



Chapter XI

The Relationship of Strategic Intent to the Enablers and Inhibitors of E-Business Adoption in SMEs

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Abstract

Small firms' use of e-business is limited and little is known about what drives them to embrace e-business. Using survey data from 354 small and medium-sized enterprises (SMEs) in the UK West Midlands, this chapter investigates e-business use and drivers. It first discusses different growth strategies adopted by SMEs and reviews Internet adoption in SMEs. Drivers and inhibitors of e-business are identified. Three research questions are derived—does strategic intent drive e-business adoption and is it a factor of market position or product innovation? Is this consistent across sectors? And how is strategic intent and industry adoption influenced by the enablers and

inhibitors of e-business adoption? This research demonstrates that strategic intent influences decisions to invest in e-business. Those SMEs remaining in their existing markets are the least likely to invest, primarily due to the Internet not being seen as necessary for growth. Product innovation rather than market penetration drives e-business and e-business drivers and inhibitors provide insights into this.

Introduction

Small and medium sized enterprises (SMEs) (firms with 10-249 employees under the EU definition) are a vital and growing part of most economies. Internet technologies are recognised by governments across the world as critical to the development of this sector. Many governments offer financial incentives through intervention projects to encourage SMEs to adopt the Internet, particularly e-mail and Web sites, and subsequently to develop e-business systems that enable them to trade more effectively with business partners (Evans, 2002; Zhu, Kramer, & Xu 2003). Despite this effort, penetration of e-business in SMEs is slow (Kendall, Tung, Chua, Ng, & Tan, 2001).

The limited research into Internet adoption and e-business in SMEs reveals a perceived benefit as the major driver (Brown & Lockett, 2004; Mehrtens, Cragg, & Mills 2001; Poon & Swatman, 1999). Other factors, however, may influence SMEs' decisions to invest in e-business. For example, SMEs' approach to adoption of information and communication technologies (ICT) to manage and grow depends largely on the firm's strategic intent: either cost or valued-adding (Levy, Powell, & Yetton, 2001). This chapter discusses whether, and in what way, strategic intent affects SMEs attitudes to Internet adoption. Here, strategic intent encompasses two dimensions: markets and products. Most SMEs plan growth through some combination of these (Storey, 1994). The chapter also considers drivers and inhibitors of e-business adoption to determine any relationship between these and strategic intent.

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