Chapter 9
Exploring Leadership in E-Commerce Adoption in Australian SMEs

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ABSTRACT
This chapter presents the results of a study investigating leadership and leadership styles in e-commerce adoption in small and medium size enterprises in Australia. The results show that top management and CEO's leadership have a key role in small and medium size enterprises (SMEs) in developing a vision for e-commerce adoption and that the dominant leadership style is directive with some signs of consultative. Furthermore the study shows that e-commerce adoption is becoming a strategic process and in this process top management is taking into consideration both the organizational knowledge and the knowledge of external consultants.

INTRODUCTION
Technological development is impacting the business landscape by providing new ways and opportunities to conduct business. In the last decade e-commerce has especially created new possibilities to change ways of doing businesses or create new business models. In such a changing environment the role of the leader is becoming vital. “Leaders as opposed to managers are creating the visions and make the necessary plans and steps to keep their organizations competitive. In the past the role of managers was to organize, delegate and get the job done. Nowadays companies need leaders that can establish visions and can guide the company in turbulent times (Cope and Waddell, 2001; Jago, 1982; Bower and Gilbert, 2007). This is especially true for small and medium size enterprises (SMEs) which are believed to highly benefit from e-commerce (OECD, 2002). There is much disagreement about how to classify SMEs. In this article the definition of the Australian Bureau of Statistics (ABS) is adopted according to which a small and medium size business is any business employing less than

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200 employees (www.abs.gov.au). Also different definitions of e-commerce can be found in the literature. In this study e-commerce is defined as the business activities conducted using electronic data transmissions via the WWW and the focus is on business-to-business e-commerce in opposition to business-to-consumer e-commerce.

Most of the literature on SMEs’ e-commerce adoption focuses on factors that affect the adoption decisions or factors that distinguish adopters from non adopters (e.g. Jeyaraj et al., 2006; Sabherwal et al., 2006). Previous studies have also found that the decision to adopt is influenced by environmental factors such as competitive pressure or suppliers’ pressure (Thong, 1999); organizational factors such as top management support or employees knowledge (Palvia and Palvia, 1999) and technological factors such as perceived benefits of the technology (e.g. Iacovou et al., 1995) . More recently, studies are focusing on the strategic impact (e.g. Drew, 2003) or the impact of the perceived strategic value of e-commerce on the adoption decision (e.g. Grandon and Pearson, 2003). However the role of leadership in e-commerce adoption has not received much attention in the literature on e-commerce and IT adoption, which is the motivation for this study. The basic research question is: “What is the role of leadership in e-commerce adoption in small and medium size enterprises and what are the predominant leadership styles?” This question is important because the major reasons for adopting e-commerce are creating or maintaining a competitive advantage, improving customer satisfaction and keeping pace with competition as a survey conducted by Cope and Waddell (2001) about the main goals for adopting e-commerce in various industries shows.

The chapter is structured as follows. The next section presents a literature review of ICT adoption frameworks in SMEs, while the following section discusses the role of leadership and presents the theoretical framework used in the paper. This is followed by a description of the research design, the data collection process, and the companies’ background. The remainder of the chapter presents the analysis, discussion of the results, implications for practice, and conclusions and limitations.

THEORETICAL BACKGROUND

Adoption of Innovation

A fundamental approach to studying the adoption of new technologies is the diffusion of innovations (Rogers, 1995). Organizational innovations can be defined as the development and implementation of products, technologies, systems or ideas that are new to the company (Rogers, 1995). Therefore e-commerce can be defined as a type of innovation for the company adopting it. Prior studies in organizational innovation and diffusion of information technology suggest a number of factors that affect adoption and diffusion of information technology and e-commerce within a company (e.g. Kurnia & Johnston, 2000; Chau & Tam, 1997; Premkumar & Ramamurthy, 1995; Grandon and Pearson, 2003). Even though the factors affecting ICT and e-commerce adoption have been grouped into different categories (see Jeyaraj et al., 2006 for a thorough literature review), many authors (e.g. Kurnia & Johnston, 2000; Scupola, 2009) show that they can be mainly categorized according to the three contexts of Tornatzky and Fleischer’s (1990) model: the environmental context, the organizational context and the technological context. Similarly we use these three contexts in organizing the literature review in this chapter as shown in Table 1.

External Environmental Context

The external environment is the arena in which an organization conducts its business. Tornatzky and Fleischer (1990) distinguish three main groups of factors within this context: industry characteristics such as competition and customer supplier rela-