Chapter VIII

EU E-Commerce Policies: Enhancing the Competitiveness of SMEs Through Innovation

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ABSTRACT

This chapter not only presents an overview of the theoretical awareness and understanding of innovation, but also identifies and discusses existing EU innovation policy initiatives for SMEs, deliberating on the impact such policy initiatives have on their specific considerations. This chapter examines the strategic implications of the adoption and implementation of e-commerce by two successful start-up SMEs in the UK presented against a backdrop of relevant EU policy initiatives. SMEs, and start-ups particularly, find themselves having to operate without role models and tested business plans within an increasingly complex and competitive environment.

INTRODUCTION

This chapter will present an overview of the theoretical awareness and understanding of innovation and develop an outline of existing European Union (EU) innovation policy initiatives for entrepreneurs and small and medium-sized enterprises (SMEs). Entrepreneurial attributes such as creativity, flexibility and dynamism are frequently associated with the SME sector, and an understanding...
of the nature of these attributes and what generates them is essential in order to
develop appropriate policy instruments.

The point of departure of this policy-oriented study is that innovation is a
good thing (both on regional and organisational levels) and that there is a call for
public intervention in order to provide more of it. Drawing from the literature,
this study builds on these basic assumptions. The motivation for this research
arises from a practical problem: SMEs need suitable opportunities to assist them
in adopting and implementing electronic commerce (e-commerce), not least
because of the way that e-commerce enables companies of all sizes to compete
with and out-manoeuvre market dominants and facilitates the radical transfor-
mation of both technical and business operations.

Experiences from SMEs’ adoption of e-commerce show that small busi-
nesses have typically been reactive rather than proactive, usually doing just
enough to meet their customers’ requirements (Chen and Williams, 1998).
Those SMEs that understand the relevance of e-commerce in relation to their
operations, however, and employ strategies in order to harness the opportunities
it presents, can successfully adopt and implement e-commerce.

A significant number of EU projects and policy initiatives have been
introduced in recent years to motivate e-commerce adoption and implementation
by SMEs. However, uncertainty as to how to address the challenges e-
commerce presents remains a major impediment to its widespread adoption by
SMEs. The practical impact of EU policy initiatives on SMEs who have
successfully managed the adoption and implementation of e-commerce in the
UK will be examined, with a view to instruct feasible changes, and with the
implication that future policy initiatives may become more relevant, accessible
and coherent to SMEs.

Through two in-depth, qualitative case studies this chapter seeks to answer
the following questions: How do SMEs cope with starting and managing a
company based on the adoption and implementation of e-commerce? And how
relevant, accessible and coherent to UK SMEs are EU policies and projects
initiated for that purpose?

**RESEARCH METHODOLOGY**

The research undertaken enabled discussion to take place about the
requirements of SMEs within the context of their organisational and cultural
situation so that relevant notions of the strategic implications could emerge.
Information was obtained through semi-structured interviews with the principals
of the case studies. Although the researcher pre-established a set of questions
direct the interviews (see Appendix A), the interviewees were able to express
their views on any and all aspects they considered to be important and/or
relevant.

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