Relationships between Micro-Enterprises and Web Developers: Roles, Misconceptions and Communication

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ABSTRACT

This study investigates the relationship between a micro-enterprise wishing to develop an e-commerce capability, and the Web developer they have chosen to deliver that function. The major challenge of this relationship is how they can work together in achieving good website and business outcomes. Employing a multiple case study approach and thematic analysis, interviews were held with micro enterprise owners and their respective Web developer business partners. Four overarching theme areas were uncovered. Effective communication and a positive relationship resulting in the satisfaction of each party were found to be essential for developing successful websites for micro-enterprises. This study contributes new insights into micro-enterprise and Web developer efforts to develop e-commerce capability, and contributes to better understanding of this relationship for both practitioners and researchers.

Keywords: Communication, E-Commerce, Micro Enterprise, Relationship, Web Developer, Website Development

INTRODUCTION

Micro enterprises are businesses having a very small number of employees, ranging from just a single owner working in the business, to those that may have a few additional paid employees in addition to the owner. Definitions of what constitutes a micro-enterprise vary. One view is based on sales volume, and Tinker (2000) suggested microenterprises operate on a small scale and have gross sales of under $25,000 a year. Other criteria for micro enterprises that have been suggested are that they are owner-operated business endeavours (Langer, Orwick, & Kays, 1999; Tezler, 1992); engaged in diverse entrepreneurial activities (Baumann, 2004; Eversole, 2004); and have between five to ten employees in diverse structural forms such as sole proprie-
etorship, partnerships or a family enterprises (Walls, Dowler, Cordingly, Orslene, & Greer, 2001). For this study, we adopt the criteria of having 1 to 5 people (owners and employees) working full or part time in the business. This includes zero employee enterprises, where the owner is not explicitly paid a salary, but takes a share of the profits.

In all countries, micro-enterprises provide an important contribution to the economy, both in numbers of businesses and total turnover. One area that has seen a rapid growth in micro-enterprises has been in online retail, either through auction marketplaces like eBay, Craig’s list, Taobao and TradeMe, or through development of standalone websites for these businesses. Online shopping is becoming an important channel for retail sales of goods, and is expected to grow at least twice as fast as conventional retail outlets in the next few years (PwC New Zealand, 2011).

New Zealand is typical of many countries with a high number of SME and micro-enterprises compared to the number of large businesses. However, there has not been as much rapid adoption of e-commerce capability by micro-enterprises as might have been expected. There are 97,320 small businesses (from one to five employees) and 322,887 zero employee businesses in New Zealand (Statistics New Zealand Business Demography, Feb, 2012). Recent research by Mvelase et al (2011) has shown that regional SMEs in developed countries have low e-commerce adoption rates, and strategic alliances by SMEs play an important part in overcoming the issue of low adoption rates. These issues are of on-going concern to government departments, specifically in Sweden and Australia (MacGregor & Vrazalic, 2007).

While there is likely a high awareness of the possible benefits of developing electronic commerce capability among most micro-enterprise owners, how to achieve that capability is a difficult problem. While engaging a Web developer to undertake the creation of this capability is usually better than attempting to “do it yourself”, achieving a successful outcome depends on a number of issues. There is a research gap about how micro enterprises and Web developers work together in the area of Web development. Theoretical approaches of previous studies have ranged from coordination theories (Gardet & Fraiha, 2012), social network analysis (Lowik et al. 2012), and open innovation (Lasagni, 2012). One conclusion of these studies was that small businesses tend to develop an external relationship limited to their characteristics and performance. On the other side of the relationship, it has been found that Web developers perceive their work as their individual activity and feel that Web technical knowledge is better not to be coordinated and operated with the client’s knowledge (Coman, Sillitti, & Succi, 2008).

The small business research sector has regarded e-commerce as a platform for communication, but poor communication and misconception barriers restrain micro-business owners from gaining more benefits and website strategic options from their Web developers (Celuch & Murphy, 2010). Micro-enterprises build relationships with Web developers to keep up with rapid ICT change and to enhance conventional business operations (MacGregor & Kartiwi, 2010). Unfortunately, issues often arise between micro-enterprises and Web developers in terms of developing sound websites. The context of roles, misconception and communication between micro enterprises and Web developers are important to explore further. Both parties need to understand their respective roles, misconceptions and communication to reach optimum e-commerce capability.

In what follows, the next section reviews the literature relating to the relationship between micro enterprises and Web developers in terms of roles, misconceptions and communication. Then, the research approach and design are discussed with a summary of the participants, and the findings are described in four major themes and discussed within the context of relevant theory. The paper concludes with practice implications, limitations and recommendations for future research.
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