

E- Business – a new paradigm in Business Management

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Abstract— Electronic business primarily means integrating Information Technology (IT) into the traditional business model. The concept of E business is slowly catching up. There has been deep penetration of technology into the modern business enterprises. Efficient E Business implementation is a key to achieve competitive advantage and hence companies cannot ignore its growing presence. The present paper attempts study the various aspects E business models. It also highlights advantages and challenges in adopting one.

Key words: *E Business, Internet, Business Processes*

I. INTRODUCTION

Technology plays a very important part in our lives today. Everything ranging from education to profession, from healthcare to managing day to finances, from communication to entrainment from sports to shopping, everything is technology driven. The innovations are taking place at very fast pace which has changed the way people pursue their lives. E business models are a new paradigm in the corporate sector. The present paper attempts study the various aspects E business models can be incorporated in a company setup and the advantages of the same a company could reap. The paper also highlights the challenges which a company may face before adopting E business mechanism along with its some recent examples.

II. THE CONCEPT OF ELECTRONIC BUSINESS OR E-BUSINESS

Electronic business primarily means integrating Information Technology (IT) into the traditional business model. It implies making a business electronically accessible. The concept of E Business is wider than Electronic Commerce or E-Commerce which basically involves selling products online. It construes digitization of information records, using internet as a communication medium and incorporating various computer applications to streamline business processes. The concept of E business is slowly catching up and most corporations have now realized it is more of a necessity than a luxury.

III. SCOPE OF E-BUSINESS

Technology has changed the way organizations are operated. There has been deep penetration of technology into the business processes. A great deal of automation now exists in various levels of business organization. Following are the

areas where computerization can transform a brick and mortar model of doing business:

1) *Marketing and Selling Products*

Internet as medium of communication has blurred the geographical boundaries and made way to market and sell products on a global platform. By means of Electronic Commerce, national and international markets are now accessible to seller to promote and increase their sales by increasing the visibility of their product. Informal and formal media both provides a means to reach the customers. Every company nowadays has an electronic existence with its own website in order to make public aware of their products and services. Additionally various social media websites are used to promote the products and inviting customer feedback on their experience by availing a service or using their products. Selling products by making them available on online shopping portals at discounted prices makes a shopping on the internet a unique experience for customers and various companies are adopting such practices to enhance their sales of the product.

2) *Managing Human Resources*

There is a huge scope of using technology in various HR functions in to the organisation. By adopting Human Resource Information System (HRIS)^[1] each function of HR can now be performed with more speed. For the purpose of workforce planning, an electronic record of all the employees presently employed in the organisation along with their qualification and experience can help determine the recruitment needs. For advertising the posts, again various job portals can be used for attracting suitable employees. Websites like LinkedIn provide a great source of identifying suitable candidates for the job. Again in the process of recruitment, from receiving resumes online to conducting tests and interviews can save time and fasten the process of selecting candidates.

With help of E-Performance management system^[1], evaluation job performance of employees is now easier. Productivity of employees can now be gauged on information available on real time basis for example, sales targets met by a salesperson in a month. Also, appraisal of performance by managers by online monitoring and feedback makes appraisal accurate and effective activity.

Training programs can also be administered online by web based training. Training by the way of DVDs, or online training programs or webinars and podcasts can reduce the training cost and cater to employees needs effectively^[1]. Similarly Compensation mechanisms can also be automated which includes E payrolls for designing pay packages for employees.

3) *Infrastructure*

Nowadays the boundaries of an organisation have been redefined. With all data electronically available, employees can access data from virtually anywhere. Concept of virtual offices is now a reality and employees are not restricted by geographical boundaries for working in an organisation.

4) *Streamlining business processes*

Digitised Financial databases, customer information and electronic communication has made corporate work environment paperless. Everything is operated on computers with help data warehouses within the company's own secured intranet channels. Activities such Customer care services and financial analysis are conducted with help of suitable software. Management information systems help in infusing efficiency in to the day to day operations by integrating various departments such as production and sales department, sales and marketing department, in the organisation.

5) *Effective value chain networks*

Extranet channels helps in building Business to Business (B2B) networks for effective supply chain management. This allows developing a channel of

raw material suppliers, transport companies, and vendors located at various places for smoother operations. Similarly, Business to Customer (B2C) networks for directly reaching the customers at their doorsteps and providing personalised services helps in maintaining better Customer Relationship Management (CRM).

IV. ADVANTAGES OF E-BUSINESS

1) *Synergistic Effects*

Integrating technology into the business helps in bringing synergy in various business processes by making them more efficient with lesser time and energy required in routine operations such as data management, maintenance of files etc.

2) *Helps building Competitive Advantage*

With efficient data management, the managers can concentrate on core competencies of their business by introducing new innovative ways of producing the products and catering their customers in better ways,

3) *Helps meeting competition*

With high quality products and better services, a firm is able build better customer relations which makes the company first choice for consumers.

4) *Cost and time effectiveness*

E- Business promotes paperless environment. It eliminates the need for physical maintenance of records. Moreover, with techniques like e-recruiting a

lot of time is saved in sorting of application and conducting tests which can easily administer online.

acceptance of the new system and willingness to adopt change is prerequisite for successful implementation of E business model.

5) *Helps meet challenges of Globalisation*

With increased competition, both national and international players in the market pose a challenge in order to survive in the market. Therefore, it is necessary to keep pace with dynamic business environment and break the shackles of the old ways of doing business.

V. CHALLENGES OF ADOPTING E BUSINESS MODEL

1) *Sophisticated Infrastructure*

Since E business primarily involves use of internet and various computer applications, a cohesive computer network needs to be built within the firm connecting the whole office space with Local Area Network (LAN). Additionally, installation of requisite software and regular updating is needed.

2) *Trained personnel*

In order to operate the business model specialized software is required to be adopted into the business model. However, for operating these software trained personnel are required to efficiently handle huge amounts of data.

3) *Data Security Issues*

With all data electronically available, there always risks of losing the data or data misuse. Appropriate security mechanisms must be incorporated to ensure data is not accessed by unauthorised people and that regular backup of data is taken to avoid loss of data.

4) *Change Management*

Transforming a brick and mortar model of business into E Business requires Management support and acceptance by the employees working in the organisation. Though E business model require initial investments but in the long run it proves to be cost effective mechanism for the firm. Therefore, management support is essential. Along with that employees need to accept that the changed way of handling the operation. Along with required training,

VI. EXAMPLES OF E BUSINESS MODELS OR STRATEGIES ADOPTED IN VARIOUS ORGANISATIONS

Having dwelled into the concept of E business, its scope and challenges let us now look how international and national firms have benefitted by adoption of E business strategies.

1) *Bank Services*

Banks have tremendously benefitted by adopted E business strategies into their business. Nowadays customers can operate their bank accounts from their homes only. Transactions like payment of bills, fund transfer facility are available through internet. Even opening of bank accounts and request of cheque books is now available on bank's website. Banks providing such facilities include State Bank of India and HSBC.

2) *Online Shopping Portals*

Online shopping portals allow customers to purchase products online and have them delivered at their doorstep. Such business models have been successful because of the ease with which customers are able to view their product online, compare with similar products, get the best bargains, make payments at their door step and even return the product if not satisfied having getting it picked up from their home. Companies like E-bay and Flipkart do not have any physical presence and operate and conduct business purely online.

3) *Supply Chain Management*

Dell Inc. is famous for its efficient supply chain management policy which includes customised personal computers according to individual needs and meeting them in record time by sourcing those from varied suppliers and assembling them as customer's specification.

4) *Electronic news paper and news websites*

In order improve readership and viewership, News channels and newspapers have an web portal providing news on real time basis. Also various

magazines have made their issues available completely online to encourage subscription.

5) *E- Human Resource Management*

Various computer applications can be incorporated in a business process to streamline the HR functions. One such popular software is Systems and Application Software or SAP. SAP HR is a integrated software application which acts as a database for varied information including employee work schedules, details regarding their pay packages, attendance and tax records. It also stores data for recruitment and selection of candidates.

6) *Virtual private networks*

Virtual Private Network or VPN helps employees to access office intranet from remote locations. With VPN it is possible for employees to work from home or access company databases while travelling. It also ensures data privacy as the data is encrypted and can be accessed only with help of a designated username and password.

VII. CONCLUSION

Electronic Business or E- Business means using internet as a medium to conduct business. It includes moving from tradition brick and mortar business models to using electronic means for promoting and selling products, dealing with customers,

creditors, suppliers, employees. It helps in catering customers more efficiently, streamlining processes and managing staff. It is also helpful in meeting competition and reducing in cost and builds efficient supply chain management. However, it requires management support, secure data networks and trained workforce to effectively implement a successful E business model. The concept of E Business is here to stay. An integrated approach can help an organization to reap its benefits in the long run.

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