Chapter VI

Business Associations as Hubs of Inter-Organizational Information Systems for SMEs – The 2Cities Portal

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Abstract

This chapter is a first contribution to the study of the role of a business association (BA) in managing inter-organizational (IO) relationships among its members. The authors describe a model (the Virtual Association Platform, VAP) of an ICT-based platform supporting BA activities and interactions with members. The design of a VAP requires performing a detailed analysis.
of information flows between the BA and the agents related to its activities. The authors propose a general framework (the IOR4VAP framework) for the design of a VAP, where they identify seven categories of agents, describe the potential information flows exchanged among the parties, and indicate opportunities for the BA to provide innovative services. Finally, the IOR4VAP framework is applied to the case of a VAP established in Western Australia: 2Cities.com.

Introduction

The growing complexity and instability of the worldwide market during the last years forced enterprises in every industry to undertake deep organizational and strategic changes (Tetteh, 1990). Companies had to find new ways to create value and innovate in an environment characterized by the evolving applications of information and communication technologies (ICTs), the development of extended supply chains and global e-markets, and the increasing customer knowledge intensity and sensitivity for time-to-market. Nevertheless, organizational and technological changes often require resources exceeding those available to small and medium enterprises\(^1\) (SMEs) (Buonanno et al., 2002; Fariselli, 1999; Tetteh & Burn, 2001).

It is well documented in literature that, for example, the investments required to meet most of the reorganization cost coming from the adoption of information and communication technologies (ICTs), and the risks involved in these projects, largely exceed the budget and the capabilities of an average SME (Buonanno et al., 2002; Fariselli, 1999; Fink, 1998; Poon, 1999; Tetteh & Burn, 2001). These circumstances suggest the feasibility of a broader approach to the implementation of ICTs in SMEs by examining the potential of inter-organizational (IO) ICT-supported relationships. The risk and the cost sharing coupled with the possibility to better utilize a combined competitive advantage should be able to overcome the typical constraints faced by single SMEs.

However, unless dealing with SMEs participating in supply chains of larger firms or tied in some sort of hubs, it is difficult to gather a sufficient number of enterprises able to leverage on an IO technological solution as a sustainable competitive advantage (Buonanno et al., 2002; Fariselli, 1999).

In this context, the many different forms of aggregation of enterprises—clusters, industrial districts, business associations, business park, etc.—described in the normative literature (Becattini, 1990; Bennett & Robson, 2001; Costa-Campi & Viladecans-Marsal, 1999; Enright & Roberts, 2001; Gordon & McCann, 2000; Markusen, 1996; Marshall, 1922; McDonald & Vertova, 2001; Roelandt &
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