

# Assessing the Risk of Leveraging Technology in Small Businesses Entering the European Union

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## ABSTRACT

Small businesses (SB's) with less than 50 employees contribute significantly to the gross national product of transition economy countries in European Union (EU) nations where they account for 99% of all businesses. The EU is recognized as a strong effective fluid international trade system of 28 members and seven applicant countries in the process of integrating. The key advantages of joining the EU include untaxed cross-border product/service trade, better social systems, and improved economic stability. There are seven countries in a high-risk situation of attempting to join the EU. The highest risk these seven countries face is to leverage technology to facilitate the increasing demands of regulation administration and commerce imposed by EU standards. The purpose of this study is to examine the ability of SB's in an integration EU country to overcome risk by leveraging technology. The authors use SB's in Albania as a national case study population.

## KEYWORDS

European Union, Integration, Small Businesses (SB), Technology Acceptance Risk, Technology Innovation, Technology Resistance Risk

## INTRODUCTION

It is important to investigate the strategic adoption of technology because this is one of the largest risks faced by small businesses (SB's) in developing countries (Kurnia, Karnali, & Rahim, 2015; Wonglimpiyarat, 2015). A significant constraint faced by SB's with less than 50 employees is that they have lower contingency reserves and fewer human resources so to compensate they must leverage technology to build a competitive advantage in an increasingly competitive environment (Ahmad, 2012; Subrahmanya, 2015). International trade agreement systems such as the European Union (EU) are beneficial to SB's because it facilitates cross-border commerce. SB success is relevant to examine because they account for 99% of all businesses in EU partnership countries (Muller et al., 2016).

A research problem is that there are few studies in the literature about SB best-practices for high risk situations such as transitioning into the EU. Marx (1964) identified a major theme in literature referring to the dialectical tension between the pastoral ideal of national culture and the rapid transformation brought as a result of technological advancements. Marx (1994) explored the extent and means to which the society's technology determine its political, social, economic, and cultural forms. Korstanje and Skoll (2014) examined the connection between technology and risk exploring

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the debate on whether risk is a result of technology or whether the fears are determined by cognitive shortcuts. It is clear that entering the EU is difficult because the membership is mature and there are only seven new countries currently in that situation, namely: Albania, Macedonia, Iceland, Moldova, Montenegro, Serbia, and Turkey (EC, 2015). To address the gap in the literature, this study examines the high-risk adoption of technology by SB's using Albania as a case study to share best-practice factors with other transition and developing countries. Data is collected through a survey instrument from a systematic random sample which is followed by correlation analysis to identify statistically significant predictors of strategic technology adoption best-practices.

The EU is an important effective international trade system which makes it vital to study. The EU is a well-known effective trade agreement system consisting of 28 member countries along with seven partner nations integrating or transitioning into the agreement. The majority of the global economic production comes from EU countries and the EU Euro currency has remained higher than most others throughout the economic instability (Muller et al., 2016). Although there has been negative publicity stemming from United Kingdom's decision to leave the EU, this system as remained one of the strongest in the world. The EU member countries represent numerous cultures and languages yet electronic commerce and trade flow smoothly (EC, 2015). The key advantages of joining the EU include untaxed cross-border product/service trade, better social systems, and improved economic stability. The critical disadvantages are increased local taxes, regulations and competition, which unfortunately eliminates many SB's who cannot adapt. All of these factors make the EU nations an interesting population to examine to identify best practices associated with effective financial performance.

Time is of the essence for studies like this one. Countries with transition economies are in the process of integrating from emerging into developed full member status. Albania is a transition economy in the process of integrating into the EU (EC, 2015). Integrating and adapting in this competitive EU context requires strategically using technology to facilitate regulation administration and commerce. Thus, the strategic adoption of technology is essential to the success of SB's in transition countries and this is what we are focusing on in this study. We assert it is necessary to study the best practices of transition economy SB's because this behavior exists only while they are in this stage – once a country fully integrates into the EU the macro environmental factors will change so we will lose this strategic window of opportunity.

Albania was selected as a case study because earlier research had indicated SB's were open to collaborate with academic researchers out of corporate social responsibility to further the improvement and sharing of best-practices (Vajjhala & Strang, 2014). This represents a strategic opportunity to undercover technology adoption best practices where the results will generalize to the other six EU applicant countries as well as to other emerging nations in the world. In fact, most countries in the world are in the developing or emerging status so in this sense Albania may be considered a SE role model for entering a larger global electronic trade agreement system. This will make the results of this study of interest to government policy makers, financial institutions, small business entrepreneurs and researchers from many countries.

## **LITERATURE REVIEW**

### **Importance of European Union**

Studies have found that effective SB's in developing and transition countries strategically use technology to overcome the risk associated with administrative burdens, to become more innovative and

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