Chapter I

Role of Small-Business Strategic Alliances in the Perception of Benefits and Disadvantages of E-Commerce Adoption in SMEs

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Abstract

Despite the proclaimed advantages of small-business strategic alliances, little research has been carried out to determine whether these structures promote the benefits and/or “cushion” the disadvantages arising from e-commerce adoption for member businesses. There has also been a lack of research into comparing e-commerce use in those small businesses that are members of a strategic alliance to those that have opted to remain outside such arrangements. This chapter aims to correct the situation by presenting
the findings of a study of 176 regional small businesses in Sweden that investigated the impact of strategic-alliance membership on the benefits and disadvantages associated with e-commerce adoption. The results of the study indicate that there are no significant differences between strategic-alliance members and nonmembers where benefits of e-commerce are concerned. In contrast, e-commerce disadvantages are often dissipated through a strategic-alliance structure more easily than through a single self-directed unit. The study also shows that correlations between e-commerce benefits exist and that the benefits can be grouped according to three distinct factors: costs, efficiency, and sales or inventory.

Introduction

The diffusion and assimilation of e-commerce in small to medium enterprises (SMEs) represents a critical area of investigation. As SMEs confront an environment that is increasingly complex, technologically uncertain, and globally focused, there is a growing need to be flexible and proactive in business dealings. Miles, Preece, and Baetz (1999) have suggested that this has prompted many businesses (both large and small) to turn toward some form of strategic alliance, where the locus of the impact of change is interorganisational rather than organisational. There are many studies that advocate the importance of strategic alliances or networks in the early adoption of e-commerce, particularly by SMEs (see Donckels & Lambrecht, 1997; Jarratt, 1998; Overby & Min, 2001). These studies not only suggest that formal networking provides a ready source of technical information, market expertise, and business know-how, but that the network structure provides a more flexible arrangement than the hierarchy in dealing with environmental turbulence.

Despite the proposed advantages of a strategic alliance in adopting e-commerce in the SME environment, little research has been carried out concerning the ongoing success with e-commerce under such arrangements. Even less work has been done comparing those SMEs that do work within a formal network and those who have opted to remain outside such arrangements.

This chapter compares the perception of benefits and disadvantages derived from the adoption of e-commerce by regional SMEs that are part of a small-business strategic alliance with those that are not. The chapter begins by examining the nature of SMEs. This is followed by a brief overview of the adoption of e-commerce by SMEs, particularly focusing on the benefits and disadvantages of that adoption. Next, the chapter presents a study of 176 Swedish small businesses that have adopted e-commerce technology in their
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