

The Use of Internet Portals by Scotland's Rural Business Community

Dr Laura Galloway, lecturer
School of Management and Languages
Heriot-Watt University
Edinburgh, EH14 4AS

Professor David Deakins, Director Crichton Campus, University of the West of Scotland
Dr John Sanders, Lecturer, Heriot-Watt University

Abstract

This paper investigates the ownership structure, operating characteristics and sustainability of six rural internet portals located in Scotland. It builds upon a previous study conducted by Deakins et al. (2003), which examined the characteristics of internet portals. In-depth interviews were conducted with six owners or the operators responsible for maintaining and developing the internet portal. The study discovered that two distinct forms of ownership structure existed. The first form of ownership structure involved dedicated private individuals who self-funded their internet portal activities, while the second form were managed by not-for-profit organisations, such as charitable trusts, that either hired part-time staff or employed volunteer staff to operate their internet portal. The privately owned portals were most effective because they demonstrated a higher degree of commitment via content richness, fullness of the services offered, and the extent of community and local business usage. In contrast, the not-for profit owned internet portals suffered from limited content, a narrow selection of services, some political infighting, low employee commitment, and modest community and business usage. Despite the differences both forms of ownership structure struggled to achieve commercial viability.

Introduction

In today's fast changing economy it is increasingly important for firms to participate in internet-based activity. Rodgers, et al. (2002, p.184) state that "for all intents and purposes, you cannot compete nowadays without some kind of e-business strategy". The internet is a medium for achieving growth and global markets, but also opening up new niche market areas, which can facilitate entrepreneurial growth. Even for low growth rural businesses, some form of internet presence is increasingly important. For successful exploitation of opportunities presented, careful planning, strategy and management are said to be essential (Porter, 2001) (though conversely, there is some evidence that progressive, most often pure-Web, firm owners are employing strategies more akin to prospecting and involving reactionary (to markets) activities to identify and exploit opportunities (e.g., Chen, 2005, p.22)).

Strategy is most often developed at firm level, but strategy can also be developed collectively. There is evidence that the internet has provided a means for collective action amongst rural business owners, for example, through local area marketing of rural locations, for example in Scotland (Galloway, et al., 2004); industry-focused marketing such as tourism (Pease, et al., 2005); and combinations of these, notably agri-food, for example in Greece (Baourakis, et al., 2002; Vakoufari, et al., 2007) and Wales (Thomas, et al. 2002). Such strategies can benefit member firms that may not have a direct internet presence: as Pease and Rowe (2005) note, in many cases, particularly in rural locations, "the premise...is the realisation that on its own an SME is not able to cope with the increasingly complex [internet] environment...nor does it possess the skills and expertise needed to compete in that environment".

The current paper reports findings from a study supported by the Carnegie Trust for the Universities of Scotland that seeks to investigate the role of internet portals with rural entrepreneurs in selected rural business communities in Scotland. Internet portals are defined as collective activity using the internet to present businesses via a collective brand, most often industry or location-specific. It will build upon previous research supported by the Scottish Economist's Network (Deakins, et al. 2003) to examine the nature of changes (if any) in the role of internet portals and their impact over this five year period on the rural business communities that they serve. In the previous research internet portals were referred to as 'internet forums'. Since completion some five years ago, the term 'forum' has been adopted generally as referring to communications amongst online communities on specific topics or amongst particular interest groups. For this reason the more appropriate term to be used for the subjects of study in the present research was considered to be 'portal', as identified by writers such as Turban, et al. (2004) and Pease, et al. (2005), the latter of whom describe a portal as "an information gateway using internet technologies [that] can be used by the customer to view products and services and to place orders...and as a point of collaboration between businesses...They...serve as a single point of content management".

Rural Entrepreneurship

In the developing literature on rural business owners and entrepreneurs, it is claimed that there are a number of characteristics of rural entrepreneurship, compared to entrepreneurship in urban areas, that determine its distinctiveness. It is now well established that rural areas have relatively more self-employment and business ownership than urban areas, and that in many areas the rural economy is increasingly supported by the small firms and self-employment sectors, as agriculture and traditional industry decline (e.g., Roberts, 2002). Despite greater proportions of independent economic activity, however, businesses in rural areas tend to be smaller in size, and are less likely to be classifiable as growth firms, resulting in part in the rural business environment being characterised as less volatile and exhibiting less 'business churn' relative to urban areas (e.g., Smallbone, et al. 2002). Other characteristics of the rural business environment include that there can be shortages of skilled labour, providing difficulties in recruitment (Patterson and Henderson, 2003) due in part to net outward migration of younger ages of the population (Courtney and Brydon, 2001). Other issues include reliance on local markets to a greater extent than in urban areas (Galloway and Mochrie, 2006), caused in part by remoteness from extended markets (Huggins and Izushi, 2002), and limited numbers and density of business networks (ibid). Further, Galloway and Mochrie (2006) found also that there is a high proportion of family-owned businesses in the rural economy and a business advice and

ERROR: stackunderflow
OFFENDING COMMAND: ~

STACK: