

SMEs and Portals

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INTRODUCTION

This article looks at portals from the perspective of small- and medium-sized enterprises (SMEs), and those concerned with the success of these firms. First, the importance of SMEs is discussed. Both governments and private firms want SMEs to succeed, and portals can assist. Following this is a discussion of portals and SMEs. How are portals used? Have there been successes and/or failures? Lessons are drawn from this section. The article ends with references and a list of terms.

IMPORTANCE OF SMEs

Small and medium-sized enterprises (SMEs) are important to national economies and hence to the world economy. SMEs are important for providing employment, creating new jobs, and contributing to a country's GDP. The size definition of what constitutes a micro-, small-, or medium-sized business varies from country to country, and even between government departments and programs within a country. One common segmentation approach uses number of employees—micro (or very small) businesses having less than five employees, small businesses having 100 or fewer employees, and medium-sized firms having 101-500 employees. A variation on this would have the employee limit set at 250 for small businesses. Another segmentation method uses sales and is based on the type of firm (manufacturing, wholesale, retail, service, and so forth). It is important to note that different countries use different definitions and these definitions can vary significantly (e.g., in some countries a firm with 500 employees is a *large firm*).

In Canada, small firms (those with fewer than 100 employees) make up 97% of goods-producing employer businesses and 98% of all service-producing employer businesses¹. For the U.S., small firms represent 99.7% of all employer firms, employ half of all private sector employees, pay 45% of total U.S. private payroll, have generated 60 to 80% of net new jobs annually over the last decade, and create more than 50% of non-farm private gross domestic product (GDP)². Within the UK, there are 3.95 million small businesses, which employ more than 50% of the private sector workforce (some 12 million people), and contribute more than 50% of the national GDP³. Within the European Union, there are more than 19 million SMEs, comprising more than 95% of businesses in

member states⁴. And in Australia, some 95% of businesses are SMEs⁵. Typical advantages attributed to SMEs include being able to service small markets, having a quick reaction time to changes in market conditions, innovativeness, and closeness to their customers. On the negative side, SMEs usually are "resource poor" (in terms of finances, time, and expertise), and generally lag in integration into the new e-economy. Of course, there is tremendous diversity among SMEs. They cover all industry segments, from manufacturing to service to trade, and from traditional style firms to modern knowledge-based ones. Profitability varies significantly between types of SMEs and among businesses within industry segments. In particular, a small business is not simply a scaled down version of a large business.

SMEs have to compete with peers within their own country (and often larger firms, as well), and sometimes with SMEs in other countries. The Internet has proven to be a helpful tool for many SMEs, and portals are one application used by them.

PORTALS AND SMEs

Various definitions of portals can be found in the literature. The most frequently mentioned terms are *gateway* and *information*; hence we will define a portal as a gateway to information. From an SME perspective, portals are important because they provide access to information, which directly or indirectly leads to successful business operation. For this information to be useful, there must be a transmitter and a receiver, and the information must be timely, accurate, relevant, and appropriate. The need for information may come from a current or prospective customer or supplier, from the SME owner or employee, or even a computer program. Obtaining information may be the end itself, or it may be part of a larger transaction.

Portals come in various *flavors*. Table 1 summarizes some of the taxonomies found in the literature. Over time, the number of ways portals are classified has increased. Where once they were *doorways to the Web* to help online Internet users navigate, now they serve a number of functions and purposes. As Web sites continue to expand their content and functionality, and focus on particular audiences, the distinction between a Web site and a portal will continue to blur. An important point for any portal is the functional-

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Table 1. Portal taxonomies

Eisenmann & Pothen (2000)	Chan & Chung (2002)	Clarke & Flaherty (2003)*	Tatnall (2005)
Horizontal	Buyer side	Informational	General (or Mega)
Vertical	Seller side	Transactional	Vertical Industry
	Digital market	Horizontal	Horizontal Industry
		Vertical	Community
		Private	Enterprise Information
		Public	E-Marketplace
			Personal/Mobile
			Information
			Specialised/Niche

*not mutually exclusive

Table 2. Selected Web sites for SME information

Country	Organization	Web Site
Australia	Federal government	www.australia.gov.au/212
	Western Australia Small Business Development Corp.	www.sbdc.com.au
Canada	Federal government	www.strategis.ic.gc.ca/engdoc/main.html
	Provincial government	www.smallbusinessbc.ca/index.php
	Canadian Federation of Independent Business	www.cfib.org
UK	Small Business Service	www.sbs.gov.uk/
	Federation of Small Businesses	www.fsb.org.uk
	Small Business Research Portal	www.smallbusinessportal.co.uk/index.php
USA	Small Business Administration	www.sba.gov/
	National Federation of Independent Business	www.nfib.com/page/home

ity it provides, which depends on the portal's purpose and intended audience.

Governments are naturally concerned that these SME "economic engines" continue to function well. There is a general concern that many small firms are lagging in their adoption of information and communication technologies (ICTs), and are particularly slow with moving to e-business (Canadian e-Business Initiative, 2004; Fisher & Craig, 2005; Gengatharen & Standing, 2004). Hence, various e-commerce and other initiatives have been undertaken at national and regional levels in many countries.

One form of initiative is the development of government information portals so SMEs can quickly find out about government programs, as well as learn more about common e-commerce initiatives (often supported by case examples), or avail themselves of online training. Governments have also funded the development of community portals (some directed at B2B commerce, others at B2C, and still others at both). Table 2 lists a few Web sites (portals) that provide SME information for selected countries (the list includes government, association, and other Web sites). The list is by no means comprehensive—there have been initiatives

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