



# *Business Studies Notes PDF*

*On*

*Emerging Modes of Business*

*(Class - 11 / Chapter - 5)*

In this age of the internet, world commerce has gradually started linking with it. This has brought a new concept of commerce called e-commerce/e-business. Now we are capable of reaching the users of Internet all over the world simply by opening a shop on the Internet. The Internet users can order for the goods, receive their delivery and make their payment while sitting at their home on the Internet.

### **Scope of e-Business:**

It can be understood by the viewpoint of the parties involved and making transactions:

- **B2B Commerce:** It is a business activity in which two firms or two business units make electronic transactions. For example- one can be a producer firm and other a supplier firm.
- **B2C Commerce:** Business-to-customer (B2C) interactions involve business organizations on one hand and their customers on the other. It encompasses a wide range of internet marketing operations such as identifying activities, promoting them, and occasionally even delivering items. It enables a business to be in touch with its customers on round-the-clock basis which helps in knowing the customer satisfaction level. Few examples are Amazon, Walmart etc.
- **Intra-B Commerce Within business Commerce** – Under it, the parties involved in the electronic transaction are the two departments of the same business. For Example, through the internet it is possible for the marketing department to interact constantly with the production department and get the customized goods made as per the requirement of customers.
- **C2C Commerce:** The consumer is the source of the business, and consumers are the ultimate destination. This form of business is best for dealing with items for which no recognised market mechanism exists. Few examples are Quickr, Olx etc.

### **Benefits of e-Business:**

The major benefits of e-Business are as follows:

- **Worldwide reach- The Internet** gives businessmen an extended market. New customers come in contact with them. This results in an increase in sales.
- **Easy to set up-** If we have the necessary software, a device, and access to the internet, we can start an online business from the comfort of our own homes.
- **Lower Investment required** – In this, you don't require any big showroom or huge investment. You only need a computer and Internet.
- **Flexible business hours-** The internet is available at all times. The time barrier that location-based firms face is broken by e-business.
- **Movement towards a paperless Society** – Use of the internet has considerably reduced dependence on paper work.
- **Speed and efficiency-** Online ordering systems scans process payment and orders in real-time, usually faster, more accurately and cheaper than human workers.

### **Limitation of E-Business:**

1. Lack of Personal Touch:
2. Delivery Time
3. Security Issues
4. Technology Capability and Competency of E-business Participants are Required
5. Ethical Fallouts

**Online Transactions:** Online transaction means receiving information about goods, placing an order, Receiving delivery and making payment through the medium of internet. Under this system, the sale and purchase of every type of thing, information and service is possible.

### 1. Registration:

- When you register with an online retailer, you create an 'account', by filling up the registration form.
- A "password" must be entered among the numerous details since the areas relating to an individual's "account" and "shopping basket" are password protected.

### 2. Placing an Order:

- You can add products to the shopping cart by dragging and dropping them.
- A shopping cart is an online record of what an individual has added to his cart while visiting an online store.
- Once you've decided what you want to buy, you may 'checkout.'

### 3. Payment Mechanism: Payment for the purchases through online shopping may be done in following ways:

- **Cash on delivery (COD)** – Cash payment can be made at the time of physical delivery of goods.
- **Net-banking transfer** – The customer can make electronic transfer of funds(EFT) to the account of an online vendor over the internet.
- **Credit or Debit cards** – The customer can make payment for online transactions through debit or credit card by giving the number and name of the bank card.

### Security and Safety of e-Transactions:

The following methods can be used to ensure security and safety of online transactions.

#### 1. Transaction Risks:

- a. Either the seller or the customer may refuse an order being made or placed. This might be cited as 'default on order taking/giving.
- b. The supposed delivery doesn't take place, or is delivered at the incorrect address, or product apart from ordered is delivered. This can be thought of as "default on delivery."
- c. **Data storage and Transmission Risks:**
  - i. Data in the systems and on the way is vulnerable to a variety of threats.
  - ii. Important data may be stolen or altered for nefarious purposes or merely for fun/adventure
  - iii. Antivirus software installed and updated on a regular basis proves useful in scanning files and discs, protecting data files, folders, and systems against virus attacks.
- d. **Risks of Threats to Intellectual Property and Privacy Include:**
  - i. Once the material is available on the internet, it is no longer considered private. It got more difficult to protect it from being copied after that.
  - ii. Data provided during online transactions may be shared with others, who may begin flooding one's inbox with advertising and promotional materials.

### Outsourcing:

It refers to the long-term outsourcing of non-essential and, more recently, key functions to captive or third-party specialists in order to take advantage of their expertise, efficiency, and, in certain situations, investment.

### Feature of Outsourcing

- **Activities that are interchangeable or fungible:** Activities that are not distinguishable can be outsourced, whereas unique activities cannot.
- **Requiring explicit knowledge which is Formal and Codifiable:** Although an IT programmer's job can be outsourced to a third party, a CEO's position requires management, technical, and human relations skills.
- **Measurable Activity:** You can't outsource something you can't quantify.
- **Activity is not interconnected to other jobs:** If a fungible, specialized, and measurable position is linked to other key operations within the organization, it cannot be outsourced.

### Scope of BPO

In modern business many outside services are used. Out of these services, the following are the important ones:

- **Financial Services** -These services means those outside services which help the company in some way or other in the management of finance.
- **Advertising services** – Advertisement is very necessary for increasing sales. If this service is obtained from an outside agency, it will cost less and the quality of advertisement will also be good.
- **Courier services** – These services mean delivering goods, documents. Parcels from company to customers and Vice-versa.
- **Customer support service** – These services means delivering goods to customers and to give after sale services also. Generally, the manufacturers of TV, Fridge, AC, etc. use these services.

### Need of Outsourcing:

Business firms are realizing the usefulness of focusing on just a few areas where they have distinct capabilities or core competence, and contracting out the rest of the activities to their outsourcing partners. By limiting the scope of their business, they may concentrate their attention and resources on a few key operations, improving efficiency and effectiveness.

- Quest of Excellence
- Cost Reduction
- Growth Through Alliance
- Fillip to Economic Development

### Concern Over Outsourcing:

- Confidentiality
- Sweat Shopping
- Ethical Concerns
- Resentment in the Home Countries

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