

CAN LEGITIMACY HELP SMEs IN B2B COMMERCE?

Kai Li, Teda College, Nankai University, China, likai@nankai.edu.cn

Eldon Y. Li, National Chengchi University, Taiwan, eli@calpoly.edu

Timon C. Du, The Chinese University of Hong Kong, Hong Kong, timon@cuhk.edu.hk

ABSTRACT

Survival and growth are the key challenges for SMEs on B2B platforms. As the entry barrier is low, the competition is keener than in the conventional business environment. Some SMEs adopt an aggressive competition strategy to ward off competitors. Whether competitive aggressiveness, which is a dimension of entrepreneurial orientation, improves performance and whether the legitimacy status of an SME helps its website gain acceptance in an environment of aggressive competition are hitherto unanswered questions. Conducting legitimate actions is both crucial and challenge for SMEs, as they have little reputation and no brand name to rely on. On B2B platforms, SMEs face a greater legitimacy problem than in the conventional context. A B2B service provider, such as Alibaba.com, provides a platform for SMEs to link to an e-marketplace. Consumers are more likely to trust the platform's endorsement than the self-descriptions of the SMEs. It is thus common for an e-commerce platform to provide services to SMEs and help them acquire the trust of customers. For example, integrity protection seal is a kind of unofficial certification provided by B2B platforms that is widely accepted by buyers, sellers, and other stakeholders. Thus, if integrity protection seal has become a symbol of legitimacy, then SMEs who join integrity protection scheme may gain better acceptance from customers, suppliers, and other stakeholders on B2B platforms. We use secondary data collected from Alibaba.com, the largest B2B platform in China, to address these issues. We find that adopting an aggressive strategy, joining an integrity protection scheme, and obtaining a good credibility score improves SME website performance in B2B.

Keywords: B2B commerce, SMEs, legitimacy, integrity protection