Chapter 9
The Impact of Enterprise 2.0 on SMEs

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ABSTRACT

Enterprise 2.0 has been part of the business sector vocabulary for quite some time now. Web 2.0’s revolutionary philosophy and applications have been absorbed by various areas of society. The success of the business sector benefits from a client-oriented approach, so when the benefits of a user-centric Web became evident, adopting it was the natural next step. Enterprise 2.0 presents advantages mainly in two areas: within organizations, as they enable communication through new dynamic methods of communication and interaction, in order to enhance efficiency and productivity; and between companies and customers, suppliers, and partners, as they increase both revenue and customer satisfaction and promote cooperation and co-creation to improve services or products. This chapter illustrates the reality of Small and Medium Enterprises’ (SMEs) adoption of Web 2.0. An online questionnaire was developed to assess numerous SMEs in Portugal to understand if and how Web 2.0 implementation is taking place.

INTRODUCTION

The deep changes experienced in the global business environment, such as increased competition, globalization of markets and technological development, as well as the transformations experienced by information technology and management approaches, have led to a fundamental alteration of the way companies compete (Tapscott, 2006). Companies have been trying to adapt to the innovations and shifts of conducting business and achieving competitiveness. The blooming of revenue and success is greatly dependent on the capacity that enterprises have to adjust and grow with change.

In the last years there has been a proliferation of new Web technologies that tend, among other things, to increase users’ participation, to promote a more efficient organization of information, and to decentralize decision-making. Web 2.0 is a
platform that promotes a larger and better connection of people and increases new forms of collaboration (O’Reilly, 2005). The Social Web, as it is also called, has empowered users of all kinds of Information Technology (IT) proficiency to contribute with their own content and share their views with their peers. The ‘boom’ of Web 2.0 technologies (blogs, social networks and wikis) is felt, mostly, in personal use. However, there is an increasing propensity to use them in several areas of society, including the business arena. There are numerous reasons for the transference of social technology to business: the new generation of graduates has been, who has familiarity with these Web technologies, since the early stages are adapting them to their spheres of work (Bughin and Manyika, 2008; Marshall, 2008; Buytendijk, Cripe, Henson, & Pulverman, 2008); Web 2.0 has a demonstrated success in terms of client engagement; and inventiveness is causing businesses to experiment its different applications in order to identify the ways in which they can benefit from their potential (Almeida, 2012). This phenomenon has become known as Enterprise 2.0 (E2.0). E2.0 represents a potential opportunity for companies to reduce costs, boost revenue and productivity (Platt, 2007), increase innovation and realize new business opportunities (Manyika, Roberts, & Sprague, 2007).

E2.0 is an approach that is being applied more visibly in large companies, but it is also progressively being adopted by companies of smaller dimensions. According to the European Commission (2003), Small and Medium Enterprises (SMEs) stand for 99% of the entirety of European companies and represent a core resource of industrial ability, employability and modernization. This scenario also applies to Portugal. Widely recognized as the basis of the national economy, SMEs are also largely responsible for jobs creation (more than 2 million jobs) (INE, 2010). According to the National Institute of Statistics in Portugal, in 2008, SMEs absorbed 72.5% of employment in Portugal and contributed to 58% of the national income — about 201,765 million euro (INE, 2010).

However, the competitive, dynamic and complex environment where SMEs interact has presented them with new challenges that make their survival in the market even more complicated (De Saulles, 2008). Given their meagre resources and limited capacity, E2.0 can be a springboard to promote cooperation and thus provide SMEs with new abilities (Blinn, Lindermann, Fäcks, & Nüttgens, 2010).

This chapter intends to evaluate the impact that Web 2.0 technologies have on SMEs, both within organizations and between companies and customers, suppliers and partners, through an empirical study based on questionnaires applied to Portuguese SMEs which have been distinguished with the status of “SME Excellence” awarded by IAPMEI (this Portuguese acronym stands for SMEs and Innovation Support Institute), in the years 2011 and 2012. This study aims to contribute to the already existing body of research on the implementation of Web 2.0 technologies in the business sector, by presenting a specific scenario of Portuguese SMEs. The results have no ambition of generalisation, but they do intend to lead to a deeper knowledge of how different circumstances and national realities can impact on how these technologies are perceived and applied. More than generalist literature, SMEs need research that is specific and that can facilitate the adoption of E2.0 to respond to the competitiveness challenges of actual market environment.

ENTERPRISE 2.0

There are numerous Web 2.0 technologies that can be deployed for business reasons. Each of the different tools has their peculiar value and contribution. Wikis, for example, are seen as a quick and inexpensive way of sharing and aggregating business knowledge in one area (AIIM, 2008a; Marshall, 2008). Wikipedia is the most