Chapter IV

Business Issues in the 21st Century: An Empirical Study of E-Commerce Adoption in UK and Denmark SMEs

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Abstract

This chapter explores the business issues affecting the level of implementation of e-commerce adoption in small to medium-sized enterprises (SMEs). Results of a survey of 256 UK and 140 Danish small firms suggests those SMEs in both countries that have developed e-commerce capability have not done so strategically and have yet to enjoy significant cost and time savings. The survey also identifies the challenges faced by SMEs. Finally, the authors suggest paths that might be followed in seeking to achieve effective performance and wider adoption of commerce.
Context

Business issues can be categorized into the drive for competitiveness, critical factors that emerge from that drive, and power relationships. Arguably all those issues affect one of the biggest strategic opportunities in business history, namely, e-commerce. The drive for competitiveness is influenced for example by instability of the U.S. economy, perpetual local wars in Eastern Europe and the Middle East, the pace of technological change, fluctuating oil and fuel prices, and globalization per se. Allied to this instability is the desire for product/service improvements, cost reduction, and the efforts by major purchasers to push risk as far down the supply chain as they can. Critical factors emerge from the drive for competitiveness. These include the need for a strategic approach to business, utilizing new technologies, meeting the logistics demands of the 21st Century, and ensuring the workforce updates its skills in a timely manner. Anecdotal evidence suggests that partnerships and trust now take a backseat to the old-style adversarial relationships. All this occurs as organizations (often encouraged by national government) implement or consider implementing e-commerce, which potentially provides opportunities for coherent procurement, improving buyer-supplier relationships, and eliminating time zone obstacles. It is in this context that research in the UK and Denmark has been carried out.

Literature Overview

There are government strategies for e-commerce. Generally the strategy has six strands. These are to establish a brand in e-commerce both domestically and internationally, transform existing business, foster e-commerce creation and growth, expand the e-commerce talent pool, provide leadership in international e-commerce policy development, and government online should be a priority. There is evidence of government online e-commerce (see Fee, Erridge, & Hennigan, 2001). Generally, however, there is a great deal of “hype” about e-commerce and SME survivability (Seppanen & Suomala, 2002). Indeed, there is evidence that those SMEs that have tried to implement e-commerce solutions (perhaps using the gut-feel approach) are dissatisfied with both the concept and service providers (O’Brien, 2000). Some are predicting a collapse of e-commerce! (Wallace, 2000). The world, however, appears to have made progress in implementing e-commerce. Anecdotally, the U.S., Canada, and Australia are the leaders. In Western Europe, Scandinavia leads the UK, Germany, Austria, Italy, Spain, and France; in Eastern Europe, Poland, the Czech Republic, and Hungary are progressing, but Internet access remains expensive. The Japanese perhaps surprisingly see the Internet as unreliable, preferring mobile phone commerce (m-commerce) where credit cards are not used and transactions are simply added to the monthly bill [see for example, Kotzab and Madlberger (2001) and Szwejczewski et al. (2001)]. Local economies contain a significant percentage of small to medium-sized enterprises (SMEs)—in many cases as much as 80% or 90% throughout Europe. While these SMEs are viewed with interest as suppliers, by customers who have coherent supplier development programs, e-commerce within the smaller firms receives little attention (Attaran, 2001). There is a limited amount of analysis

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