

## Preface

The fast growth and business successes of Amazon.com, Dell, travel.com, and others, and the bankruptcy of numerous dot-com firms worldwide in 1999-2000 have reinforced the importance of entrepreneurship and innovation in e-commerce and e-business. E-entrepreneurship and e-innovation are emerging disciplines for proactively responding to changes in the e-world. The dot-com crash presented new challenges and new opportunities to entrepreneurs as well as intrapreneurs and researchers to rethink and redefine the constructs of entrepreneurship and innovation for e-business. This author argues that a combination of entrepreneurship and innovation will be a crucial factor to the long-term sustainability of e-commerce and e-businesses. While in this frenetically changing competitive landscape, e-entrepreneurship and e-innovation help organizations to gain competitive advantage, they raise important issues in their practices.

“Entrepreneurship, in its narrowest sense, involves capturing ideas, converting them into products and/or services and then building a venture to take the product to market” (Johnson, 2001, p. 138). A noticeable trend in the study of entrepreneurship in recent years has been away from the subject of small business per se toward the concept of entrepreneurship (Cornwall & Perlman, 1990; Chell, 2001). This book reflects this trend by emphasising the concept of entrepreneurship itself, rather than the personality or psychology of small e-business entrepreneurs in e-business.

Entrepreneurship represents organisational behaviour. The key elements of entrepreneurship include risk-taking, proactivity, and innovation (Miller, 1983). However, Slevin and Covin (1990, p. 43) argued that the three elements are not

sufficient to ensure organisational success. They maintained that “a successful firm not only engages in entrepreneurial managerial behaviour, but also has the appropriate culture and organisational structure to support such behaviour.” The book adopts a similar approach and treats entrepreneurship as organisational behaviour that is related to change and innovation and discusses both external and internal environmental elements and structures for fostering entrepreneurship and innovation in e-business environment.

From an economic perspective, entrepreneurship increases national prosperity and competitiveness by virtue of its impact on employment creation and the development of new goods and services (Zahra et al., 1999). Corporate entrepreneurship, that is, intrapreneurship, can be used to improve competitive positioning and transform corporations, their markets, and industries as opportunities for value-creating innovations are developed and exploited (Miller, 1983; Naman & Slevin, 1993; Lumpkin & Dess, 1996). There is a firmly established empirical base for claiming the effectiveness of corporate entrepreneurship (Lumpkin & Dess 1996; Zahra & Covin 1995). The book examines the relationship between the economy and e-entrepreneurship and e-innovation and the effect of corporate entrepreneurship on e-business success.

Is entrepreneurship related to innovation? Studies show that there is considerable overlap between entrepreneurship and innovation (Kanungo, 1999; Sundbo, 1998; Drucker, 1994; Schumpeter, 1934). Innovation is the specific tool of entrepreneurship by which entrepreneurs exploit change as an opportunity for a different business or service. Moreover, innovation has to address market needs, and requires entrepreneurship if it is to achieve commercial success (Zhao, 2004). Entrepreneurship is a change of state, a dynamic process, and a unique event. Legge and Hindle (1997) believed that people who lead teams and organisations to introduce innovations are entrepreneurs. Entrepreneurs seek opportunities, and innovations provide the instrument by which they might succeed. Corporate entrepreneurship often refers to the introduction of a new idea, new products, a new organisational structure, a new production process, or the establishment of a new organisation by (or within) an existing organisation. As Herbig, Golden, and Dunphy (1994, pp. 37 and 45) have observed: “Innovation requires three basic components: the infrastructure; the capital; and the entrepreneurial capacity needed to make the first two work.”

Drawing upon the outcomes of the principal studies of entrepreneurship and innovation, this book opens up a new field of debate and research about the role of entrepreneurship and innovation in the e-world, namely, e-entrepreneurship and e-innovation. E-entrepreneurship and e-innovation refer to broadly entrepreneurship and innovation in the context of e-business activities and operations. The theoretical constructs and the working concepts of e-entrepreneurship and e-innovation are developed and explored from various perspectives in the book through comprehensive and collective studies by a number of researchers and practitioners with e-business and management expertise.

The primary purpose of the book is to explore the changes in the nature, process, and practice of entrepreneurship and innovation in e-commerce and e-business after the dot-com crash. The specific objectives are:

- To characterize and define the main constructs of e-entrepreneurship and e-innovation;
- To examine the relationships and internal synergies between entrepreneurship and innovation in e-commerce and e-business;
- To explore the economical, social, political, and organizational structural elements in the rise and fall of e-entrepreneurship and e-innovation;
- To investigate the effect of “e-intrapreneurship,” that is, e-entrepreneurship within organizations, on e-business;
- To identify and corroborate best practices in e-entrepreneurship and innovation through best practice case studies;
- To examine ethical issues relating to e-entrepreneurship; and
- To speculate the future trends of the e-dimension of entrepreneurship and innovation.

You will find the book extremely helpful if you belong to one of the following groups:

- Entrepreneurs and managers from micro-enterprises to multinational companies who have been engaged in or plan to start, e-commerce and/or e-business;
- Lecturers and students in the subject areas of entrepreneurship and innovation;
- Researchers and students who study the electronic business and technology aspects of entrepreneurship and innovation;
- Government policy-makers and regulators who seek to address the significant issues in relation to e-commerce in the small and medium-sized business sector; and
- Anyone who is interested in the field of study.

This book helps e-business managers to formulate and implement strategies that foster the development of e-entrepreneurship and e-innovation, and provides a greater understanding of the crucial issues in e-business operations in a wide range of fields. As the present study is based upon both empirical and theoretical research, the book is also a valuable resource for researchers and students in the study field.

A review of the current literature about e-business as well as entrepreneurship and innovation found that there is hardly any English language literature investigating the dot-com crash from a perspective of entrepreneurship and innovation. The book intends to fill the knowledge gap and entails a better understanding of how significantly e-businesses rely on their entrepreneurial and innovative capacities, and how to develop these capabilities needed for sustainable success.

The book provides readers with both theoretical and practical guidance to a further study of e-entrepreneurship and e-innovation. The book presents a comprehensive introduction of the concepts and practices of e-entrepreneurship and e-innovation. The book discusses the application of the concepts in e-business operations and management. Readers are able to appreciate the key issues involved in the development of e-entrepreneurship and e-innovation.

The book is organized into 14 chapters, addressing the objectives of the book. A brief description of each of the chapters follows:

Chapter I sets the theme for the entire book. It identifies and explores the synergies between entrepreneurship and innovation, analyses the factors that foster an interaction between the two, and provides an integrative framework for building entrepreneurial and innovative organization in the e-world. The chapter reports findings from a number of case studies of entrepreneurial and innovative dot-com companies and from a comprehensive review of entrepreneurship and innovation literature. This empirical study contributes to a better understanding of the existing theories and practices of entrepreneurship and innovation in organisations.

Chapter II introduces the work of Deleuze and Guattari, particularly their notion of rhizomic becomings to the study of emergent knowledge dynamics in contexts of innovation. It shows how an analysis of rhizomic becomings can assist to explore new and emergent patterns, channelling interpretation toward the discovery of new combinations and creative assemblages in knowledge. This is exemplified by the example of a qualitative study exploring knowledge dynamics in e-business entrepreneurship since the dot-com crash. The results highlight the forging of the conditions for innovation in new combinations of lines of affect and lines of technology.

Chapter III critically challenges the naïve view of Internet innovation and reflects on the extraordinary rise and fall of large numbers of e-entrepreneurial intermediaries. Unlike much of the literature in this area, which has largely focused on leading companies or the few successful hubs, this chapter concentrates more on the opportunities and obstacles that face small and entrepreneurial organizations, and the innovations which failed. It addresses two central questions: Why did the Internet revolution not happen? What substantive ideas for business practice can be salvaged from the wreckage? Drawing on a multi-stranded empirical study, this chapter seeks to explain the divergence between the expected and realised degrees of e-business innovation.

Chapter IV presents experiences of two entrepreneurial companies in adopting e-innovations. The chapter identifies current and future online business environments, especially in light of Open Source Software (OSS) being accepted globally. Unlike proprietary software (such as Windows), OSS comes with its internal implementation details (source code) visible both to its developers and users, along with the freedom to change and redistribute this source. The significant implications of this unique style of software distribution for e-entrepreneurs are examined. Having a flexible strategic plan; possessing management skills; providing excellent service; and having patience are some of the recommendations provided by interviewed e-entrepreneurs. When made part of the decision-making process, these recommendations would enhance current and future e-entrepreneurs in sustaining their business.

Chapter V aims to illustrate how technology innovations can be implemented in the SME sector and to explore how technology innovation and marketing can help each other in enhancing e-entrepreneurial companies. The chapter focuses on a UK-based marketing communications company which has developed an innovative personalized relationship e-marketing tool, utilizing mobile technology aimed at the SME sector. Current marketing practices, such as database marketing and CRM systems, are discussed in terms of SME adoption. The chapter provides a pragmatic guide to formulating SME relationship marketing strategies using e-innovations.

Unlike other chapters of the book which predominantly focus on the business and/or industry sectors, Chapter VI seeks to explore the strategies for virtual learning and e-entrepreneurship in higher education institutions. The study examines the pedagogical ICT strategy which is a specific functional strategy that describes the strategic outlines for virtual learning and e-entrepreneurship. The aim is also to explore the methods (such as the balanced scorecard (BSC) approach developed by Kaplan and Norton) to communicate and implement the strategy in an understandable and efficient manner. This chapter helps educational administrators to better implement strategies for virtual learning and e-entrepreneurship.

Chapter VII illustrates the rise and fall of an e-entrepreneurial company embracing e-innovation. The case company *corProcure*, a postal e-marketplace founded in partnership with 13 big corporations, was viewed by many as a promising e-innovation star when it was launched. But the company's business model failed. This chapter seeks to answer the questions: Why had the potentially largest buying cartel failed so quickly? What lessons were learned? What was the right e-business strategy that needed to be implemented? The evolution of *corProcure.com* has been a learning curve for those involved, the initial owners, the new owner Australia Post, but also for all the interested e-business observers.

Chapter VIII presents a case study of Sensis Search, a young successful e-business which was launched in July 2004. The case study sheds light on a model of best practices in terms of the development of entrepreneurship and innovation, in the current business environment where the overall economic conditions worldwide have been improving, and investors' confidence in high-tech and e-business industries has been recovering. The e-entrepreneurship strategy that Sensis Pty, the parent company of Sensis Search, has taken is actually that of an intrapreneurship, that is, an entrepreneurship within an organization. The chapter explores the lessons, both good and bad, learned from the case and identifies the areas for future research.

Chapter IX discusses using e- and m-business components in supporting and enhancing existing businesses and in creating new business innovations. A framework illustrating two different approaches companies have to the adoption of e- and m-business components is proposed. Three cases of how Finnish companies have, in an innovative way, used e- and m-business components to support, to enhance, and to launch entrepreneurial businesses are presented. Based on the illustrative framework and the cases, some rules of thumb for using e- and m-business components are proposed. The aim of this chapter is to offer e-managers and e-entrepreneurs helpful insights for planning e- and m-business component investments.

Chapter X explores the main constructs of e-entrepreneurship through a case study of an Internet start-up company developed by two e-entrepreneurs. The Internet is a new platform for setting up business providing entrepreneurial opportunities to those who may not be capital rich. It enables people to turn innovative business ideas into reality. It is also apparent from the case study that like any other business, just an innovative idea is not enough, a business plan and a revenue model are essential for developing the enterprise. The e-entrepreneurs in the example had to make an enormous effort in marketing and promotion of the business for customer acceptance.

Chapter XI touches on ethical issues in e-entrepreneurship. It reports the results of an Australian national survey which studied Australian Internet users' online information privacy values using a typology that combines specific demographic and attitudinal measurements with behavioural data. The chapter contains a comprehensive examination of the internal, external/environmental, and behavioural dimensions of information privacy, incorporating a comprehensive profile of each of the typologies' categories along with a general profile of total respondents. The implications of the findings for e-entrepreneurship and e-business ethics are discussed.

Chapter XII 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 a literature review and interviews, the chapter analyses 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.

Chapter XIII explores new ways for SMEs to create a competitive advantage through the use of e-business. It examines the level of ICT use in SMEs and identifies the drivers and barriers which owner-managers face in adopting e-business. Furthermore, it explores the degree of awareness amongst SMEs of the opportunities available to them for developing their employees, their business strategies, and their attitudes toward the range of initiatives and options on the use of e-business. Industry behaviour and organisational culture in relation to the creation of competitive advantage through e-business are also explored.

Chapter XIV addresses the very important question of the impact of e-innovation, namely, Web-based global electronic procurement systems and marketplace on corporate governance in relation to organizational purchasing — the organizational structures and processes for procurement control. This is undertaken through an action research case study of the failures and successes of competitor global organizations cooperatively establishing and utilizing a global electronic marketplace. Specifically, the chapter investigates how electronic procurement contributes to the adaptation and evolution of control structures — from highly structured, bureaucratic, and rigid to flexible, adaptable, free-flowing, and profitable, and these can result in substantial reductions in transaction costs.

In today's e-business context, technology, customers, competitors, and partners can change rapidly. E-technology innovations can become obsolete in the blink of an eye and customers can appear and disappear with a keystroke. In such circumstances, it is crucial that e-business entrepreneurs, managers, and policy-makers have an insightful knowledge and understanding of the complexities of e-business and how to make e-entrepreneurship and e-innovation work for e-business.

As shown, e-entrepreneurship and e-innovation are critical to the sustainability of e-business. Unfortunately, they are under-researched areas in e-business management literature. While there are many publications, both academic and professional, that talk about e-business and entrepreneurship, such as the books authored by Timmons and Spinelli (2003) and Allen (2000), most of the publications place their focus on how to help micro enterprises and entrepreneurs set up and run e-commerce.

Unlike the existing publications, this book was written from an integrative perspective of entrepreneurship and innovation to examine both strategic and operational issues around e-business after the dot-com crash. The book also con-

tributes to the development of the emerging disciplines of e-entrepreneurship and e-innovation both theoretically and practically.

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