

# Chapter 26

## Managerial Orientations and Digital Commerce Adoption in SMEs

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### ABSTRACT

*This chapter determines the relationships between managerial orientation factors, such as entrepreneurial alertness, learning goal orientation, and digital efficacy, on the adoption and outcomes of digital commerce in Small and Medium-Sized Enterprises (SMEs). A survey of Australian SMEs was conducted, and 109 useable responses were received. The results describe owner/manager views of digital commerce use and business outcomes such as growth and efficiency resulting from adoption. Hierarchical regression analysis reveals that managerial orientations related to entrepreneurial alertness scanning and search as well as learning goal-orientation predict growth outcomes resulting from using digital commerce. Being able to see connections, make associations, and search for new opportunities is significantly related to efficiency stemming from digital commerce adoption. The findings contribute to the knowledge of digital commerce adoption, its outcomes, and how these relate to managerial orientations of entrepreneurial alertness, learning, and digital efficacy.*

### INTRODUCTION

The digital landscape present many opportunities to alert entrepreneurs, from those that seize opportunities to create new firms in the virtual world to those who use digital technologies and tools to enhance business efficiencies, improve customer service, achieve significant cost savings and improve external network relationships with partners, stakeholders and suppliers (Jones, Simmons, Packham, Beynon-Davies & Pickernell, *in press*; Kaplan & Haenlein, 2010; Simsek, Lubatkin, Veiga & Dino, 2009). While the adoption of digital technologies by small and medium sized enterprises (SMEs) could

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provide numerous business-related benefits (Nguyen, 2009) and is seen as essential for future economic progress in Australia (Department of Broadband, Communication and the Digital Economy 2008), not all SMEs are keen to adopt new technologies. In fact Love, Irani, Standing, Line and Burn (2005) argue that reality is more complex for SMEs, with a myriad of factors influencing adoption, not simply cost-benefit-risk evaluation metrics. Similarly, Fillis, Johansson and Wagner (2004) propose that individual firm and managerial orientations play a key role in seizing digital opportunities. Valliere (*in press*) shed more light on the question as to why some SMEs are more likely to see digital opportunities, take action to exploit, and implement digital commerce than others through his conceptualisation of entrepreneurial alertness, as a managerial orientation.

Entrepreneurially alert owner/managers are more likely to notice environmental changes or internal triggers (Fillis *et al*, 2004) and in making sense of these triggers, may infer an opportunity to adopt digital commerce and seize the benefits it offers (Daniel & Wilson, 2002). Other managerial factors that influence digital commerce adoption include competencies (Nguyen, 2009), attitudes (Fillis *et al*, 2004) as well as learning and digital efficacy (Yi & Hwang, 2003). Simsek *et al*, (2009) find that an entrepreneurial alert information system enables SMEs to facilitate entrepreneurial action, while Yi and Hwang's study (2003) outlines the importance of learning goal orientation and self-efficacy for digital commerce adoption. While numerous authors have studied the barriers, benefits, costs (Love *et al*, 2005; Daniel & Wilson, 2002) and managerial competency factors (Fillis *et al*, 2004; Jones *et al*, *in press*) of SMEs related to information technology adoption, we're not aware of studies which relate entrepreneurial alertness to the adoption of digital commerce. Examining information technology adoption from a managerial orientation lens, which include entrepreneurial alertness, learning focus and digital efficacy enables us to gain a better understanding into SME owners/managers' behaviour, which is sometimes described as an enigma (Love *et al*, 2005). Thus the purpose of this paper is to determine the relationship between entrepreneurial alertness, learning goal orientation and digital efficacy as managerial orientations to the adoption and outcomes of digital commerce for SMEs. As such this study contributes to the digital commerce adoption literature, highlighting the role of entrepreneurial alertness, learning and efficacy for SMEs.

This study proceeds by first reviewing the literature regarding managerial orientations expected to influence digital commerce adoption, in particular entrepreneurial alertness, learning, digital efficacy, and adoption use and outcomes. There-after the method and results of the study is presented and hypotheses assessed, finally the discussion and conclusion highlights the key findings and implications of the study.

## **THEORETICAL BACKGROUND**

### **Research Model and Hypotheses**

Figure 1 presents the proposed research model. This model is based on the e-commerce adoption model (Daniel & Wilson, 2002) which postulates that technology use and outcomes are influenced by learning goal orientation and digital efficacy (Yi & Hwang, 2003). In this study we've added entrepreneurial alertness, since this construct can also be related to the use of digital technologies and outcomes from the use of those technologies. More specifically we take these constructs usually applied at an individual

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