to enhance business performance in the national economy to achieve the goal of increasing efficiency requires action on two main commercial information and trade facilitation business information, breaking the monopoly on information, competition and thereby increase productivity is best step to promote social justice.

Studies show that the use of electronic commerce will create 21 to 70 percent savings on the costs of various activities. E-commerce is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the Internet. These business transactions occurs business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business. The terms e-commerce and e-business are often used interchangeably. The core business facilitates trade must be utilized modern methods including the use of bar codes, standards, electronic data interchange and electronic commerce and paperless transactions. One of the important features of electronic commerce is lubrication methods and activities to reduce the cost of business operations. Electronic commerce due to the speed, efficiency, reduces costs and exploit fleeting opportunities to compete in a new arena is open. It is so far behind the evolution of the global economy will not result in the isolation.

There are many barriers to the adoption and implementations of electronic commerce in delay are discussed.

## 2. REVIEW OF THE LITERATURE

### E-Commerce:

Various definitions have been proposed for electronic commerce are often based on past experience in the use of electronic commerce, European Commission e-commerce can be defined as: e-commerce based on processing and transferring electronic information such as text, voice, and image. Electronic commerce, commonly known as E-commerce, is trading in products or services using computer networks, such as the Internet. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle, although it may also use other technologies such as e-mail. In the simplest case, it can be defined as doing business transactions in an electronic format. The European Commission has defined the e-commerce in 1977 as follow: The April 1997 edition (ERCIM News No. 29) reported that "Europe has been lagging with respect to the rest of the world in its way towards the information society".

Various activities such as electronic commerce electronic exchange of goods and services, digital content and instant delivery, electronic funds transfer, electronic stock exchange, electronic bill of lading, commercial design, direct marketing and after-sales service in the covers. Japan's Ministry of Industry and Trade has provided the definition of these categories: "Electronic commerce, which until recently was limited to a certain number of companies are entering into a new realm in which a large number of users are in the network. Furthermore, the content of data exchange within the order or accepting order is expanded more than past and general business activities such as advertising, negotiations, contracts and liquidate them have expanded.

Commercial-based (Web) in all aspects of the marketing process and can be done by using Internet technology. In general terms, as the name implies e-commerce transactions and purchases and sales are said to be done electronically through communication networks, so that the buyer or consumer will be seen goods through the Internet in a virtual store and then search and order. Finally, receipt goods, after payment of its products over the internet takes on acceptable time.

Another definition of e-commerce we can say, a business that based on the use of ICT in business. Electronic commerce has a major sub-branch is as follows:

#### 1. E-Commerce

#### 2. E-business

E-business applications can be classified into the following categories:

##### 1. Internal business systems

- Customer Communications Management
- Enterprise Resource Planning
- Employee Information Portal
- Knowledge Management
- Management of team work
- Document Management Systems
- Human Resources Management
- Process Control
- Manage internal communication

##### 2. Enterprise Communications and Collaboration

- E-mail
- Voice mail
- Discussion Forums
- Conferences
- Cooperative systems

**3. E-Marketing:** The starting point for successful e-marketing as a marketing strategy or business strategy to create a process that is well defined to Link to marketing objectives through marketing communications and design techniques for achieving desired goals.

**4. E-Banking:** Muller defined banks are using the internet for banking, e-banking services to clients and customers using the internet to organize, control and perform transactions on their bank accounts.

The important E- banking channels are:

- PCs
- Personal computers
- Kiosks
- managed networks
- Landline and mobile phones
- ATMs
- Terminals Sale

**5. Smart cards:** The names "Integrated Circuit

**6. Management of customer relationships.**

Undoubtedly, use wise of technology, e-commerce can improve the performance of our business and the active participation of in the field of international trade and will help to strengthen the country's position in the global and regional markets. The rapid growth of electronic commerce and the increasing in the developed countries and the competitive advantages, the concept is those developing countries should immediately reconsider his trade, business strategies and policies to provide. Many economists, scientists and futurists believe that. In recent years a revolution similar to the industrial revolution occurred in the world into the age of information and many economic and social aspects of human life has undergone a profound transformation. One aspect of this development is that the profound changes in the economic relations between individuals, companies and governments, there is trade between each other, companies and individuals together with companies and governments. Mainly based on the exchange rate from its traditional mode of paper based documents Logged and moving transactions conducted through the use of electronic information systems.

It will include a variety of e-commerce

**1. Business to Customer (BTOC):** The largest share of e-commerce in the retail BTOC form the business grew quickly with expanding web and now you can easily all kinds of goods ranging from sweets to cars and computer software purchased through the Internet.

**2. Consumer to Consumer (CTOC):** In this model of e-commerce, auction and bidding is done via the internet goods. Requirements similar to a newspaper classified into a stall in the market for second hand or junk shop. The basic idea of this model is that consumers could buy and sell each other without intermediaries.

**3. Consumer to Business (CTOB):** Purchase requires new methods for making it easier to buy and sell online. Online agencies such as the intermediary between consumers and sellers, the buyers will try best to assist in purchasing. Their work is based on CTOB model for the model's sales agency should have ended the profitability of a sales strategy to use.

**4. Peer to peer (PTOP):** Participants to liquidate their auction service called PayPal vendor that is most PTOB trade within that people can work directly together to exchange and while the lion's share of the money transfer transactions are undertaken in the face. Mobile technology, more people are involved in the trading of non-verbal.

**5. Business to Administration (BTOA):** This kind of e-commerce business is including all financial transactions between companies and government agencies. Taxes paid by companies and government needs; including those which may be included in this category.

**6. Consumer to Administration (CTOA):** this model of e-commerce has not yet emerged but according to the growth of BTOA, governments will expand the state of electronic exchanges as to collect people's donations, to pay income tax and any other business between the government and the people.

### 3. Iran and E-Commerce:

In cyberspace country are so many internet sales sites that are not clear which one is superior to another or who can be trusted more. But the question that comes to mind after seeing this massive site is why has not been reached in the field of e-commerce in our country however the amount of sites work in this field and invite users to buy online. The expansion of e-commerce business in Iran could be moving at a much faster pace. The value of electronic commerce in Iran is supposed to reach \$12.8 billion in 2006 registering an average growth of 48.6 percent (The National Report on E-commerce in Iran, 2004). The IT infrastructure is controlled by the Ministry of Communications and Information Technology. A monopoly results in limited choices, high fees and historically poor services. High Internet cost means not many small and medium-sized enterprises (SMEs), which constitute a large percent of Iran's Industrial capacity, do their business online Internet (Laosethakul&Boulton, 2007).

Iran's position in the global ranking in terms of the volume of e-commerce prove these claim. The latest statistics revealed that Iran's position in the field of e-commerce. Statements of government officials at the Sixth Conference of commerce. Also, according to the latest statistics provided by the Ministry of Communications and Information Technology, and classified by the World Economic Community in 2012, Network Readiness Index (NRI) is the following four criteria, Environment, preparation, application and Influence, Environmental sub-criteria, measures the relationship between the market and regulatory framework to support high levels of ICT use and development potential of entrepreneurship and innovation which includes elements of the political environment and governance and business innovation and also in the preparation of sub-criteria is considered to prepare infrastructure for the construction of commodity with the use of ICT and digital content. The three bases of digital content and infrastructure are included price and cost of services and skills. This index measures the utilization of ICT in their daily activities and including the use of personal, commercial and eventually government, also the influence of sub-criteria evaluates the vast economic and social effects of ICT to enhance competitiveness and welfare of citizens and so this indicates that the economy and society will be moved toward technology-based society and economy and ICT. The rank of Iran, on the table of readiness networking, is 16 among the 20 countries in the region rank and 104 in world.

#### 4. BARRIERS AND CHALLENGES OF E-COMMERCE IN IRAN

Challenges in implementing e-commerce in Iran can be pointed to the following factors:

- Economic and cultural poverty and low levels of IT awareness in the country: MS. Susan Strange has become the world's leading researchers in the field of globalization believe this is the biggest storm of the technology should be sought in the cultural field. Cultural aspects of globalization to dominate the cultural values of the West and the world is their legitimacy, the distinguishing between internal and external sovereignty is a fundamental principle of the international system which is considered Nowadays, to break down the process of globalization that is major obstacle to the growth of this phenomenon. The lack of proper implementation by the relevant agencies to develop public awareness of the issues of information technology is a serious obstacle in this way.
- Unfamiliarity responsible for the structure and function of E-Commerce: Low awareness of directors about the objectives of E-commerce, improper development of using internet, resisted previous system's users, low consumer awareness of the benefits of E-commerce, nature and non-tangible benefits of E-commerce.
- Demographic factors (such as the high average of age in efficiency and income generation of society): The high averages of age in society reduce motivation to replace modern trade (E-Commerce) instead of traditional businesses. These communities have any interest in changing the models of economic performance.
- The value of the time the Iranian folklore: One of the most important cultural issues is lack of attention to the value of "time is gold!", the "time" as a category is worthless in Iranian society, inevitably the little things well and saves a lot of time to be considered, are ignored.
- International relations (such as financial and banking sanctions against Iran): The impact of economic sanctions has had on the development of e-commerce infrastructure. Among which may be limited or banned the use of credit cards such as MasterCard, Visa Card and...
- Lack of appropriate finance infrastructure and ailing economic system: lack attention of finance infrastructure and new infrastructure accounting in economics that is one of the e-commerce arms; have caused a lot of obstacles in the development of this phenomenon.
- Disproportion speed internet access, web-down organizations, lack of internet service providers, non-compliance broadband internet, lack of internal experts. Low internal technical experts, high cost and the lack of networking and communications equipment necessary to access the internet fast and easy. Unfortunately in Iran infrastructures networks such as the Internet, mobile and... reach with much more cost and time and one of the most important contexts used in making e-commerce is not readily available.
- The other challenges are the lack of managerial strategic management, lack of senior management commitment to public and non-profit organizations, the multiplicity of decision centers in the field of e-commerce, the lack of cross-sectorial coordination lack of national programs in this field, turning over e-business managers and decision makers.
- Secure exchange of personal data in electronic media: One of the many negative effects of high interest for both users and administrators to develop e-commerce is no security context for the exchange of personal data and confidential information such as account numbers and passwords of electronic payment card and ..., of course good practices have been done in connection with security-related sites such as SSL by some executive of electronic payments banks, however are limited. Another problem is the lack of recognition and issuance of digital signatures and digital certificates can be used in development contexts.

-The lack of codified rules adopted e-commerce and other legal issues: In general, the main problems limiting the growth of e-commerce in developing countries are to accelerate growth of E-commerce should be to remove barriers such as insecurity and lack of legal coverage in connection with financial transactions. However, weaknesses of existing laws on legal issues, customs and taxes, as well as the lack of adequate written laws dealing with electronic crime, is a serious obstacle in this way. Also in this area can point to unacceptable documents and electronic signatures which are the current rules and regulations.

## 5. CONCLUSION:

For a country which is moving towards industrialization era and has profound and deep distance with the latest industrial and technological achievement of world, If foreign trade is scheduled to be done in a manner worthy of the talents and resources of the region and country, It can be a good way to achieve growth and enhance its. Developing strategies for economic, Social and Cultural Rights of every country all that it required a major change in the orientation of manufacturing and trading experience. Unfortunately, the position of e-commerce has not come into force as a law even for the government which usually should be as a supporter and creator.

Lack of credit cards are widely is a challenge of e-commerce's infrastructure. One of the most important issues in the development of our country's e-commerce is communications infrastructure, it Remains a serious problem in our country about providing the infrastructure and we have the huge gap with leading countries, If we want to use e-commerce in the national interest , must be to create new opportunities, Communications infrastructure and culture are important issues in the development of e-commerce, and it should be noted that this type of business has a social impact and all people can benefit from it. To access the e-commerce must adapt our technology with the world of course, there means no investment and it is necessary to establish diplomatic relations with other countries to achieve electronic technologies that other countries have access to it easily. Other important challenges are information security in electronic commerce such as copying data, allowing people to withdraw their name from the email account, the trade in illegal documents, copying documents, changing people's bank accounts, fraudulent websites created by another name and there is the possibility of denial of information and electronic documents. According to what was mentioned increasing security must be provided in the virtual world in all fields including banking, e-commerce and e-business. Consequently, people are attracted to this kind of business and the development of e-commerce is operated in our society, with it in the hope that officials and individuals associated can eliminate barriers and challenges of this global importance to improve economy and thereby Iran's entry into the global world of e-commerce.

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