



## **Chapter VII**

# **Strategic Alliances and E-Commerce Adoption in Regional SMEs: A Comparative Study of Swedish and Australian Regional SMEs**

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### **Abstract**

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*This chapter examines the role of strategic alliance membership on the adoption and nonadoption of e-commerce in regional SMEs. The study was conducted in Karlstad, Sweden and Wollongong, Australia. The study specifically examined whether members of a strategic alliance rated e-commerce adoption factors (criteria for adoption, barriers to adoption, benefits derived from adoption, or disadvantages caused by the adoption of e-commerce) differently to nonmembers. The results showed that membership in a strategic alliance was associated with the rating of importance of e-commerce adoption factors, but only for specific sections of the SME population. The results also showed that these associations are not “universal,” but differ from location to location.*

## Introduction

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In the late 1990s, a number of western governments (see Blair, 2000; European Commission, 2000; NOIE, 1998) realised that e-commerce might be a mechanism whereby SMEs might gain a larger share of the marketplace. Motivated by the possibility of increasing employment and reducing trade deficits, government bodies developed a number of initiatives to encourage small businesses to become “wired to the marketplace.” These initiatives consisted of a series of stepwise strategies through which a small business might move in order to achieve e-commerce adoption and use. Together with these steps were a set of benefits deemed achievable through the adoption of e-commerce. To manage the proposed changes, SMEs were encouraged to pool their limited skills into strategic alliances (Miles, Preece, & Baetz, 1999).

There are many studies that advocate the importance of strategic alliances in the early adoption of e-commerce, particularly by SMEs (see for example Donckels & Lambrecht, 1997; Jarratt, 1998; Overby & Min, 2001). These studies note that as SMEs confront an environment that is increasingly complex, technologically uncertain, and globally focussed, there is a growing need to be flexible and proactive in business dealings, and they conclude that SME strategic alliances often provide a ready source of technical information, market expertise, and business know how, and a more flexible business structure for dealing with environmental turbulence.

As might be expected, along with those that advocate the role of strategic alliances, there are those that have criticised its development and use. Much of the criticism centres on the apparent belief that small businesses are considered to be “small large businesses.” Under such assumptions, business characteristics such as business size, business age, business sector, geographic location, and level of internationalisation are simply removed and replaced by the simplistic notion that all SMEs are intent on gaining a proportion of global market share (Culkin & Smith, 2000; Martin & Matlay, 2001).

Given the debate that surrounds the role of small business strategic alliances, it is interesting to note that little research has been carried out to determine whether these structures have an impact on an SME’s decision to adopt e-commerce. Furthermore, there has been a lack of research into comparing e-commerce adoption in those SMEs that are members of a strategic alliance to those that have opted to remain outside such arrangements.

This chapter examines four aspects of e-commerce adoption: the criteria for adoption, the barriers resulting in nonadoption, the benefits derived from adoption, and the disadvantages incurred through adoption of e-commerce. The four aspects were applied to two regional locations, Karlstad, Sweden and Wollongong, Australia. The aim of the studies was to determine whether there were differences in the perception

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