The Role of E-Commerce Adoption Among Small Businesses:
An Exploratory Study

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EXECUTIVE SUMMARY

The small business sector is one of the fastest growing sectors of the economy. Firms are becoming increasingly dependent on Internet-enabled IT solutions for their day to day operations. This study aims to examine the impact of e-commerce adoption in the agricultural industry. We examine the benefits and risks small businesses experience in adopting e-commerce. Based on previous research, we categorized benefits as operational, economic, and strategic benefits and risks as technological, organizational, and external (or environmental) risks. The framework of benefits and risks was tested via in-depth case studies in two firms. Both case study firms in this article are located in the state of Missouri in the United States. We discuss the findings and highlight the challenges and lessons learned leading to the contributions to practice, theory, and directions for future research.

Keywords: economic benefits; external risks; operational benefits; organizational risks; small business; strategic benefits; technological risks

ORGANIZATION BACKGROUND AND CASE DESCRIPTION

Both case study firms in this article are located in the state of Missouri in the United States. Firm A is a seed manufacturer and seller of wild flower and bird seeds located in Kingsville. It is a family owned business with 10 employees, and the owner has been in this business for 23 years. They sell a variety of wild flowers seeds including the annual mix, shade, and suns. They also supply bird seeds to regular stores and residential customers, and fulfill large bids from the
government for beautifying the land, such as the city of Blue Springs and the Tiffany Springs highway. Their main form of e-commerce applications include their business to consumer Web site implemented in 2003, e-mail, and fax.

Firm B is a retail store that sells bird seeds, backyard birding supplies, accessories, and gifts located in Independence. They have four employees and use an Internet-enabled intranet system called the “Top Flight,” implemented by their head office located in Maryland. The system helps them track inventory and sales, and they are planning to build a business to consumer shopping cart in the near future. The owner bought over an existing franchise for the past two years and they serve the customers locally in the Independence, Lee Summit, and Blue Springs areas. Their business documents include purchase orders, invoices, and packing slips. They also use the fax and telephone extensively. Table 1 presents the background information of both firms that participated in this study.

### SETTING THE STAGE

E-commerce provides different opportunities to small businesses, as it overcomes part of their technical, environmental, organizational, and managerial inadequacies (Bergeron, Raymond & Rivard, 2001; Hussin, King & Cragg, 2002). The U.S. economy has slowly evolved into a two-tiered structure: giant corporations and the vast number of small firms. According to Forrester Research,