

Chapter 7.11

An Interventionist Approach to E-Commerce Implementation in SMEs

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ABSTRACT

SMEs (small and medium-sized enterprises) make a vital contribution to the economic and social well being of most European nations. Many SMEs have invested in an e-commerce presence on the Internet. They are motivated by the potential benefits, which include increased competitiveness and efficiency. In the U.K. there are many examples of entrepreneurial SMEs that have successfully embraced e-commerce. However, there are also many more SMEs that could benefit from Web-based e-commerce but have not yet done so. This chapter sets out the main factors that are inhibiting SMEs from adopting e-commerce. It then reports on a two-year teaching company scheme (TCS) between the Manchester Metropolitan University Business School (MMUBS) and Partwell Ltd.,

a U.K.-based manufacturing SME. This TCS was designed to improve the competitiveness of Partwell by establishing an e-commerce Web presence. The chapter highlights the philosophy and objectives of the TCS programme and describes the process of technology transfer between Partwell and MMUBS. One of the authors became immersed in the company for the two-year duration of the project, and the data presented here are based on his experience as an initiator of change. The action learning method by which e-commerce was introduced into the company is described and the results are evaluated against contemporary technology diffusion literature. It is shown that gaining the trust of key employees at Partwell, coupled with the adoption of a soft approach to e-commerce implementation, is a critical success factor. Finally, the chapter reports

on the benefits that Partwell has gained through the TCS experience.

INTRODUCTION

In the U.K., SMEs account for over 99% of the 3.7 million total businesses and for 50% of total U.K. turnover (£1 trillion). This is compared with 49% of the turnover from the 7,000 largest businesses (Small Business Service, 2003). In 2001 some 540,000 U.K. SMEs (including microbusinesses of less than 10 employees) were trading online, which is an increase of 20% from the 2000 figure of 450,000. The biggest growth in the percentage of businesses trading¹ online has been amongst microbusinesses; in the small, medium-sized, and large bands, the percentage has fallen (Dixon, Thompson, & McAllister, 2002)

However, there is an apparent reluctance for many small businesses to adopt e-commerce. A 2001 survey showed that although 77% of SMEs had an Internet connection, only 10% used the Web for selling and only 3% regarded themselves as an e-business (Figure 1).

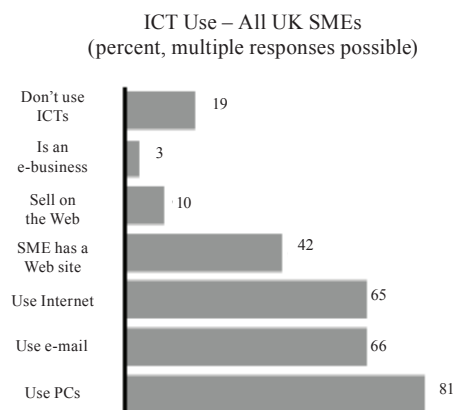
In a survey undertaken by the U.K. Federation of Small Businesses (FSB), only 6% of the 18,500

respondents regularly used the Internet to review business opportunities or bid for work, and only 9% of respondents regularly used the Internet for e-commerce purposes (Carter, Tagg, Ennis, & Web, 2002).

A number of factors have been identified that help to explain this low uptake. The Commission of the European Communities (2002, p. 15) investigated SME barriers to B2B (business-to-business) e-commerce and found that “SMEs are constrained by having fewer resources than larger companies. This includes not only financial resources but also time and management resources. They also often have a limited capacity to take risks or engage in speculative activities.”

Another factor that is often highlighted as a barrier is that small organisations encounter a bewildering variety and amount of sources of information about emerging technologies (Geisler, 1992). Often, this information comes from vendors of Internet technology and is thus not regarded as impartial. Furthermore, it has been noted that the most significant barrier to e-commerce for SMEs is that they do not perceive their products or services are suited to electronic trading (Commission of the European Communities, 2002). A 2002 survey by the Department of Trade and

Figure 1. ICT Use: All U.K. SMEs (percent, multiple responses possible)



Source: SBS Omnibus Survey, Autumn 2001 (business weighted)

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