Chapter IX


Anne Wiggins, London School of Economics and Political Science, UK

Abstract

A significant number of government projects and policy initiatives have been introduced in recent years to motivate e-business adoption and implementation by SMEs. This chapter examines a number of those introduced during the five-year period 1999-2004. This research aims to develop our understanding of UK government policies and initiatives directed towards SMEs. It was constructed with a view to instruct feasible changes in policymaking, in order to render the process and outcome more relevant to SMEs. The implication is that future policy initiatives may become more appropriate, coherent, and accessible to SME owner/managers.
Introduction

This research aims to find a way to draw together and reconcile two seemingly dichotomous worlds: small- and medium-sized enterprises (SMEs) and government policies. A significant number of projects and policy initiatives have been generated by governments in recent years to motivate SMEs to incorporate e-business into their businesses. This chapter will examine a number of such UK policies and initiatives introduced during the five-year period 1999-2004. Based on the experience of seven UK SME case study owner/managers that have successfully adopted and implemented e-business, the research examines to what extent these policies and initiatives were successful.

The case study principals all recognized the potential strategic opportunities offered by e-business, and sought to realize them. However, other than the need to adhere to legalities (such as tax and VAT requirements), none of the case study principals was remotely aware, or was a conscious beneficiary, of projects, policies or initiatives intended specifically to benefit them in this respect. This strongly indicates that such projects, policies and initiatives, although doubtless well-intentioned—and certainly well funded—are failing. The overall take-up rate of e-business amongst SMEs also indicates a lack of success for these initiatives. Based on evidence arising from this and other research, such policies developed for the benefit of SMEs could be better targeted to their intended audience, and it would seem that crucial changes need to be made to policy formulation.

Ways therefore need to be found to begin a meaningful dialogue between SMEs and policy makers if the government and the public sector and policy makers are to meet the needs of SMEs. One implication of this research is that future policy makers may become better informed about what SMEs themselves feel they “need” and about what sort of initiatives might work. The introduction of more appropriate government policies could assist more SMEs to understand the relevance of e-business in relation to their operations, and to employ strategies in order to harness the opportunities that e-business enables.

The literature is marked by a lack of empirical research (Brock, 2000; Dixon et al., 2002; Brock, 2000). Many impact studies have overlooked the key actors, the SME owner/managers and employees. In addition, comparatively little is known about ICT use in SMEs, let alone e-business, and much longitudinal research has tended to be marginalised by cross-sectional studies. A considerable body of the research that has been carried out has taken a deterministic view of e-business, predicated on the assumption that its adoption and implementation is a good thing for SMEs. Southern and Tilley (2000) suggest that this is due to a lack of analytical clarity on SMEs, which has in turn led to a limited conceptual understanding of the relationship between SMEs and technology. Research