

## **Applying Importance-Performance Analysis to Evaluate E-Business Strategies among Small Firms**

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### **ABSTRACT**

Contrary to early predictions, the evidence suggests that e-business has had limited impact on small organizations. One of the key reasons is a lack of understanding of these firms' motivations for engaging in e-business. Given that the vast majority of businesses are defined as small, it is important to understand what drives these firms to engage in e-business. Importance-Performance analysis (IPA) offers a simple, yet useful method for simultaneously considering both the importance and performance dimensions when evaluating or defining strategy. This technique has been successfully used in a variety of settings to define priorities and guide resource allocation decisions. This study uses IPA to evaluate e-business strategies among small organizations and to make resource allocation recommendations. The results indicate that customer-focused motivations are most important in adopting e-business; improving profitability is least important. Moreover, the results indicate that small organizations, while recognizing the potential for more sophisticated uses, are in the early stages of implementing e-business.

**Keywords:** e-business, e-commerce, importance-performance maps, family business, SME.