Chapter I

Adopting the Entrepreneurial Process in the Study of Information Systems and Small Business

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ABSTRACT

This document suggests the adoption of the Theory of Entrepreneurship by researchers who investigate the use of information systems by small businesses. The majority of existing research into this area tends to adopt results determined from investigations of larger businesses. Thus, the uniqueness of small business is not considered. Concepts such as strategic orientation, decision-making, and resource poverty contribute to the unique situation and approach taken by small business managers. The Theory of Entrepreneurship responds to these concepts. The framework suggests that organizations evolve and that entrepreneurs throughout this evolution face various
challenges. The components of the Theory of Entrepreneurship are described here, in concert with the challenge to researchers to consider adopting this framework when conducting investigations into how information systems may be employed to support small business.

INTRODUCTION

The adoption of computer-based Information Systems (IS) is creating significant changes in the way individuals perform their duties. Thus, change, facilitated by the implementation of IS, is revolutionizing business processes (Coghlan, 2001). There has been a consequent plethora of research into how businesses can best use IS or adapt to the IS-precipitated change. Researchers, however, have not necessarily recognized those aspects which may differentiate business with regards to how they might respond to the adoption of IS. There has been very little attempt to analyze the differences in how large versus small businesses may respond. Where a differentiation is made, Cragg and King (1993) found that most research regarding IS and small business mainly attempts to confirm the research results determined from investigations of larger firms. They further suggest that the development of a single model for both large and small businesses may be impossible due to the differences in such aspects as objectives, philosophies, size, and proclivity for innovation. Thus, it is incumbent upon IS researchers to explore how the unique aspects of small businesses may impact their use of IS.

There are a number of stakeholder groups who may find the results of these types of investigations important, especially when specifically related to the context of small business. First, small business managers may be able to identify aspects with regards to the use of IS, which may contribute to their organization’s competitive advantage. Second, consultants may be able to contribute value-added recommendations regarding the use of IS specifically within the small business context. Third, vendors of both hardware and software may be better able to identify the unique needs of small business and respond appropriately to this new and expanding market. Fourth, government administrators may be able to develop and deliver support programs, which more appropriately address those aspects of small business-related adoption of IS.

The small business sector represents an important segment of most economies. In Canada, for instance, most recent figures indicate that 43% of total economic output is generated by 2.3 million businesses with fewer than 100 employees each (Industry Canada, 1997). In the UK, small businesses employ 65% of all workers and produce 25% of the gross domestic product (Ballantine and Powell, 1998).
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