



ORIGINAL RESEARCH PAPER

Computer Science

THE EFFICACY OF E-BUSINESS AND THE CURRENT BUSINESS ENVIRONMENT

KEY WORDS:

U. Gayathri

Research scholar (Ph.D), Department of Management, Kongu Arts and Science college (Autonomous), Erode.

Dr. P. Poongodi*

Professor, Department of Business Administration with Computer Application, Kongu Arts and Science college (Autonomous), Erode.
*Corresponding Author

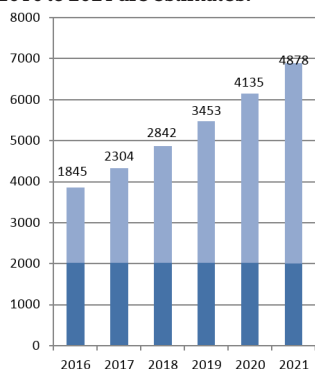
ABSTRACT

In today's digital 21st century, almost all business face intense competition from competitors all around the globe. There has been a widespread increase in the number of people purchasing goods and procuring services online. This transition has made the term 'e-Business' a predictable part in today's business environment. This Paper deals with the identification of factors that led to the expansion of e-business and also on the impact that e-business has created in the current business scenario examining the various aspects of e-business. Factors such as cost, external and internal environment of the organization, government decisions, economical development and nature of the industry affected the implementation of e-business. It was inferred from the study that e-business had a positive impact on the growth of businesses by improving its operational efficiency and productivity.

INTRODUCTION:

E-business (electronic business) is the conduct of business processes on the internet. These e-business processes include buying and selling goods and services, servicing customers, processing payments, managing production control, collaborating with business partners, sharing information, running automated employee services, recruiting; and more. It is a much wider term as compared to that of e-commerce. E-commerce involves the trading of goods, provision of services, and transfer of funds through electronic means whereas, e-business takes into account various other aspects of a business transaction like e-procurement, e-supply chain management (e-SCM), e-customer relationship management (e-CRM), enterprise resource planning (ERP) etc. E-business also includes online display of goods and services, electronic order taking and billing, and handling of customer services and payment for transactions online. It gains huge support from the customers as the customers are given more priority than the conventional mode of transacting. Customers are able to provide their feedback and reviews through online channels which immensely influences the reliability of an organization. The relevance of customer ratings led to the surfacing of a new term called 'e-WOM or electronic word of mouth'.

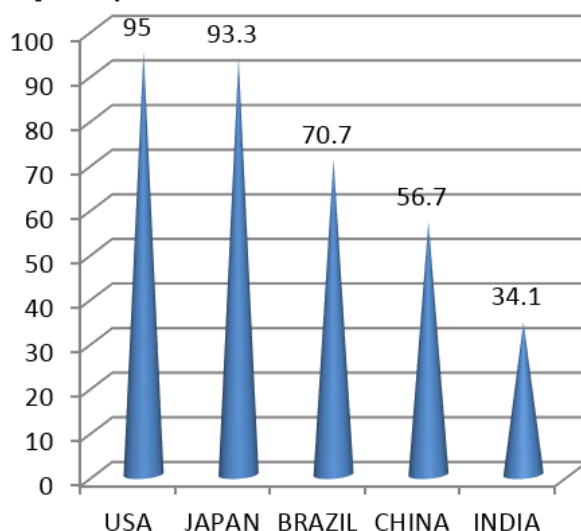
Statistical information on retail e-commerce sales worldwide supports the fact that there is a huge increase in the volume of sales. The use of electronic gadgets like personal computers and mobile phones led to a hike in online shopping which varied from region to region. Online retail sales was estimated to be 19 percent in China during 2016 whereas in Japan it was only 6.7 per cent. The retail e-commerce sales are expected to reach 4.88 trillion US Dollars in 2021 when compared to 2.8 trillion US Dollars in 2018. Trends in the growth of retail e-commerce is presented in figure No.1. Figures from 2016 to 2021 are estimates.



The data on retail e-commerce growth worldwide as well as in India also depicts that there has been an upward movement in the retail e-commerce sales growth which highlights the fact that e-commerce has had a positive impact on sales. With giant e-tailing companies like Flipkart, Amazon, etc, India is also witnessing the emergence of retail ecosystems which is similar to the role played by Alibaba and Tencent in the Asian ecosystem.

Digital penetration worldwide:

The digital penetration rate depicts the percentage of the total population using internet for any purpose in a particular country or region. As per the data from Internet World Stats, North America has the highest internet penetration rate with 95 per cent. But America secures only the third largest online market position. China, even though has only 56.7 per cent internet penetration is the first largest online market. India's internet penetration rate is only 34.1 per cent but managed to obtain second position in the largest online market. Brazil (4th) and Japan (5th) also entered the top 5 with the internet penetration rate of 70.7 per cent and 93.3 per cent respectively.



The emergence of mobile phone technology led to the increased use of e-mail, social networking sites, online shopping, instant messaging etc. Most of the telecom companies profited from this increased usage and they started optimizing their content for mobile devices. Whatsapp, Facebook, Instagram, Twitter etc are found to be

most commonly used mobile phone services. Mobile commerce, another new advancement in the field of ICT also gained popularity. The major e-tailers like Amazon, Flipkart, Apple, Jingdong mall, Google play etc snatched huge revenue with the help of mobile commerce with Amazon procuring revenue of more than 27 billion US Dollars. All these makes e-commerce attractive to internet users worldwide which is evident from its growth.

Factors Affecting E-Business:

The level of adoption of e-business varies from one organization to another. There are certain critical factors which affects the implementation of e-business in an organization. Some of the important factors are:

a) Cost factor: it is one among the most important factor which affects an organization in implementing e- business in its transactions. The compatibility level of acceptance of e-business in any organization depends mostly on the size of the organization and the cost involved in implementing technologies needed for e- business. Small organizations will not be able to afford the cost as compared to that of large organizations due to which there is low level of adoption in small organizations. Cost versus customers issues call for the emergence of big models to ensure usage.

b) Government factor: this includes the attitude of government towards promote e-business among the organizations. There will be a enormous hike in the number of organizations adopting e-business once if the government attitude in a particular country is good. In such countries government will provide offers and incentives to those firms practicing e-business in its transactions which leads to increased operational efficiency thereby leading to the development of that country as a whole.

c) Organizational factors: The size of the organization, the attitude of employees, and the presence of skilled employees are some of the organizational factors affecting the implementation of e-business in an organization. It will be easy to adopt e-business in an organization where there is availability of skilled man power who supports the application of electronic means in the day to day activities than those organizations where there is resistance from the part of employees in the use of e-business technologies.

d) Environmental factors: The external environment in which the organization works on also has a huge impact on the e- business implementation. Factors like physical infrastructure and social infrastructure which involves the availability of electricity, water, rail port connectivity, telecom connectivity, the education and literacy level of the people around, and the financial condition of the society will affect the working of any organization. Good infrastructure and liberalization of requirements facilitates for ease of doing business. According to World Bank report, India now ranks 77th position from 100 in ease of doing business, which proves that there are huge opportunities for the development and growth of industries in India.

It is also affected by the urban-rural divide and gender divide. In India, it is found that the Internet users are more in urban areas than in rural areas, which proves the fact that the domicile of residents affects the usage of internet. Non-availability of power and telecom infrastructure would widen the gap. Studies also indicate that there is a dominance of male population in the usage of internet when compared to the female population.

e) Nature of industry: The working of a manufacturing concern is different from that of a service providing concern. The implementation of e- business also differs on that basis. In the case of manufacturing concerns, e-procurement of raw materials, usage of internet for marketing, selling the products online, shipment and delivery, e-payments options,

e-billing, e-filing of tax returns etc are some of the means by which they make use of e- business. Service companies like Uber, Ola etc also make use of it by creating mobile applications which helps to create a wider reach to the customers. Hotels have their own websites which provide options for online booking and payment facilities.

Benefits of E-Business

The limitation of time and space are completely eliminated with the adoption of e-business. Now anywhere anytime business is possible. This creates a plethora of benefits to the organizations. Some of them are as follows:

a) Improved operational efficiency and productivity: with the adoption of e-business an organization is able to reduce the time and cost involved in business transactions to a large extent. This in turn increases the operational efficiency and productivity of an organization leading to increased profitability and growth.

b) Reduction in operation cost and cost of goods and services: e-business helps in reducing the paper works, number of workers needed for clerical works, errors and mistakes of employees, inventory level, cost of transportation etc. This helps in reducing the overall cost of production there by lowering the prices of goods and services in the market.

c) Wider reach: sellers are able to transact globally with the help of e-business. This helps sellers to widen their customer base and extract huge returns. Quality products at low cost and customer satisfaction are now considered to be the key goals for sustenance and for obtaining a competitive position in the market.

d) Improved relationship with suppliers: the application of e-business facilitates good relationship with suppliers through online order procurement, on time delivery of materials and prompt payment mechanisms. Buyers making bulk orders are also offered with discounts from suppliers for making prompt payment which is facilitated by the use of e-business which helps them in reducing the cost of production. Improved customer service: in this internet era, customers are given more priority than before which leads to increased customer satisfaction and loyalty. Organizations are able to tackle the grievances and complaints of customers more easily in this electronic world.

FINDINGS AND SUGGESTIONS:

The major findings and suggestions of the study are: The size of the organization, cost and complexity of implementation of technology, financial position of the firm, availability of skilled man power, availability of internet facility, infrastructure, and government rules and regulations were found to be the important factors affecting the adoption of e-business in an organization. Increase in the quality of products, customer loyalty and retention, profitability of the firm, work efficiency, flexibility, market reach and growth, better communication and coordination within the organization, reduction in the time, operational cost and cost of production, cutting down the cost of conducting meetings, providing opportunity for customization, establishing good rapport with customers and suppliers were found to be the benefits that organizations obtained with the adoption of e-business.

It was found from the study that if the barriers in adoption e-business in an organization was identified correctly and measures to overcome the barriers were provided, e-business reach could be increased further. An important issue to be dealt with was security and trust issues of the parties involved in a transaction. They should be given confidence that there money would not be lost by entering into an electronic transaction. Another important area to be considered was the resistance from employees in adopting e-business. By conducting proper training programmes

organizations could gain support from its employees in using e-business. They should be given training and awareness regarding how to use the technology, the benefits that could be reaped by using electronic means, the reduction in their work load through adopting e-business etc. so as to obtain their cooperation. Government support was also a crucial factor in e-business implementation. Government could encourage the growth of e-business by offering incentives, and subsidies for those organizations which perform online transactions. Once if all these factors were taken in to consideration, the benefits of e-business could be exploited to a greater extent.

CONCLUSION:

Dimensions of business has changed with the introduction of e-business. E-business diffuses globally overcoming the barriers in its implementation. Through proper training and support from Government, it paves way for small organizations also to incorporate e-business in their transactions as is done by medium sized and large scale organizations.

It is evident from the study that e-business has positively contributed to the development of any kind of business organization irrespective of its nature. Even though there are certain drawbacks like finance issues, organizational issues, strategy issues, legal issues, technical issues, and security and trust issues, the benefits which reaps from its implementation will outweigh the negatives. Thus this study concludes by stating that, by overcoming the barriers to e-business business organizations can go a long way in maintaining a competitive position in their market through the application of e-business.