

## Chapter 13

# Comparative Analysis on the Usage of Business Information Systems among Portuguese and Hungarian Small and Medium-Sized Enterprises

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### **ABSTRACT**

*It has become obvious that corporate management, administration, planning, cash flow, and other business activities could hardly function without information technology in the organization of society. Relationships between human activities and the people themselves are reliant more and more broadly on electronic devices. In terms of using information technology devices and services, the development of enterprises are significantly different in the European Union. This has led to a strong and significant relationship with the added value created by micro, small-, and medium-sized enterprises. In order to meet the needs of corporations, enterprise resource planning and integrated management systems have evolved and have become more and more widespread among small- and medium-sized enterprises as well. Although Portugal in the group of Southern European countries and Hungary in the group of Eastern European countries lag behind the other countries belonging to their group, it turns out that in terms of using and intending to use business information systems, Portuguese enterprises are more advanced in the categories of small- and medium-sized enterprises. This chapter explores this.*

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## **1. INTRODUCTION**

Today, the greatest challenge for the European Union is the transition to a knowledge-based economy. Its successful implementation may result in a competitive and dynamic economy with more and better workplaces, contributing to a higher level of social cohesion. Entrepreneurs that are able to react quickly to the changing requirements are in a particularly favourable position to benefit from the advantages of globalization as well as the accelerated pace of technological advances. The future well-being of the European Union depends on the growth opportunities and innovation capacities provided by micro-enterprises and SMEs. Being exposed to intensifying competition, SMEs operate in a changing global business environment and continuous structural transformations, their role has become more important than ever before as they are in the vanguard of creating job opportunities and have an essential influence on the well-being of communities at the local and regional level. With the help of flourishing SMEs, the European Union becomes more prepared for fending off the uncertainties of today's globalized world.

The employment, its rate expressed in percentage and its added value by SMEs (also including micro-enterprises) are very different from one another in the European Union. It can be explained by a number of factors: these enterprises usually operate under different circumstances, rely on different human resources, furthermore the development level and the availability of their fixed assets are also diverse.

Information technology and business information systems play an extremely important role in the provision of business services, in the coordination of production and in the supply of human resources with information (Bacon 1992).

The basic assumption of our research is that in countries where enterprises use information technology devices to a greater extent, they are capable of manufacturing more complex products

(Keil & Tiwana, 2006). Producing more complex products results in higher added value (Kagan, Lau, & Nusgart, 1990). As a consequence, it can be expected that the difference in the IT development level of the EU countries may lead to great differences in their capacity of creating added value as well.

Based on their geographical location, the 27 member states of the European Union can be divided into four distinct groups:

- Central Eastern Europe (Bulgaria, The Czech Republic, Hungary, Poland, Romania, Slovakia)
- Northern Europe (Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, Sweden and the United Kingdom)
- Southern Europe (Cyprus, Greece, Italy, Malta, Portugal, Slovenia and Spain)
- Western Europe (Austria, Belgium, France, Germany, Luxembourg and Netherlands)

In a broader sense, the object of our study is to examine the economic and IT development of the Southern and Eastern European countries, in a more specific sense we aim to investigate the supply of business information systems among the small and medium-sized enterprises in Portugal and Hungary.

## **2. CONCEPTUAL CONSIDERATIONS**

Applying an information system is essential in the life of an enterprise. The main goal is to identify those IT applications that can help to increase business performance. However, in many cases using the given system is not sufficient, it should be recognized that the systems not only have technical function, but they can also help in creativity, gaining experience and hereby the barriers of enterprises can be overcome easier. The aim of our research is to assess how the introduction of different business information systems influenced

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