

## Chapter 5.1

# A Community Web Site Initiative: Impacts on Small Businesses

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### ABSTRACT

This chapter reports on a study investigating a community Web site project operating in a UK village community. The aim of the study is to determine the impacts the online business directory component of this community Web site is having on the small businesses in the village, including consideration of the benefits they are deriving from their participation in the directory, the problems they have encountered through their participation, and the effects their involvement is having on their wider Internet adoption strategy and decisions. The findings highlight the value of community Web sites for small businesses, both for those that have already adopted various Internet applications into their operations, as well as for non-adopters of the Internet. It is suggested that existing discussions of small business approaches to Internet adoption might usefully be extended to incorporate the role of community Web sites.

### INTRODUCTION

Towards the end of the 1990s, a Web site was launched as part of a community project in a UK village. The purpose of the Web site was twofold: first, it was set up to provide a forum for community groups and charitable organisations located in the village to communicate news about, and details of, their activities and/or services to the local population; and second, it was intended to provide businesses based in the village with an opportunity to promote their products and/or services. To achieve this latter purpose, the community Web site contains an online business directory in which details of local businesses are listed. The aim of the study reported in this chapter is to explore the impacts this community Web site, and particularly the online business directory component of the site, is having on the small businesses located and operating in the village. This exploration includes consideration of the benefits those small businesses are deriving

from their participation in the online business directory component of the community Web site; the problems they have encountered to date as a result of their participation; and the effects their involvement is having on their wider Internet adoption strategy and decisions. In so doing, the study contributes to, and builds on, the burgeoning array of literature in which the Internet adoption behaviour of small businesses is discussed.

The chapter is structured as follows: first, a review is provided of pertinent literature on Internet adoption in small businesses; then an overview is presented of the contents and structure of the village community Web site under investigation in this study. This is followed by an explanation of the research method employed in the study. Then, a summary of the study's findings is given, and the implications of those findings discussed and, where appropriate, situated in the existing small business Internet adoption literature. In a concluding section, the threads of the study are drawn together, and indications given of possible fruitful areas for further research.

## **BACKGROUND: INTERNET ADOPTION IN SMALL BUSINESSES**

It has been widely suggested in the literature that the Internet presents a significant, if not unprecedented, opportunity for small businesses to compete alongside larger enterprises (see for example Daniel, Wilson, & Myers, 2002; Fillis, Johannson, & Wagner, 2004; Grandon & Pearson, 2004) and to penetrate the global marketplace (Hamill, 1997; Quelch & Klein, 1996), through the low-cost marketing facility of the World Wide Web. However, it has also been noted in the literature that the Internet poses a considerable challenge for small businesses, particularly with regard to the decisions that must be made about which of the available Internet technologies to adopt and to integrate into existing business processes (Poon & Swatman, 1999; Quayle, 2002). Furthermore, the

findings of various research studies conducted to date in the area of Internet adoption indicate that small businesses have been slow to incorporate Internet applications into their operations (see for example Brown & Lockett, 2004; Fillis et al., 2004; Grandon & Pearson, 2004; Poon & Swatman, 1999). In the light of both its bright promise of enhanced business opportunities, as well as its challenge for small businesses, the Internet and its deployment in SMEs has rapidly become an important topic of research inquiry.

The role of community Web sites in the Internet adoption behaviour of small businesses does not seem to have received much attention in the literature, and so it is envisaged that the present study will help to address that gap. In order to inform, shape, and provide context for the study, a number of relevant themes have been explored in the burgeoning array of Internet research literature. Prominent among these themes are first, studies examining the factors that motivate small businesses to adopt or reject the Internet (see for example Grandon & Pearson, 2004; Mehrtens, Cragg, & Mills, 2001; Scupola, 2003). A second theme concerns the benefits that small businesses are deriving from their Internet adoption (see for example Daniel & Wilson, 2002; Poon & Swatman, 1997, 1999). A third theme emerging from the literature centres on the approaches that small businesses take to adopting the Internet into their operations (examples here include Daniel et al., 2002; DTI, 2000; Fillis et al., 2004; Rao, Metts, & Monge, 2003).

With regard to the first theme of factors that motivate small businesses to adopt the Internet, studies have identified a number of factors that seem to play an important role. These include the perceived benefits of Internet adoption, such as the relative advantage of the Internet over other methods or technologies (Kendall, Tung, Chua, Ng, & Tan, 2001; Mehrtens et al., 2001; Rao et al., 2003), reduced marketing costs, and access to new markets (Fillis et al., 2004). Another factor is the readiness of an organisation to adopt the

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