Abstract

Information technology (IT), which underpins the information society, has brought with it a number of changes that have far-reaching consequences for business, especially small and medium enterprises (SMEs). One such change is IT-facilitated collaboration and the sharing of information by organizations, which has implications for the processes within and among those organizations. The focus here is on collaborative networks of SMEs and collaboration around IT. Of particular interest is collaborative commerce (c-commerce). The relationship among collaborative networks, including c-commerce and clustering, is explored, and factors necessary for c-commerce adoption by SMEs are outlined. Finally, an overview of the results of a Delphi study, the first phase in a longitudinal study into the adoption of c-commerce by Australian SMEs, is provided.
**Introduction**

Information and communication technologies (ICT) have had profound effects on business relationships and the way in which business is conducted. Markets have globalized; technology has become all-embracing; and relationships with suppliers, customers, and competitors have undergone constant change (Walters, 2004). These developments potentially enable SMEs to compete globally and to enter into more complex, collaborative relationships (Jarratt 1998).

Typically, SMEs are characterized by features of limited resources and experience (Blili & Raymond, 1993; Cragg & King, 1993; MacGregor & Vrazalic, 2005) and are less able to exert control or influence over their environments (Hill & Stewart, 2000; Westhead & Storey, 1996). These factors limit the ability of SMEs on their own to grow or to take advantage of opportunities that might arise. The premise behind the formation of relationships by SMEs is the realization that individually, SMEs cannot cope with an increasingly complex environment (Cravens, Shipp & Cravens, 1993) nor do they possess the resources, skills, and expertise needed to compete. Cooperative and network approaches by firms have resulted in many benefits relating to competitive advantage that not possible if firms work alone (Fuller-Love & Thomas, 2004).

This chapter sets out to explain these phenomena in relation to SMEs. First, an overview of collaborative networks, clustering, and c-commerce is provided. The differences between these concepts and the impact of ICT are highlighted. The relevance of c-commerce to and adoption by SMEs also is examined, and the critical issues for successful c-commerce are identified. Finally, an overview of expert opinion as the first phase of a set of studies into c-commerce adoption and the critical factors underpinning c-commerce adoption by Australian SMEs is reviewed.

**What is a Small and Medium Enterprise?**

It is important to define what an SME is, which varies according to country. Definitions adopted by the European Commission, the UK Department of Trade and Industry (DTI, 2000) and Australia (ABS, 2002) are set out in Table 1.

Variation in definitions needs to be borne in mind when reviewing literature from around the world, given the different size classifications.

Ownership is also important; to be classified as an SME, the business must be at least 25% owned by one enterprise and not jointly owned by several enterprises.

**Collaborative Networks**

There have been rapid developments in collaborative networks in the last two decades and involvement in networks contributing to knowledge and productivity. New business patterns have resulted and are characterized by inter alia, diminishing geographical and time