Chapter 10

Beyond E-Procurement:
A Framework to Develop E-Government Services for Small and Medium Enterprises (SMES)

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ABSTRACT

In this chapter the authors develop a framework to allow them to facilitate further development of e-government services to small and medium enterprises (SMEs). It is inspired in the idea that benefits for SMEs can be derived if we consider more fully e-government services as sources of SME knowledge. Benefits obtained by the use of these services can be enhanced in practice with the help of systems thinking and systems methodology use. Although the authors do not claim that knowledge is the only vehicle that SMEs could use to improve their situation, they suggest that awareness on how SMEs renew their knowledge using e-government as a source is an important element. In other words, by promoting the idea that SMES can become more aware of their external environment and respond to them, they will benefit themselves and others.

INTRODUCTION

There is little doubt nowadays about the worldwide importance of knowledge as an intangible but valuable asset to support business development. This assertion spans across different types of organisations including the Small and Medium Enterprise (SME) sector (Sparrow, 2005; Wong & Aspinwall, 2005). Although in this sector knowledge manage-ment has been seen as as a 'foreign' type of practice that pertains more to bigger companies (Riquelme, 2002), many SMEs have invested in technologies (computers, internet) to enhance their capabilities to absorb, capture and use knowledge to enhance their competitiveness (Costa, 2001; Jeffcoate, Chappell, & Feindt, 2000). SMEs have also the possibility of widening the scope of of their markets, their products and their networks if they are able to codify and integrate knowledge that could be anywhere. With existing business models changing into loose and

dynamic alliances (Tapscott & Williams, 2007), SMEs could provide services and products anywhere in the world if they knew who needs what they are able to provide.

Whilst SMEs strive to assess and incorporate the value of technologies, partnerships and alliances, other external organisations like local governments have similar concerns about delivering online services to SME that they could use effectively. The benefits of using and integrating such external sources by SMEs *as sources of knowledge* have not been fully assessed. Models of e-government portray the development of one-stop shop portals to enable administrative and commercially oriented services (Ballestero-Diaz & Font-Jaume, 2004). In portals companies can find information and more recently can participate in providing services to others in what has been called e-procurement (Ballestero-Diaz & Font-Jaume, 2004; Locke, 2006). However it is not clear how such portals are to benefit more directly *the inside of* small and medium organisations, their activities and ultimately their survival in a competitive environment.

The availability of a number of portals to facilitate procurement of services is growing and companies find that they can use these portals to perform a number of administrative transactions. Whilst these portals seem to streamline process of tendering[1], we believe that their portfolio of services could be extended if we knew how else they could benefit SMEs apart from automating the loading, consultation of information and follow up of tendering contracts.

In this chapter we develop a framework to allow us to facilitate further development of e-government services to SMEs. It is inspired in the idea that benefits for SMEs can be derived if we consider more fully e-government services as sources of SME knowledge (Cegarra, Dewhurst, & Briones-Peñalver, 2007; Locke, 2006). Benefits obtained by the use of these services can be enhanced in practice with the help of systems thinking and systems

methodology use. Although we do not claim that knowledge is the only vehicle that SMEs could use to improve their situation, we suggest that awareness on how SMEs renew their knowledge using e-government as a source is an important element. In other words, by promoting the idea that SMES can become more aware of their external environment and respond to them, they will benefit themselves and others. This is particularly important in the current economic climate which requires SMEs to be more flexible, inventive and 'daring' than ever so as not to depend on protection from bigger companies or governments worldwide.

To build our framework we initially make use of concepts of 1) Organisational Memory (OM) and 2) Exploitation of Knowledge (EK). We then suggest that the development of these two concepts in practice can help SMEs to convert information related to e-government services into knowledge. Moreover, develolping such concepts can be helped by using a variety of systems methodologies. In this way we expect to help SMEs and also governments by enabling joined up thinking, cooperation and collaboration, in other words to improve existing relationships to give a variety of benefits to parties. Results from an initial empirical investigation being oriented by our framework suggest that there is a need for fostering joint design opportunities for e-government services.

We start our chapter by providing a context for the use of e-government services. We then review in detail the concepts of organisational memory and exploitation of knowledge. We relate them to to the available types of e-government services so as to foster cooperative thinking between SMEs, government actors and other stakeholders. We conclude by highlighting some managerial implications of the use of this framework for future developments in e-government services for SMEs.

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