

Chapter 6

The Effectiveness of Internet Portals on the E-Commerce Activities of Rural SME Business Owners: A Study of Rural SMEs in Scotland

John Sanders

Heriot-Watt University, UK

Laura Galloway

Heriot-Watt University, UK

David Deakins

University of the West of Scotland, UK

ABSTRACT

This chapter explores the uses and effectiveness of private and public/charity managed and funded internet portals on rural SMEs e-commerce activities in Scotland. Specifically, the study investigated whether there were differences in how rural SMEs used and perceived the effectiveness of each type of internet portal. Hypotheses were drawn from qualitative results carried out by Deakins et al. (2003) and Galloway et al. (2008, November). Ninety-six rural SMEs spread across the two types of rural internet portals were interviewed via telephone to gain their perceptions. Cross-tabulations using chi square testing discovered that in the main there were no perceived differences between the uses and effectiveness of private and public/charity funded internet portals on rural SMEs e-commerce activities. However, testing did discover that rural SME users of public/charity funded internet portals were more likely to be charged a fee for membership. The main preoccupation of rural SMEs was representation on an internet portal to help facilitate their e-commerce activities, not how it was owned or operated.

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INTRODUCTION

Within the small business literature a major issue is what constitutes a small and medium-sized enterprise (SME). Some authors use annual sales and total assets; while others utilise a firm's method of production or legal status. The multiplicity of definitions employed reflects the diverse character of the SME sector. For the purpose of this chapter an uncomplicated and popular definition of SMEs will be used. The source of this definition is from the United Kingdom's Department for Business, Enterprise and Regulatory Reform (BERR) and it simply classifies firms by their employee numbers. BERR (2009) define a small business as having 0 to 49 employees, whilst medium-sized businesses employ between 50 and 249 employees.

Small business research has in the main concentrated on the experiences and issues confronting urban rather than rural SMEs. As the literature review will explain, rural SMEs have unique needs which must be addressed and understood if they are going to fulfill their potential. For instance, rural SMEs face limited access to business services, shortage of labour and inadequate transport links.

Certainly many authors view e-commerce as an important means for assisting rural SMEs to surmount the aforementioned difficulties. Wigand (1997) describes e-commerce as "the seamless application of information and communication technology from its point of origin to its end point along the entire value chain of business processes conducted electronically and designed to enable the accomplishment of a business goal. These processes may be partial or complete and may encompass business-to-business, as well as business-to-consumer and consumer-to-business transactions" (p.5). Stifling SME owners/managers e-commerce endeavours is a lack of computer/internet literacy and website expertise. A positive development to remedy rural SMEs information technology deficiencies is the emergence of local internet portals run either by dedicated private

individuals or via not-for-profit organisations like local charities or government authorities. The authors define internet portals as a collective activity using the internet to present businesses via a common brand, most often industry or location-specific.

Rural firms have been found in various studies to use portals. There is evidence of collective action amongst rural business owners through local area marketing of rural locations, for example in Scotland (Galloway et al., 2004); industry-focused marketing such as tourism (Pease, et al., 2005, August); and combinations of these, notably agri-food, for example in Greece (Baourakis et al., 2002; Vakoufari et al., 2007) and Wales (Thomas, et al. 2002). Such strategies can benefit member firms that may not have a direct internet presence: as Pease and Rowe (2005, July) note, in many cases, particularly in rural locations, "the premise...is the realisation that on its own an SME is not able to cope with the increasingly complex [internet] environment...nor does it possess the skills and expertise needed to compete in that environment". The aim of this chapter is to report findings from a survey of rural firms in Scotland which make use of internet portals. The implications of these findings are then discussed for policy-makers in terms of optimising e-commerce activities for rural SMEs.

The remainder of this chapter includes a literature review that briefly examines some of the major trends and issues surrounding rural SME owners and entrepreneurs. A further element of the literature review will address the usage of e-commerce by rural SMEs. Following this discussion the impact of internet portals on rural SMEs is reported. The authors believe internet portals are an important vehicle for optimising rural SMEs e-commerce efforts. Certainly the expertise offered by internet portal operators can pave the way for rural SMEs to more rapidly improve their e-commerce activities than might otherwise happen. In support of this belief, two qualitative studies investigating the characteristics

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