

Examining Whether Highly E-Innovative Firms are More E-Effective

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The resource-based view (RBV) ascribes superior firm performance to firm resources and capabilities. In recent years, much debate about the value of e-business has been raised because of the costly investments required. Although studies have found positive relationships between e-business and firm performance, there is a need to further investigate into these topics. Since innovation has become a key factor for increasing the competitiveness of firms and e-business has been proposed as complement to innovation, this paper analyses, based on the RBV perspective, whether companies with high level of Internet resources and with high e-innovation are more effective electronically. The methodology involved a large sample firms and data collected by the European e-Business Market Watch, an established e-business observatory sponsored by the European Commission. Results indicated that differences of e-sales effectiveness of firms with high and low Internet resources were not statistically significant, while on the contrary firms with a high level of e-innovation outperformed on e-sales effectiveness.

Povzetek: Članek preučuje, koliko raznovrstna uporaba interneta izboljša spletno prodajo.

1 Introduction

The relationship between information technology (IT) and business value has been the subject of much research over the past decade. The results of these studies were varied and the term “productivity paradox” was coined to describe such findings. Nonetheless, recent studies have found positive and stronger linkages, and have attributed the productivity paradox to variation in methods and measures [22, 44]. Firms make important investments in the development of costly IT infrastructures to benefit from the real-time connectivity and collaboration capabilities provided by the Internet, and to conduct various types of e-business activities [18, 38, 50, 51]. Therefore it is quite important to understand whether and how such IT and Internet-related infrastructures create business value, so that appropriate guidance can be provided to managers.

Although IT in general and e-business provide distinct value propositions to the firm, it has been argued that the technology itself is available to all firms (including competitors), so it will rarely create superiority. In this

sense, evidence suggesting that IT spending rarely correlates to superior performance exists [22, 9, 11, 34, 40, 44]. However, even though competitors may copy an IT infrastructure, relative advantage can be created and sustained in cases where the technology leverages some other critical resources. The literature suggests that a number of such complementary resources, such as size, structure, culture, and so on, that could make it difficult for competitors to copy the total effect of the technology [3, 2, 30]. This complementarity of resources is a cornerstone of the resource-based view (RBV) of the firm [4, 28] and has been offered as an explanation of how IT has largely overcome its paradoxical nature and is contributing to business value [6, 7, 15, 34, 43].

Innovation can be defined as the search for, the discovery and development of new technologies, new products and/or services, new processes and new organizational structures [10]. Many researchers [e.g. 23] emphasized the role of IT as an enabler of innovation, suggesting that IT produces innovations in business processes, products