

## Chapter III

# An Expanded E-Commerce Process Model Serving E-Commerce Entrepreneurs

David Paper, Utah State University, USA

Eric Pedersen, Dixie State College, USA

### ABSTRACT

*In a previous study, we explored successful e-commerce small to medium-sized enterprises (SMEs) to formulate an e-commerce (electronic commerce) process model. We adopted a qualitative research method to obtain a **rich description** of the e-commerce process. We then interviewed 15 entrepreneurs from established SME operations. From deep analysis of this data, we were able to devise an emergent model. This study extends the original model by conducting subsequent interviews with the 15 SME entrepreneurs. Our goal was to better understand the model by exploring omitted, missing, or incomplete elements. Hence, subsequent interviews asked respondents to identify key elements of the model that may have been omitted, and if so, where do they fit in the model? Deep analysis of the subsequent data allowed us to expand the original model.*

## INTRODUCTION

The phenomenal growth of the Internet since the mid-1990s has fostered an explosion of electronic business on the web, known as e-commerce (Nataraj & Lee, 2002; Motiwalla & Khan, 2003). The Internet has grown from a few thousand people in 1993 to over 150 million in 1999, and is expected to grow to over a billion by 2004 (Bingi et al., 2000). Forecasts have estimated that the total value of worldwide e-commerce will exceed \$400 billion by the year 2002 (IDC, 2000). Kalakota and Whinston (1997) define e-commerce as “the buying and selling of information, products, and services via computer networks” (p.3), the computer networks primarily being the Internet. The Cabinet Office (1999) expand this definition to include the use of Internet technologies (email and intranets) to exchange or share information either within the firm itself or with external stakeholders. However, hundreds of Internet companies have gone out of business in the past few years, causing tens of thousands of lost jobs and billions of squandered dollars in investment capital (Nataraj & Lee, 2002; Perotti et al., 2003). Of the failures, over half were e-commerce, and one-third were content providers. The failure of dot-coms is a staggering 75% in the first two years (Nataraj & Lee, 2002). Many of these failures were small and medium-sized enterprises (SMEs) (Bertsch et al., 2002; Daniel et al., 2002; Marquess, 2001). One of the most commonly cited reasons for failure has been lack of a workable strategic business model to guide e-commerce efforts (Glass, 2001; Marquess, 2001; Nataraj & Lee, 2002).

The original study (Paper et al., 2003) introduced an e-commerce process model for SMEs. In this study, we extend the model by returning to the respondents and asking them to identify key missing elements and how these elements might fit. We used the same qualitative methodology to obtain a more complete and **rich description** of the e-commerce process. Rich (or thick) description refers to thorough descriptions or details of a phenomenon that create verisimilitude and produce in the reader feelings that he or she has experienced the events described (Creswell, 1998; Denzin, 1989; Erlandson et al, 1993; Lincoln & Guba, 1985; Merriam, 1988). The interview pool consisted of the same 15 e-commerce SME entrepreneurs. From deep analysis of the new data set, we were able to extend the previous model.

This chapter includes related literature, the chosen research methodology, the research process we adopted for the original study and this study, the data analysis, the findings, and our conclusions.

## RELATED LITERATURE

Strategic process research has a rich history dating back to the early 1960s (Anthony, 1965; Ansoff, 1965; Chandler, 1962). These seminal works laid the foundations for what we know today as strategic management. The focus of these early works was almost entirely on the internal aspects of the strategic process. Porter (1980a) shifted the established paradigm to an external focus with the introduction

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