

## Chapter 6

# An Exploratory Look at Attributes of Internet Use and Adoption by Franchisees

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### ABSTRACT

*This case study explores the attitudes and perceptions of franchise owner-operators in regard to their acceptance of advanced Internet innovation and technologies. Because these franchisees serve a dual role as both the decision maker and the end user of new technology and innovation, they provide a dichotomy of perspectives that yield insights into many aspects of business leadership, customer service, and operational proficiency. Findings suggest five key attributes of Internet use and adoption by franchisees. The data in this exploratory case study also reveals three areas of disparity regarding franchisee behavior worthy of consideration by practitioners and academics: (1) The inward focus of franchisees, (2) project costs are considered superficially, and (3) the micro SME as change agent. This research is significant and accretive by capturing the voice of franchisees in regard to Internet acceptance and by providing a strategic look at how the franchise micro SME is significantly different than non-franchised and larger SMEs.*

### INTRODUCTION

The world in which small and medium sized enterprises (SMEs) compete has been forever changed by the Internet (McGowan, Durkin, Allen, Dougan, & Nixon, 2001; Simmons, Armstrong,

& Durkin, 2008; Terziovski, 2003; Yang, Lin, Liu, Chao, & Chen, 2008). While the benefits of the Internet for SMEs are well supported in the literature, Internet use and adoption in SMEs has been relatively slow (Al-Qirim, 2007; Brown, Lockett, & Schubert, 2005; Fillis & Wagner, 2005; Hashim, 2009; Levy, Powell, & Worrall, 2005); particularly for advanced Internet inno-

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vations that go beyond the mere use of websites and mass emails and utilize more sophisticated two-way interaction and analytical data processing (Bengtsson, Boter, & Vanyushyn, 2007; Hashim, 2009; Poon & Swatman, 1999).

While much of the SME literature detailing technology adoption and innovation reports nuances and certain discrepancies as to the key factors that either drive or inhibit Internet adoption and use by SMEs, certain agreements do exist. Factors commonly cited as drivers and/or inhibitors of Internet use and adoption are typically considered from three perspectives: internal, external, and organizational. Within each perspective, common drivers and/or inhibitors for Internet use can be found in the literature. Internal factors typically include perceived usefulness, marketing benefits, existence of a project champion, and project cost (Al-Qirim, 2007; Beckinsale, Levy, & Powell, 2006; Bengtsson et al., 2007; McGowan & Durkin, 2002; Mehrrens, Cragg, & Mills, 2001; Poon & Swatman, 1997, 1999; Simmons et al., 2008; Wymer & Regan, 2005). External factors commonly listed are competitive pressure, customer demand, and vendor support (Al-Qirim, 2007; Beckinsale et al., 2006; Levy & Powell, 2003; Mehrrens et al., 2001). Finally, organizational factors usually include organizational size, technical experience, and organizational readiness (Bengtsson et al., 2007; Burke, 2005; Cragg & King, 1993; Karakaya & Khalil, 2004; Mehrrens et al., 2001).

A variety of approaches, methodologies, and contexts have been used to identify, investigate, and verify technology adoption and use and the drivers and/or inhibitors of Internet use by SMEs through empirical work (Wymer & Regan, 2005). From the aspect of technology adoption and use, several prevailing frameworks and theoretical models are commonly used to frame this research such as the Theory of Reasoned Action (Ajzen & Fishbein, 1980), the Technology Acceptance Model (Davis, 1989; McFarland & Hamilton, 2006), the Adoption, Innovation, and Diffusion Theory (Rogers, 1995), Social Cognitive Theory

(Bandura, 1986), and the Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh, Morris, Davis, & Davis, 2003). However, “no single model or theory dominates” (Wymer & Regan, 2005, p. 439).

From an operational perspective, the drivers and/or inhibitors of Internet use by SMEs have been approached in the literature through the development of conceptual frameworks and models (Levy & Powell, 2003; Mehrrens et al., 2001; Simmons et al., 2008). However, these models, conceptualizations, and frameworks have never been applied to franchises. Adding to the complexity, the literature spans several functional areas such as marketing, information systems (IS), management, organizational behavior, and communications to name but a few. These drivers and/or inhibitors of Internet use and adoption by SMEs have commonly been explored in the context of larger SMEs versus the “micro” SME, which is typically defined as an enterprise with fewer than 10 employees. Considering in contrast that “medium” SMEs can have 100-499 employees, it is not surprising that “the variability between firms within the SME sector is such that the distinction between very small firms and large small firms is too important to ignore” (Brown et al., 2005, p. 77).

The purpose of this study is to learn more about a relatively sparsely researched group, micro SMEs. Our focus is the technological Internet innovation that is being conducted within service franchise SMEs at the ‘front line’: the entrepreneurial Internet use and innovation driven by the owner-operator of a franchised SME. This research is centered on an e-marketing pilot project utilizing advanced Internet innovation to solicit customer feedback and provide new means for two-way interactions between franchisee and customer. The participant data also reveals insight into other Internet uses for two-way customer-company interactions such as blogging and instant messaging.

We explore the innovation in a context previously not studied: micro SMEs with a service

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