

Chapter 11

The ‘Knock-on’ Effect of E-Business upon Graphic Design SMEs in South Wales

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ABSTRACT

This chapter depicts the current findings of an ongoing longitudinal study pertaining to e-business and the graphic design industry. The research problem can be described as identifying the extent of engagement by graphic designers with e-business. The location of the study is Industrial South Wales: Cardiff, Newport, Swansea and the South Wales Valleys with the particular focus being Small and Medium Size Enterprises (SMEs). For the purpose of the study, the European Commission definitions relating to SMEs have been utilised (last revised 2005).

INTRODUCTION

This chapter depicts the current findings of an ongoing longitudinal study pertaining to e-business and the graphic design industry. The research problem can be described as being: to identify the extent of engagement by graphic designers with e-business.

The location of the study is Industrial South Wales:

Cardiff, Newport, Swansea and the South Wales Valleys with the particular focus being Small and Medium Size Enterprises (SMEs). For the purpose of the study, the European Commission definitions relating to SMEs have been utilised (last revised 2005), that is:

- **Medium sized enterprises:** Employs fewer than 250 persons and whose annual turnover

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or balance sheet total does not exceed 50 million euro

- **Small enterprises:** Employs fewer than 50 persons and whose annual turnover or annual balance sheet total does not exceed 10 million euro
- **Micro enterprises:** Employs fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed 2 million euro.

Additionally, it should be noted that the European Commission definition also requires that the enterprises are classed as autonomous.

Since this study commenced in 2001 there has been much academic debate concerning the definitions of, and boundaries between, e-business and e-commerce. For example, in 2000, Turban, Lee, King & Chung considered the term e-commerce and e-business to be broadly equivalent whilst other commentators (Amor 2000; Siegel 1999) believed that e-commerce encompassed a much narrower range of activities than e-business, such as monetary transactions and marketing. It could be argued that not only has this view of e-commerce as a subset of e-business prevailed in text books (e.g. Chaffey 2006; Jelassi & Enders 2008), but also it has proved to be a convenient classification allowing the natural inclusion of subsequent emerging subsets such as m-commerce. Therefore, for the purpose of this chapter, e-commerce is considered to be a constituent element under the umbrella of e-business; with the definition of e-business being taken from Jelassi & Enders (2008) as 'the use of electronic means to conduct an organisation's business internally and/or externally'. (p 4). This definition can be seen to have evolved from those initially utilised by IBM and UK government agencies; being wide enough to incorporate ICT which is not necessarily internet based. However, it is acknowledged that even in 2008 some authors are still embracing much wider definitions of e-commerce; thus

perpetuating the blur between e-business and e-commerce. For example, Hultman & Eriksson (2008) in their study relating to balancing acts in SME e-commerce development, use the broad and early definition of e-commerce devised by Poon & Swatman (1999); 'the sharing of business information, maintaining business relationships and conducting business transactions by means of internet-based technologies.' (p. 477).

Regardless of definitions, it is an undeniable fact that in the 21st century e-business activities have had a far reaching affect upon commercial organisations, government agencies and consumers. However, there are definite indications that smaller businesses have not embraced or benefited from e-business activities to the same extent as their larger counterparts. In fact, during the course of this study, there was evidence that some small businesses in the UK, having initially embraced e-commerce, were "clicking off". For instance, micro business connectivity fell from 62% in 2001 to 45% in 2003; and small business connectivity fell from 77% in 2001 to 45% in 2003 (DTI, 2003). Despite subsequent improvements in these numbers, more recent figures published by the European Commission (2006) demonstrate that there is no doubt that SMEs in Europe have a lower propensity to adopt e-business activities than larger enterprises. Table 1 summarises data collected for eBusiness W@tch in 2006. The values for the largest enterprises have been normalised to 100 and compared to the results for micro, small and medium enterprises.

Similarly, a 2007 e-commerce survey of UK business (ONS, 2008), confirmed that smaller businesses were less likely to utilise information communication technologies. For example in 2007, of businesses with more than 250 employees, 95.9% had established a website, 80.8% used the internet to interact with public authorities, 67.6% possessed an intranet and 98.6% had a broadband connection: in direct comparison to small businesses where 66.1% had established a

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