INTRODUCTION

SMEs (small and medium sized enterprises) are a dynamic force for sustainable economic growth and job creation within developed and developing communities (MFT, 2001; NOIE, 2003; BRTF, 2003). SMEs stimulate private ownership and entrepreneurial skills; they are flexible and can adapt quickly to changing market demand and supply conditions; they generate employment, help diversify economic activities and make significant contributions to export and trade. An economy’s overall economic health and well-being can be measured by the growth of SMEs-so it is vital to enhance the capacity of SMEs to compete domestically, nationally, and internationally (APPC, 1999). The sustainability of SMEs is compromised by their struggle to gain a significant share of the government procurement pie, and this impacts on the economic, social and cultural capital of countries and communities and the distribution of wealth. So governments need to foster an appropriate business and policy environment to improve the growth prospects of SMEs (Loudon, 2003). In particular, the implementation of Information and Communication Technologies (ICT) can provide an enabling environment for SME access to government procurement markets (Calarco, 2003).

BACKGROUND: SMEs AND GOVERNMENT PROCUREMENT MARKETS

Definitions of SMEs differ from economy to economy, and are based on specific criteria such as the number of employees, level of assets or turnover. However the economic, social and cultural contributions of SMEs that are common across economies are their ability to (MFT, 2001):

- create jobs with low capital costs;
- create conditions for development and introduction of new technologies;
- function as subcontractors for large corporations;
- adapt faster to the demands and fluctuations of the market place;
- fill marginal areas of the market, which are not targeted by large corporations;
- decentralise business activity and help foster faster development of regions, small towns and rural communities; and
- alleviate the negative impact of structural changes.

By opening up the public sector procurement market to SMEs, governments in Australia, the USA, the UK, New Zealand, and the developing economies are attempting to use their buying power to build the business capabilities of SMEs, foster economic growth, and get “value for money” in public spending (Breen & Demediuk, 2003; BRTF, 2003). Whilst the opportunity space for SMEs in the government procurement market is currently limited in developing countries (Wittig, 1999) and in developed nations (BRTF, 2003; DCITA, 2002), globalisation, the acceleration of technological change and innovation create expanded opportunities for SMEs (OECD, 2000). In particular, the use of ICT is a major driver for improving SME access to local and international government procurement (Calarco, 2003).

IMPACT OF ICTs ON GOVERNMENT PROCUREMENT SYSTEMS

ICTs facilitate the development of purchaser-supplier systems that have been termed e-procurement or e-tendering. In practice, systems can be as simple as providing orders via an e-mail message or as complex as integrated supply chain ordering, delivery and payment systems (Calarco, 2003). E-procurement functionality is about the business not just the technology. The major functions of such electronic systems can range across registration of suppliers; notification of tenders; issuing and downloading of tender documents; receiving and responding to enquiries; submission of tender offers; notification of contract award; and ongoing supply man-