

Chapter 11

B2B Website Benefits Realization in Australian SMEs

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INTRODUCTION

One aspect of small and medium-sized enterprises (SMEs) electronic commerce activity that is acknowledged but rarely examined is their use of websites as they are a critical element of their business growth and competitiveness (Loiacono et al., 2002). Their successful design and use can alter the effectiveness of an SME's venture into electronic commerce. However, SMEs are still lagging behind larger organizations in the adoption and evaluation of their electronic commerce activities despite the benefits it offers (Lin et al., 2007) and in overcoming the potential barriers that hamper their evaluation practices (Standing and Lin, 2007). Understanding the factors used by the SMEs' potential customers

to evaluate their website effectiveness can serve as a basis for creating and improving websites (Simmons et al., 2007).

Moreover, only a handful of studies so far have examined specifically at the issue of (business-to-business) B2B website effectiveness (Berthon et al., 2003). Most of these published academic studies are somewhat limited by their use of B2C websites, student/faculty samples, and small sample sizes (Chakraborty et al., 2002). Very few studies have empirically demonstrated what organizational drivers lead to the effectiveness of a B2B website (Chakraborty et al., 2002). Therefore, the main aim of this research is to examine the relationships between B2B website adoption readiness (*WSAR*), B2B website adoption barriers (*WSAB*), IT investment evaluation (*ITIE*), and B2B benefits (*Benefits*) in Australian SMEs. A key contribution of the study

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is the identification of the factors which would influence the realization of B2B website benefits for Australian SMEs.

BACKGROUND

Statistics show that 36% of small and 82% of medium-sized businesses in Australia have established a website (ABS, 2003). Two thirds of SMEs believe that their website enhances their business effectiveness, by increasing visibility and accessibility, improving communications and increasing sales (ABS, 2003). This accords with view by Loiacono et al. (2002) that effective communication of a B2B website plays a key role in successfully conveying its messages and influencing stakeholders' behavior and satisfaction. The implementation of B2B websites is seen as an important stage in e-commerce development and a crucial part of a firm's use of the Internet for communicating, entertaining and interaction with stakeholders.

However, the effectiveness of B2B websites and organizational drivers which influence it are rarely addressed (Manuel, 2004). For example, the findings reveal that Italian SMEs, fearing being imitated by their competitors, possess lower level of B2B e-commerce adoption readiness. However, their Asian counterparts exhibit little fear of information leakages and tend to be more prepared in their exploitation of e-commerce via their B2B websites. There are numerous online sources offering, often conflicting, advice and help on setting up a website while business organizations and government sources continue to encourage SMEs to launch websites. The proliferation of sites has increased the imperative for businesses to have some knowledge of what they intend their site to achieve.

THEORETICAL BACKGROUND

According to the organizational view, organizations wishing to increase their outputs need to have a close linkage between their IT infrastructures (B2B website adoption readiness) and supporting business architecture (IT investment evaluation) (Parker, 1996). It recognizes that both IT and business domains (i.e. IT infrastructures and supporting business architecture) should be managed and positioned in terms of their respective IT and business focuses. Organizations wishing to increase their outputs need to have a closer strategic alignment between their exiting organizational drivers (Parker, 1996). Not surprisingly, organizations with a high strategic alignment between organizational drivers have been found to exhibit better performance (Chan et al., 1997). In other words, in order for organizations to derive significant benefits from their B2B website investments, senior executives have to ensure that a clear linkage exists between the level of B2B website adoption readiness and IT investment evaluation (Parker, 1996).

Limit-to-Value Model in B2B Website Benefits Realization

The limit-to-value model highlights how B2B website adoption barriers within a SME can impact on the realization of B2B benefits. The Chircu and Kauffman's limit-to-value model (2000) was adapted to describe the barriers and benefits and associated with B2B website adoption. The model attempts to identify a number of industry-independent sources of benefits. In order to determine the potential B2B benefits for a specific industry or a specific organization (SME), the contribution of all the benefits need to be measured during the B2B website evaluation process. Industry adoption barriers also need to be carefully determined and assessed. Potential benefit to a SME is the maximum benefit that can be obtained within the overall environment.

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