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MUCH ADO ABOUT VOGUE: A RANDOM THOUGHT IN UNDERSTANDING SMEs?

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When evoking characteristics of small and medium enterprises (SMEs), a plethora of literature resorts to metaphors, similes and analogies. Such group of enterprises are vogue and beautiful in terms of strategic alliances (Friedman, 1988), fast, and innovative as gazelles (Birch, 1979), the fittest in survival if based on the Darwinian analogies (Sadler-Smith, Hampson, Chaston and Badger, 2003), and sustainable when viewed from the population ecology perspectives (Daft, 2001). Surfaced in these literatures, SMEs, led by entrepreneurs are archetypal capitalists. They are intrinsically motivated, and sustainable to explore high- risk endeavors. How far though, could such a generalization apply to the process of new technology adoption, across different settings, such as Malaysia?

Malaysian small and medium enterprises (SMEs) are basically owned and managed by entrepreneurs. The unique entrepreneurial landscape of SMEs in Malaysia depicted an entrepreneurial culture that was based on either a family hierarchy or a government-reinforcement model (Bullis, 1999). In the family model, the patriarch is assumed to be the authority, as well as the most informed. Other members needed to respect and obey to avoid disharmony. The government-reinforcement model, on the other hand, reflected the continuous availability of preferential rules and privileged access. Such entrepreneurial landscape however, faces a new challenge in the 21st century. To illustrate, the electronic global marketplace of the 21st century was *hyperarchical* (Evans and Wurster, 1997), mainly due to its 1) networks of independent markets, employees, knowledge and opportunities (Barabba,

1998); 2) rapid syndication (Werbach, 2000), and 3) nature of fostering discovery (Hamel, 1999). In other words, the economics of *hyperarchy* applied the global management thinking. The management culture practiced by many transnational and multimedia companies did not exist or operate under the assumption of perfect information or solely- protected activities. Contrast this with the Malaysian scenario. With regards to Malaysia, very few Malaysian businesses, specifically the small and medium ones, were well-versed in addressing the *hyperarchical* aspects (Bullis, 1999). This phenomenon emanated the reality of conflict faced by a number of Malaysian businesses: 1) failure to pursue discovery; 2) difficulty in exploring opportunity; and 3) norms of linking personal charisma to professional competence. This discussion depicts two hypotheses for Malaysian SMEs. First, there is heterogeneity in the way entrepreneurs manage their businesses. Their ethnic backgrounds influence the style of management. Second, the Malaysian SMEs entrepreneurs seemed to lack the expertise of managing businesses based on global needs for innovation and professionalism. Would these current practices have impact on the adoption of new technologies? Herbig and Palumbo (1994) postulated that countries which have high level of homogeneity in terms of culture and socio-economic background would adopt technology much faster than countries which were heterogeneous. Malaysia, as a case in point, is heterogeneous in terms of both its population culture and socio-economic background. Would this become an impediment to the process of new technology adoption among its groups of entrepreneurs? It would be a valuable discovery to further probe such a similar contention after 10 years of Herbig's *et.al*'s postulation.

A developing nation may also have different entrepreneurial mindsets that impact the process of new technology adoption. However, this contention has not been confirmed in any major studies on Malaysian SMEs. Yet, an earlier analysis conducted by Tan (1998) on Chinese entrepreneurs' mindsets within the small and medium industries scale significantly indicated the slow progress towards rebuilding their firms' internal internet infrastructure, even though they have solid capital, business tradition and experience compared to the Indian and Malay entrepreneurs. This finding was in contrast with other studies on Malaysian SMEs (example: Liew, 2000) which, almost in total agreement, stressed that a company which had solid capital base was more motivated in adopting the Internet and other new technologies than those which did not have.

In consequence, Shariff and Mat (2001) revitalized Tan's research model (1998), and focused the investigation on the small and medium scale Malay manufacturers. Interestingly, they found that the entrepreneurs' mindsets strongly correlated with their effort in preparing the human info-structure and physical infrastructure of their organizations. The study found 100% of the Malay entrepreneurs in the sampling unit 1) refused to take effort to proactively learn how to use personal computers in their daily administrative tasks; 2) focused on daily operations (activity- oriented) and did not spend time to learn about the changing environment or new ways of doing business through electronic commerce (value- oriented); 3) only sent the employees to IT and Internet training, while they themselves refused

to learn the new knowledge; 4) still involved in the conventional manufacturing systems and not prepared to spend extensively on electronic commerce venture (such as building web- sites). There was no distinct research though, in explaining the development of Indian SMEs entrepreneurs within the context of IT and the Internet technology adoption. Nevertheless, these previous studies (example: Tan, 1998; 1997;Shariff *et.al*, 2001) grasped a notion that the level of embracing new technologies, as well as preparing the info- structure and infrastructure towards it were low among entrepreneurs of the different major ethnic groups.

From one angle, it was well-accepted that Malaysian SMEs needed to upgrade their technological capabilities in order to be competitive. But, was there really a need for them to make urgent technological changes? A number of SMEs which had undergone the process of change in terms of their technology application still remained at their old position. Seventy percent of the firms studied in a research (Shahadan, Burma, MatZin, Mahbar, 1990) did not fully utilize their new technology due to low demands and limited market, while other literature (Kanter, 2001) discussed the wrong adoption of a new technology as the result of receiving wrong recommendations from vendors and consultants. The crucial point for SMEs then, was not just to change to new technologies but also learn to know the significance of the new technology to the value of their business. They must enhance the technological base hand in hand with all the other aspects of their business, namely marketing, finance, training, management, and the shifts in mindsets.

Malaysian's SMEs behavior of separating their new technology base with the business aspects was clearly depicted in another work (Devasayaham, 2001). This specific survey gathered series of interviews with industry specialists and private bodies which supported Malaysian SMEs' ventures into the Internet technology. One of the industry specialists admitted that private initiatives were ready to provide services to aid the SMEs. However, the infrastructure, power bases and people mindsets were not. This survey also revealed that successful SMEs which managed to get a large chunk of the electronic commerce grant, spent on developing their websites, instead of human resource training. Some of the SMEs even did not have personal computers to handle electronic mail enquiries.

Overall, these were the issues of Malaysian SMEs. Three 'age-old problems' found in other earlier studies elsewhere in the 1990s (Iacovou *et.al*, 1995; Akkeren, 1999; Auger *et.al*, 1997) still obstructed Malaysian SMEs in the decade of 2000s: 1) high price of IT implementation; 2) lack of trained personnel; 3) unclear of the tangible and intangible benefits. But, in some instances, there were also unique factors which barricaded Malaysian SMEs' process to embrace a new technology, such as the issue of mindsets and critical mass. How far could the mindset contributed to the willingness of SMEs to change was another central issue that has not yet been studied.

What have escaped the attention of researchers on this issue require a much improved framework that would be enriching to both practitioners and academia. An exploration of the above issues may help to shed further

meaningful interpretations of SMEs area of research and practice. Also, it may help to lace a much bigger collage of understanding for three associated areas: SMEs, management of technology and organizational change, before SMEs can be generalized as vogue and fast as gazelles.

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