

## Chapter 4.2

# The Role of Web Sites and E-Commerce in the Development of Global Start-Ups

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### ABSTRACT

This chapter introduces the role of Web sites and e-commerce in the development and growth of global higher education start-ups. The extant concepts, research, and experiences the chapter builds on is the literature concerning e-commerce and small- and medium-sized enterprises (SMEs) together with published research on global start-ups. It argues that the key results, evidence, and experience, from the empirical case study

research, highlight clear and precise reasons for the development of Web sites and e-commerce by the global start-ups. The limitations of the results are that they report early stage development of Web sites and e-commerce by global start-ups. The authors plan to undertake “follow-up” interviews in future years to develop a longitudinal study. Furthermore, there are important implications of the study for entrepreneurs, policy makers, practitioners, researchers, and educators for the specific field of e-commerce developments for global start-ups.

## INTRODUCTION

This chapter considers the growth of global higher education start-ups and the role of Web sites and **e-commerce** in their development. The chapter builds on the extant concepts, research, and experiences of the literature concerning e-commerce and SMEs together with published research on **global start-ups**. It has been recognised that e-commerce is revolutionising business transactions. In fact, e-commerce is changing the way businesses of all sizes operate in terms of their interaction with customers and suppliers. In addition, it is contended that the rapid adoption of e-commerce by many firms is also providing the catalyst for societal change. Through e-commerce, it is possible to market products and services to customers around the World. While there is no internationally accepted definition of e-commerce, the UK Department of Trade and Industry proposed the following working definition to the organisation for economic cooperation and development (OECD):

*Using an electronic network to simplify and speed up all stages of the business process, from design and making to buying, selling, and delivery. E-commerce is the exchange of information across electronic networks, at any stage in the supply chain, whether within an organisation, between businesses, between businesses and consumers, or between the public and private sectors, whether paid or unpaid. (Inland Revenue, 1998, p.1)*

**E-commerce** continues, however, to present a significant challenge to regional and central governments alike, in terms of policies and programmes. In this sense, it is argued that businesses will need to adopt a proactive approach if they are to benefit from this new medium. Moreover, it is submitted that unless firms develop their own procedures and systems to keep pace with electronic developments, they are likely to be left

behind and fall by the wayside as the e-economy gathers momentum.

Ever since the early 1970s, smaller firms have been recognised by economists and governments throughout the western world as being essential to economic development in terms of wealth creation and employment. SMEs make substantial contributions to national economies and are estimated to account for 80% of global economic growth (Jutla, Bodorik, & Dhaliqal, 2002). Within the extant literature, there is no single uniformly acceptable definition of a SME. For example, while the EU defines small businesses as having up to 50 employees and medium-sized businesses having up to 250 employees, the U.S. defines small businesses as having up to 500 employees. The most widely accepted definition of a SME is still one based on the ideas of the Bolton committee (1971). They identify three important factors that constitute the essence of a smaller firm:

- They have a relatively small share of their marketplace
- They are managed by owners or part owners in a personalised way, and not through the medium of a formalised management structure
- They are independent, in the sense of not forming part of a larger enterprise

Developments in information technology have ceaselessly had profound marketing implications for smaller businesses. None more so in recent years than the ever-prospering forum of the Internet, which poses both tremendous opportunities and challenges for SMEs globally. Despite the widespread acceptance of Internet use in corporate environments the extent of Internet use continues to vary widely among small businesses (Sadowski, Maitland, & van Douyer, 2002). The opportunities presented by e-commerce participation for SMEs relates to the leveraging of inherent strengths to create competitive advantage. The size of SMEs enables them to be more adaptable and responsive

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