Small and medium sized enterprises (SMEs) make a substantial contribution to the economic and social wellbeing of many national economies. Consequently, the European Union (EU) is funding several initiatives aimed at stimulating growth within SMEs. In particular, there is concern that despite the potential benefits of information and communication technology (ICT), adoption rates in UK-based SMEs tend to be low. The aim of this paper is to identify important factors which contribute to successful diffusion projects. The main causes of low ICT adoption rates are identified. Using empirical data collected from a successful UK diffusion initiative, the paper reveals the importance of nurturing a trusting relationship with potential ICT adopters both before and during the diffusion project. It goes on to show that the provision of reactive training during the diffusion process is vital. Finally, the case study findings are compared with the literature and comparisons are drawn.

INTRODUCTION

In the United Kingdom SMEs are collectively responsible for 65% of employment and 57% of Gross Domestic Product (Madsing, 1997). Small businesses can gain competitive parity or even competitive advantage over large organisations by exploiting ICTs such as the Internet and e-commerce, yet many small business
managers remain dubious about the proclaimed benefits. This view is reinforced by the numerous newspaper reports which describe expensive ICT project failures. An important way to increase confidence in the business benefits of ICT is training and education (Stair, 1989). Unfortunately, many small business managers are compelled to expend the majority of available resources on meeting daily business needs and cannot give priority to education and training (Sargent, 1996). This situation could be alleviated by adopting an approach to training where employees can make immediate practical use of the knowledge gained (Curran, 1988; Kinni, 1994). Furthermore, SMEs tend to operate in an ad-hoc manner (Doukidis et al., 1996; Quelch and Klein, 1996). Hence training programmes are more likely to succeed if they are delivered in a similar manner. In many cases the smaller organisation needs more support to take advantage of information and communication technologies than their larger counterparts (Fariselli et al., 1999). If a diffusion project is going to succeed, training providers must possess interpersonal as well as technical skills and they need to be more sensitive to the specific needs of the smaller organisation (Allard, 1999).

Even those SMEs who would wish to adopt ICT often do not possess the full range of physical and intellectual resources with which to implement ICT to its full potential. The UK government has sought to address this problem in a range of diffusion projects. Unfortunately, there is a general mistrust of such initiatives. Reasons put forward for such an attitude are unclear aims and objectives, lack of support, poor value for money, and lack of understanding of the nature of, and constraints experienced by small businesses (Berranger, 1999). Moreover, there is little awareness of, or interest in, promotional schemes on the part of SME owners (Bannock, 1992). This situation has prompted the EU to finance the Northern Quarter Network (NQN) ICT diffusion project. The Northern Quarter (NQ) is a commercial region of Manchester - the third largest city in England. Historically the area was a manufacturing centre but is currently being regenerated and is home to numerous SMEs (Hill, 1995). It is this project which is discussed later in this paper.

**ICT DIFFUSION**

Most models and methodologies related to ICT diffusion and adoption are based on data collected in large organisations and may be inappropriate for SMEs (Doukidis et al., 1996). SMEs are often considered flexible enterprises (Levy and Powell, 1998) and some research suggests that such flexibility will make ICT adoption relatively simple to achieve (Montazemi, 1988) and that a greater speed of adoption than larger organisations might be expected (Storey and Cressy, 1995). These assertions appear to ignore the difficulties brought about by lack of time, cash flow issues, lack of expertise and limited knowledge of the technology, all of
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