

## Chapter 5.17

# E–Organisation and Its Future Implication for Small and Medium–Sized Enterprises

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### **ABSTRACT**

E-organisations are expected to be one of the promising organisational forms in this Internet cultural era (ICE). E-organisations are different from traditional organisations; and most traditional organisations are evolving toward becoming e-organisations. These are organisations established and operated, based on the Internet and other related technologies in an environment referred to as Internet Culture, whereby organisations will be placing the Internet at the centre of their business and encouraging ubiquitous use of networked technologies. This chapter incorporates several perspectives to examine how small and

medium-sized enterprises (SMEs) use the network technologies and information and communication technology (ICT) in their current business environment. Through the use of a literature review and interviews, we analyse the various options for managing the transformation and its effects to ascertain the appropriate strategies within a range of SMEs. The results of this study reveal that the SMEs' journey toward becoming e-organisations can be classified into three stages: 1/2-fusion; fusion; and the ultimate e-organisation stage. Based on this work, strategic solutions are proposed for future SMEs intending to adopt Internet and other network technologies.

## INTRODUCTION

The Internet has gone from being a communication tool, used by a small sector of professional society (academics and military) to something that has permeated much of the business, corporate, and consumer world. Some of the largest and most able technological and information consuming organisations have seen this as an opportunity to create a totally new market for their products and services, and some have concentrated much of their day-to-day operations expenditure around the Internet to this end. This new technology has found a place in almost all organisations, as diverse as charities, public services, and corporate business. Both small and large enterprises have been motivated to use the technology, driven by the fear that they may be missing out on a great worldwide business opportunity by not being on the Internet, thus making them evolve toward becoming e-organisations.

In this chapter, e-organisations are companies which are established and operated, based on new technologies, such as the Internet and other related network technologies in an environment referred to as the Internet cultural era (ICE). The ICE can be defined as an environment where organisations are placing the Internet at the centre of their business and encouraging universal use of networked technologies for delivering their business processes, with emphasis on transparent communication and readiness to innovate and take chances on new ideas. Three economic entities, namely the government, organisations, and individuals, are the key players in the ICE.

Furthermore, in the 21<sup>st</sup> century and beyond, the Internet is one area of technological development that has and will continue to revolutionise modern organisations and the communication world like nothing before. It also is a medium for collaboration and interaction between individuals, their computers, and many business and non-business organisations without regard for geographical location. Shorter product development time,

greater flexibility, mass-customisation, reduced costs, and higher expectations from customers are the several outcomes envisaged in the ICE.

Despite the demise of the dot-com ventures in the 1990s, the use of the Internet still has a strong and dynamic impact on today's economy. As early as 1997, Schwarzer et al. noted that among the most frequently postulated characteristics and advantages of new ICT and Internet-enabled organisation settings are: high flexibility in a rapidly changing environment; customer-focused business and service models; and increased competitiveness. From an organisational perspective, the Internet has grown into a tool for achieving timely delivery of quality services and operational efficiencies, such as e-procurement, tele-working, and online banking. In conjunction with this, much evolutionary network support software on the use of the Internet within and across organisations to enhance business efficiency and create sustainable competitive advantages have been developed. The use of **electronic data interchange (EDI)** has become a common underpinning technology to support exchange of information and dealing with order transactions with suppliers in the supply chain. Increased recent emphasis on the implementation of radio frequency identification (RFID) in the physical logistics field also can be identified. Such developments would not only support and strengthen the capability of organisations to manage business processes electronically, either via the Internet, intranet, or extranet, but would challenge the adaptability of the existing organisational form and the strategy formulation method in the ICE.

In this chapter, the researchers incorporate several perspectives to examine how small and medium-sized enterprises (SMEs) use the Internet and other network technologies in their current business environment. It is anticipated that ICT will be used to improve information flow, both internally and externally, with all the benefit that this should bring to the organisation. In this chapter, we examine the drivers that led SMEs

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