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Why should small firms adopt eBusiness?
A framework for understanding the SME
eBusiness context



Presentation outline

- > eBusiness literature trends
- > Examination of the social and other contexts of small firms
- > Reconceptualisation of small firm research



eBusiness literature trends

- > The eBusiness literature tends to
 - treat small firms as a homogeneous group
 - treat the Internet/Web as a homogeneous artefact
 - adopt a *technological expansionist* perspective
 - assumes that all firms should adopt eBusiness for their survival and growth (and for the benefit of the national economy)
 - assumes eBusiness solutions are better than non-technological alternatives
 - pursue an innovation demand rather than supply focus
- > What drives small firm eBusiness adoption?
 - we must focus on their plethora of business goals



Characteristics of small firm owners

- > In the eBusiness literature the owner is seen as
 - the principal decision-maker varying based on education level, management experience, market-orientation, etc
 - having different eBusiness/technology perceptions or qualities such as level of support, attitude, knowledge, past experience, trust/confidence
- > Other issues not typically considered in the literature
 - small firm owners do not always have entrepreneurial goals
 - for some owners the firm is part of their identity
 - some small firms have more than one “owner”



Senior managers, family, employees

- > The eBusiness literature recognises employee roles
 - change agents/champions or can exert adoption pressure
 - adoption levels depend on employee eBusiness knowledge, resistance to change, their experience with change, owner willingness to divert employees from work for IT training
- > Other issues not typical considered in the literature
 - family can influence business goals and decisions
 - employee influence depends on manager's style
 - employee-owner dynamics can influence eBusiness
 - family/friends are often provide business advice



Networks, advisors, consultants, vendors and associations

- > eBusiness research into the role of these third parties
 - Emerging research into the role of business networks
 - Conflicting evidence about the role of vendors/consultants
 - Limited research into the role of industry associations and universities (often as knowledge disseminators and advisers)
 - Emerging research into the role of business advice services
- > More research in this area is needed
 - Other firms are trusted advice sources (after family/friends)
 - Small firm versus vendors/consultants expectation gaps
 - Do general advice services promote eBusiness adoption?
 - Which third parties do small firms trust and why?



Trading partners and competitors can exert eBusiness adoption pressure

- > Trading partner pressure might not be sufficient
 - low transaction volumes with large customers
 - some are not the small firm's primary customers
 - some prefer face-to-face/social contact, not more customers
- > Industry/competitor pressure might not be sufficient
 - it depends on eBusiness intensity in the industry
 - some small firms trade across multiple industries
- > These pressures must be seen in the context of the business goals of the small firm



Government, region, global context

- > The eBusiness literature recognises government roles
 - removing legal uncertainty of eBusiness
 - financial support, funding information/advice services
 - leading by example (eGovernment procurement)
 - ensuring IT skilled workforce is available
 - providing incentives for small firm exporting and growth
- > What about focusing on firms with other goals?
 - those not interested in export growth?
 - those not interested in financial/employment growth?
 - eBusiness adoption levels are lower for such firms

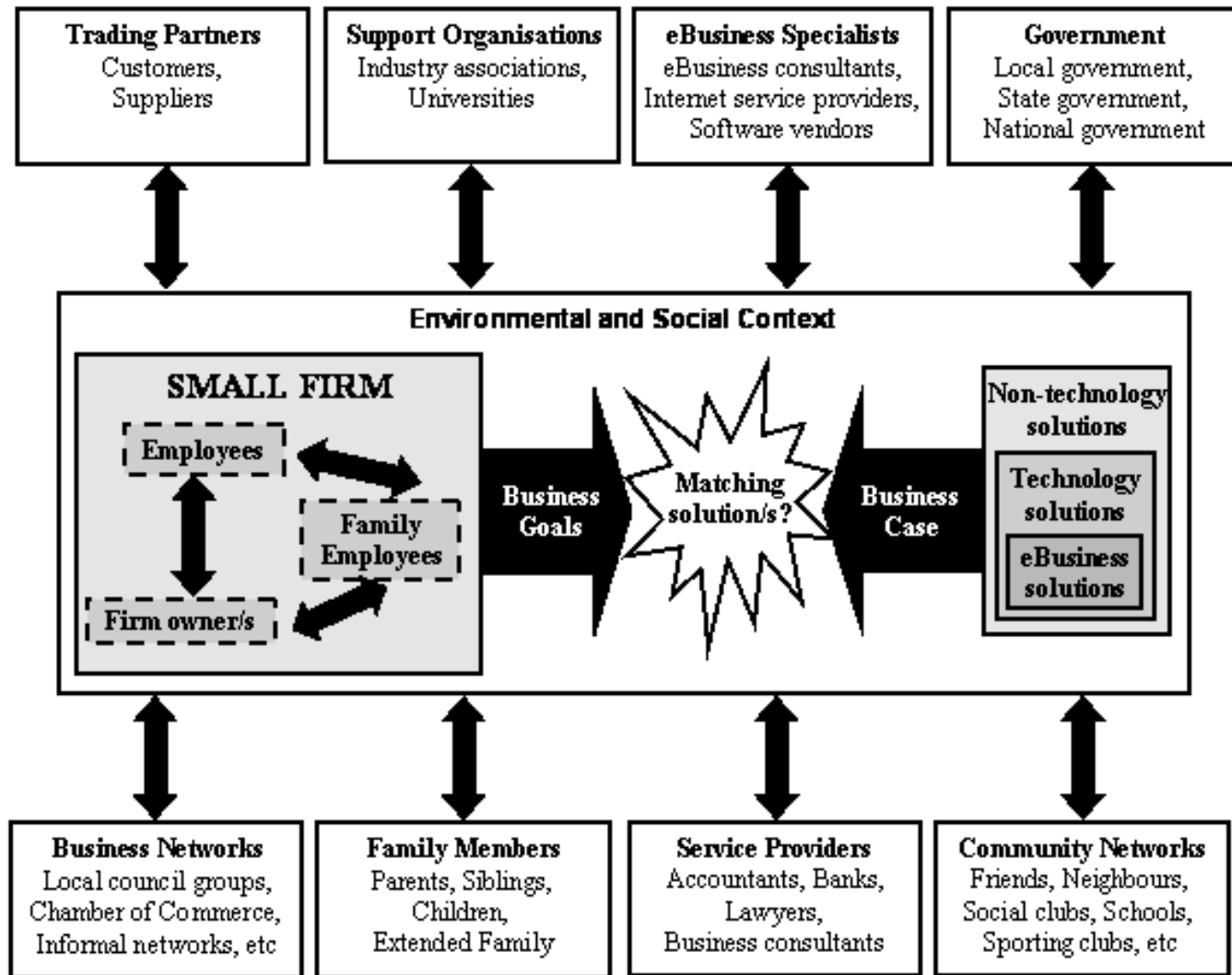


Small firm business goals

- > Relative advantage might be an adoption predictor
- > Research evidence shows that small firms will find the money and time if they are convinced of benefits
- > Unless eBusiness solutions can address the plethora of (non-entrepreneurial) small firm business goals
 - adoption will not occur, and firms will maintain the status quo and see alternative (non-technological) solutions as better
- > The focus must be on eBusiness solution providers
 - that is, innovation supply rather than innovation demand
 - Why **should** small firms adopt eBusiness?



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Implications

- > Empirical
 - “Why should small firms adopt eBusiness?”
 - focus on innovation supply, relationships and knowing small firms
- > Theoretical
 - Theories relating to innovation supply
 - Theories addressing social nature of small firms
 - Theories reflecting relationship-type explanations of adoption
- > Practical
 - Solution providers should develop business cases and develop more sophisticated understanding of the small firm clients
 - Tap into the social networks of small firm owners

