



## **Chapter VIII**

# **EU E-Commerce Policies: Enhancing the Competitiveness of SMEs Through Innovation**

Anne Wiggins, London School of Economics and Political Science, UK

### **ABSTRACT**

*This chapter not only presents an overview of the theoretical awareness and understanding of innovation, but also identifies and discusses existing EU innovation policy initiatives for SMEs, deliberating on the impact such policy initiatives have on their specific considerations. This chapter examines the strategic implications of the adoption and implementation of e-commerce by two successful start-up SMEs in the UK presented against a backdrop of relevant EU policy initiatives. SMEs, and start-ups particularly, find themselves having to operate without role models and tested business plans within an increasingly complex and competitive environment.*

### **INTRODUCTION**

This chapter will present an overview of the theoretical awareness and understanding of innovation and develop an outline of existing European Union (EU) innovation policy initiatives for entrepreneurs and small and medium-sized enterprises (SMEs). Entrepreneurial attributes such as creativity, flexibility and dynamism are frequently associated with the SME sector, and an understanding

of the nature of these attributes and what generates them is essential in order to develop appropriate policy instruments.

The point of departure of this policy-oriented study is that innovation is a good thing (both on regional and organisational levels) and that there is a call for public intervention in order to provide more of it. Drawing from the literature, this study builds on these basic assumptions. The motivation for this research arises from a practical problem: SMEs need suitable opportunities to assist them in adopting and implementing electronic commerce (e-commerce), not least because of the way that e-commerce enables companies of *all* sizes to compete with and out-manoeuvre market dominants and facilitates the radical transformation of both technical and business operations.

Experiences from SMEs' adoption of e-commerce show that small businesses have typically been reactive rather than proactive, usually doing just enough to meet their customers' requirements (Chen and Williams, 1998). Those SMEs that understand the relevance of e-commerce in relation to their operations, however, and employ strategies in order to harness the opportunities it presents, can successfully adopt and implement e-commerce.

A significant number of EU projects and policy initiatives have been introduced in recent years to motivate e-commerce adoption and implementation by SMEs. However, uncertainty as to how to address the challenges e-commerce presents remains a major impediment to its widespread adoption by SMEs. The practical impact of EU policy initiatives on SMEs who have successfully managed the adoption and implementation of e-commerce in the UK will be examined, with a view to instruct feasible changes, and with the implication that future policy initiatives may become more relevant, accessible and coherent to SMEs.

Through two in-depth, qualitative case studies this chapter seeks to answer the following questions: How do SMEs cope with starting and managing a company based on the adoption and implementation of e-commerce? And how relevant, accessible and coherent to UK SMEs are EU policies and projects initiated for that purpose?

## RESEARCH METHODOLOGY

The research undertaken enabled discussion to take place about the requirements of SMEs within the context of their organisational and cultural situation so that relevant notions of the strategic implications could emerge. Information was obtained through semi-structured interviews with the principals of the case studies. Although the researcher pre-established a set of questions to direct the interviews (see Appendix A), the interviewees were able to express their views on any and all aspects they considered to be important and/or relevant.

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