

Chapter 6

Use

ABSTRACT

A positive environment will contribute to the beneficial use of information systems by small business. It is incumbent upon senior management to take a proactive approach to the strategic use of information systems. Employees must be trained with the appropriate skills. New processes should be explored regularly both with current information systems and new systems that could potentially provide an improvement in performance. Information systems should be used in a way that contributes to both efficiency and effectiveness to support operational decision making and eventually the competitive advantage of small business. This chapter presents an overview of the issues involved in the use of information systems by small business. Management of small business tends to make decisions based upon an informal approach to gathering information. Once adopted, an information system formalizes this approach and promotes a more structured process for decision making. From an external perspective the use of information systems by small business presents a positive image to customers, suppliers and other small businesses. Internally the responsibility resides with senior management to set a positive environment regarding the use of information systems.

INTRODUCTION

Senior managers should take a strategic approach to determining how information systems can contribute to competitive advantage. They must be proactive in dealing with issues associated with the use of information systems. This is especially so for ensuring employees are sufficiently trained in the appropriate use of the information

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systems. The use of an information system should promote operational efficiency by providing timely information that accurately reflects what has transpired in the small business.

This chapter is organized as follows. To begin two theories are reviewed which provide the context for information systems use in small business. Then it is noted that information systems use will promote a positive image for the small business. Laggards and leaders are described regarding practices which facilitate the beneficial use of information systems. In general, a proactive attitude by management and employees will provide a positive environment. Once selected the information systems should be used effectively as well as efficiently. Operational efficiency will contribute to “doing things right”. Effective information systems, providing timely and accurate information will contribute to management in their goal of “doing the right things”. The chapter concludes with a presentation of the results based upon a series of projects which investigated small business use of information systems. There are issues to be addressed internally and those which arise externally that require a response.

INFORMATION SYSTEM USE FRAMEWORKS

If information system use is different in small business versus large companies, how does this use evolve as a small business grows and matures? The answer to this question will be addressed in Chapter Thirteen which presents a maturity framework for small business use of information systems. The following paragraphs provide the basic description of information system use within small business.

Briefly, two theories, reported here, have been employed to provide a context for information use in small business. These theories are the Resource-based View of the firm Theory and the Theory of Absorptive Capacity. Caldeira and Ward (2003) employed Resource-based View Theory to attempt to explain small business success with the use of information systems. Factors associated with success were related to internal aspects of the business. One factor involved positive management perspectives and attitudes toward the use of information systems. The other internal aspect involved the development of capabilities to use information systems.

Francalanci and Morabito (2008) employed Absorptive Capacity Theory to analyze how the use of information technology facilitates the performance of small business. The Theory of Absorptive Capacity (Cohen & Levinthal, 1990; and Zahra & George, 2002) relates to a small business’ ability to uniquely identify, assimilate, and exploit knowledge from external sources (Cohen & Levinthal, 1990). Francalanci & Morabito (2008) determined that absorptive capacity facilitates information system integration which promotes maturity and quality in the use of information systems.

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