

GUEST EDITORS' INTRODUCTION TO SPECIAL THEME ISSUE: ISSUES IN SMALL & MEDIUM ENTERPRISES—ENHANCING THEIR CAPABILITIES

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This special theme issue of *The International Journal of Organisational Behaviour* is entitled *Issues in Small & Medium Enterprises—Enhancing their Capabilities*. The impetus for this special theme edition is twofold. Firstly, there is a growing specialised literature focusing on the resources of SMEs to which this theme issue seeks to contribute. Organisations build competitive advantage by utilising a unique set of resources. These resources are heterogeneous and include things such as a diverse range of capabilities, human resources, processes, assets and knowledge.

Secondly, there is a growing recognition that SMEs is vital to the national economies of countries. This is by virtue of their centrality to the national economies and by statements of policy makers who argue that it is through the growth and prosperity of SMEs that economies are stimulated.

This theme issue therefore presents an opportunity for authors and readers alike to evaluate several crucial issues relevant to the SME sector.

In the first article 'Explaining the lack of strategic planning in SMEs: The importance of owner motivation', Calvin Wang, Elizabeth Walker and Janice Redmond critically examine the apparent lack of a strategic imperative in SMEs and highlight inherent problems with how this issue has been approached. They argue principally that the antecedents of SME strategic planning have not properly been considered and that the extant focus on the business—rather than the owner-manager—is inappropriate to a better understanding of the issue. This article draws together two bodies of the SME literature which have thus far been treated as independent areas of study—namely, strategic planning and business start-up motivation—to present a conceptual model based on business ownership aspirations to explain levels of strategic planning in SMEs. At a practical level, the authors indicate that the model has implications for how government and other initiatives aimed at enhancing the performance and growth of SMEs should be developed.

The second article by Alan Coetzer, Alan Cameron, Kate Lewis and Claire Massey 'Human Resource Management Practices in selected New Zealand Small and Medium-sized Enterprises', contributes to a better understanding of the HRM practices employed by managers in SMEs. They came to the conclusion that there is a 'small firm way of doing things' that is not necessarily 'wrong' or 'inferior' to larger firm practices. They argue that researchers who study HRM within SMEs may be trapped by traditional HRM paradigms and that there is a need for new ways of thinking about the management of human resources in

SMEs. This would lead to different approaches to understanding the nature of the HRM experience for SME owners/managers and employees. In this way SME stakeholders can conceptualise, design and implement HRM processes and practices that are more 'SME appropriate'.

In the third article, Sarah Birrell and Lea Waters conducted a cross sectional study in which they researched the role of mentoring and peer support in contributing to perceived progress towards small business success. Their article provides an extension to past research into mentoring by conducting an analysis of its influence within a small business start-up context. The study provides a much-needed basis for research on the processes of support, particularly software support, which occurs within Small Business Incubators (SBIs). The growing number of SBIs, and their importance in the establishment phase for new businesses, together with the vital role of mentoring in this process, suggests that the study of support mechanisms in SBIs will be an area of significant future research.

In article 4, Benoît Freyens examines strategic termination processes in SMEs. She argues that the AIRC model of dispute resolution, based on the *Workplace Relations Act 1996*, offers considerable flexibility to settle disputes in ways that are suitable to both employers and dismissed employees and its observed outcomes do not appear to be particularly detrimental to small and medium business owners. However, SMEs have long remained more exposed to adverse dismissal disputes than larger organisations. In order to reduce transaction costs, employers face the option to bargain with dismissed employees over the nature and conditions of the termination. She demonstrates that often, these interactions take a strategic dimension as when relabelling a dismissal a retrenchment in order to save dissipative, stigmatic and reputation costs. She concludes that estimates from Australian SMEs suggest independent and arbitrated settlements of this type potentially save about one third of expected court arbitration costs and that recent reforms to statutory dismissal law have undercut the role of these bargaining platforms for SMEs. According to the authors this will reduce the incidence but increase the long-term volatility of termination processes.

In article 5, Shane Mathews and Marilyn Healy ask the question: how does the Internet reduce perceived risk and uncertainty associated with the internationalisation process of Australian SME's? They present a model to illustrate the dimensions and sequence of perceived risk, the Internet and internationalisation. Through this model they illustrate that the Internet is a vast pool of information which can be accessed, processed and analysed by the firm and used as a decision making tool that assists in reducing perceived risks associated with the firm's internationalisation process. They argue that the Internet can therefore assist in the management of information and knowledge for Australian SME's, giving internationalisation decision makers a greater ability and more confidence in their forecasting decisions concerning international market growth. They call for a more holistic research focus on the Internet's influence on the perceived risk associated with internationalisation from a multi-dimensional firm, network and consumer view point to fully explore the complex interrelationships between the actors and the technology that are developing in the internationalisation of SME's in Australia.

Helen Grzybakes takes us into the realm of corporate responsibility in article 6. Her article titled 'Corporate social responsibility starts at home: comparisons of metropolitan and rural SMEs in Western Australia', makes a contribution to the relatively scarce knowledge of corporate social responsibility (CSR) for small and medium enterprises (SMEs) by undertaking a comparative exploration of such CSR activities in metropolitan and rural

locales. Her findings show that all 40 small business owner/managers (mostly members of the local chamber of commerce) who participated in the study were active in their local community in Fremantle or Narrogin. She concluded that small businesses are making a substantial contribution to the community around them; the contribution providing for social as well as economic benefits to both parties.

In the seventh article, 'An exploratory study of innovation effectiveness measurement in Australian and Thai SMEs', Sukanlaya Sawang, Kerrie Unsworth and Tamma Sorbello, examine the effects of a balanced approach in the more specific domain of measuring innovation effectiveness in 144 small to medium-sized companies in Australia and Thailand. The authors found that there are no significant differences in the metrics used by Australian and Thai companies. This article demonstrates the importance of measuring both financial and non-financial indicators of innovation effectiveness within SMEs and explores ways in which these can be conducted with limited resources. The authors conclude that those SMEs that took a balanced approach were more likely to perceive benefits of implemented innovations than those that used only a financial approach to measurement. Furthermore, the perception of benefits then had a subsequent effect on overall attitudes towards innovation. They recommend that organisations should take care to use a balanced approach, utilising both financial and non-financial metrics, to capture the full range of potential benefits from implementing innovations.

David Gilbert, reports on research undertaken into the underlying components of firm innovativeness in Japanese SMEs in article 8. Ten case studies were developed building on results of a quantitative study of over 2000 Japanese SMEs which investigated the underlying components of firm innovativeness. Findings from the case studies support and extend results of the quantitative study, detailing critical associations amongst management and firm employees, individual firm members, groups and work teams, leaders and mentors, along with firm environment issues including regional systems of firm agglomeration and consumer and market uncertainty; associations which have significant impacts on a number of levels in regard to firm innovativeness. Results presented in this article highlight the importance of a trusting and supportive firm environment; one that fosters personal development and interpersonal relationships based on trust, support and participation.

The final paper in this volume is by Ashraf U. Kazi who looks at the use of ICT and e-commerce by SMEs and the legal issues and perspectives regarding the security and rights of the creators, owners, and manufacturers of ICT. This research is significant as it seeks to clarify the rights and obligations for small and medium business enterprises with respect to the use of ICT and e-commerce for business purposes and thus enhance and improve their capabilities. Specifically this project also studied the level of awareness small and medium business owners have about their rights and obligation of using ICT, electronic commerce and the implications for breach of laws in relation to their use. The purpose of such an examination was to elaborate a set of strategies to guide small and medium business in their adoption of ICT and thus minimise risk.

Despite the diversity of issues canvassed in these articles, there are some important elements that speak to the continuing relevance of research in SMEs. One element is the increasing recognition and valuing of SMEs by governments in countries around the globe and supporting SME growth as part of their overall national development strategies. Even though there has been a surge of research in the SME context in recent years, a second element is still

the gap in the theory relating to research in SMEs owing to the fact that most studies are based in large organisations. A third element is the importance of the survival and growth of SMEs. SMEs need to be able to change and adapt as internal and external challenges arise and an improved understanding of issues in SMEs which enhance their capabilities will help them to meet the challenging performance expectations placed upon them every day.

ACKNOWLEDGEMENTS

The guest editors acknowledge gratefully the articles written by the contributing authors and the numerous international reviewers who agreed to review the articles. These referees have significantly enhanced the quality of the articles published in this special edition.