

## Micro Fashion Businesses' Adoption of Ecommerce in the Covid-19 Environment

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Microbusinesses have become the backbone of the US economy. They offer inclusive growth and provide products and services tailored to locals (Alsaaty, 2013). They occupy otherwise vacant storefronts and provide places for neighbors to meet. They stimulate an inflow of community resources. The formation of microbusinesses is highly local, where owners rely heavily on local financial and network resources. Christie & Sjoquist (2012) argue that not enough attention has been given to small and microbusinesses regarding their role in community engagement and regional development. Small and microbusinesses are found to generate similar jobs as multinational corporations (MNCs) while fostering more equitable distribution of economic opportunities across communities. However, the growth in numbers of rural microbusinesses remains low and existing businesses have experienced limited growth (Hertz, Kusmin, Marre, & Parker, 2014).

The Covid-19 pandemic has caused massive damage across all the microbusinesses in the USA. Global lockdown, social distancing, and other measures introduced to limit the spread of the COVID-19 pandemic have urged consumers to purchase more on online marketplaces (Belitski, Guenther, Kritikos, & Thurik, 2022). The pandemic sparked a meteoric rise in online sales. As visits to physical stores were restricted, consumers went online to shop, causing online purchases to grow higher and higher (Koch, Frommeyer, & Schewe, 2020). Similarly, ecommerce plays a vital role for small and microbusinesses and improves their ability to compete with larger organizations and operate on an international scale. Ecommerce can deliver the tools to provide cost effective ways for small and microbusinesses to market themselves, launch new products, improve communications, gather information, and identify potential business partners (Bhatti, et al., 2020). A firm's adaptive capability provides the theoretical foundation for this study. Adaptive capabilities typically involve resource integration, entrepreneurial learning, and strategic response planning (Jayathilake, 2015). Capabilities also play a mediating role in the relationship between resources and business performance (Lu et al., 2009). Adaptive capabilities outline the capacity to adjust strategies and operations to minimize or avoid damage to the business. As businesses grow, they acquire new resources and combine new and existing resources in value-creating ways. Thus, the mechanism through which this process occurs is the business's adaptive capability. Further, it enhances a business's proficiency in altering its understanding of market expectations (Lockett et al., 2011).

A qualitative study was designed to explore the adaptive capabilities of microbusinesses that helped them to adopt ecommerce tools for their business operations. In-depth semi structured interviews were conducted with the owners or managers of 11 micro fashion firms in West

Virginia and the Appalachian region of the United States of America from July 2021 to September 2021. Each interview took 30-60 minutes and was conducted in a location preferred by the participants. The data were transcribed and analyzed for recurring themes.

The adaptive capabilities that were found to influence the process of adoption and implementation of ecommerce tools were (i) technological capabilities (10 out of 11), (ii) organizational capabilities (8 out of 11), (iii) operational capabilities (7 out of 11), (iv) human resource capabilities (7 out of 11), (v) financial capabilities (5 out of 11), and (vi) customer service capabilities (4 out of 11). Technological capabilities were found to be the most described resource for the microbusiness's adoption of ecommerce tools. Social selling on social media marketplaces and using third party selling platforms like Etsy and Shopify were found to be the preferred method of ecommerce for most (8 out of 11) of the participants. As one participant described, "It is relatively easy to sell on social media," which was found to be the main reason behind using social media platforms to sell online. Many participants (7 out of 11) reported that having a dedicated online website required financial resources and tech-savvy employees to keep the website running. As one participant described, "Having a website requires investment, and finding people who can run it for you. In the current business climate, it is hard to find good help."

Organizational capabilities were found as the second most described resource for ecommerce adoption. Participants described that they needed dedicated backdrops to take pictures of their products. As one participant described, "we use a corner of our store to take pictures of our dresses, to post on Facebook." The third most described resource for ecommerce adoption was found to be the operational capabilities. Most of the microbusinesses interviewed consisted of less than five people, including the owner, and needed computers, camera, and internet service to support their ecommerce operations. One participant described, "we used to do everything on the mobile, however, as online sales increased, now we need to use a laptop." Human resource capabilities were found as the fourth most described adaptive capability. Participants hired high school and college kids to sell their products online. Most of the participants (6 out of 11) interviewed reported being technologically challenged. The participants described financial capabilities as the fifth most important capability for ecommerce adoption. Participants described that running both an online business and selling in brick-and-mortar stores needed dedicated employees. Hiring good employees was costly. Customer service capability was found to be the sixth most described resource for the adoption of ecommerce by microbusinesses. Continuously posting pictures, answering queries, and shipping the products were repetitive jobs. One mistake and you have an unsatisfied customer. Even though the microbusinesses were using ecommerce to sell online, it ended up being more of an advertising tool rather than a commerce platform.

The findings have important implications and contributions. Technological, organizational, and operational capabilities were found to be key capabilities of microbusinesses for adopting ecommerce. In this study, microbusinesses were concerned about the pandemic but did not think

it would impact their competitive resources. The business model these micro retail businesses were operating had a unique product and customer base. Future research should examine microbusinesses and their competitive resources using a quantitative methodology. Further research is recommended to investigate the impact of Covid-19 on micro fashion businesses.

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