

E-COMMERCE AND CHANGE MANAGEMENT- TRANSFORMING EXISTING ORGANIZATIONAL SYSTEM TO VIRTUAL ORGANIZATIONS

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ABSTRACT

This paper includes the study and comparisons of both, the conventional as well as the modern business process models. These techniques are limited and restricted to the comparison and implications of using both kinds of business systems, as described earlier. Mostly, small scale organizations are the most reluctant segment of the market, as far as the adoption and modernization of updated business systems are concerned. There are numerous reasons that will be thoroughly pointed out during the course of this study.

Keywords: E-commerce, Electronic commerce, E-commerce and globalization.

INTRODUCTION

Globalization and rapid technological innovations has brought businesses to come in constant battle with territories they wouldn't have imagined before. In the modern times, E-commerce or E-business is something that organizations cannot survive without. It exposes them to greater market share, managed competitiveness and business expansion. The concept of e-commerce has evolved matchlessly in developing as well as developed economies. As part of change management process, the use of e-commerce all over and even in developing countries, the medium and small size organizations are also being attracted through various attributes of these modern business packages. It not only changes the business process drastically in a positive direction, but also portrays a positive image of the business in outer world. The introduction of virtual systems in business is also of imperative nature as far as the dynamically strong e-commerce model or the role of modern technology in businesses is concerned. Majority of the businesses are heading towards these modern concepts for the sole reason that they not only enhance the business process and contribute in the growth and net profitability of the firm, but on the other hand they give the customers and competitors of the business a good impression about the modernization of business process of a particular organization. It prevails in all kind of organizations, regardless of their sizes and nature.

E-commerce and E-business are two interchangeably used terms that have changed the way business was conducted conventionally. Even long after its advent, it is still known to be the

new, emerging and constantly changing area of business management and information technology. It has become an integral part of today's business environment. Similar to the requirements of marketing and brand building, companies need to develop and invest on technology to compete. Technology can however, serve both as the cost and as a benefit. By definition E-commerce is the use of Information Technology for purchase and sale of goods, services, including service and support after sale. It is the use of constant innovative means to advertise and distribute product or service's information. According to Vladimir Zwass e-commerce is "... the sharing of business information, maintaining business relationships, and the conducting business transactions by means of telecommunications networks" [1] According to Margaret Rouse(2005), E-Commerce is all about doing business transactions online. This include, buying and selling of goods and services, paying and collecting the bills, sales and marketing of products and services and online shops. It consists of business to business (B2B), business to consumer (B2C), business to government (B2G) and consumer to consumer (C2C).

To bring an organization to adopt e-commerce or e-business, drastic and carefully formulated change management is required. Change usually involves three overlapping aspects that need to be carefully managed and balanced: people, processes and culture. This paper will study how the concept of change management can be looked upon as the overpowering aspect of transforming conventional form of business to virtual.

Electronic commerce has existed for over 40 years, originating from the electronic transmission of messages during the Berlin airlift in 1948. From this, electronic data interchange (EDI) was the next stage of e-commerce development. In the 1960s a cooperative effort between industry groups produced a first attempt at common electronic data formats. The formats, however, were only for purchasing, transportation and finance data, and were used primarily for intra-industry transactions. It was not until the late 1970s that work began for national Electronic Data Interchange (EDI) standards, which developed well into the early 1990s. EDI is the electronic transfer of a standardized business transaction between a sender and receiver computer, over some kind of private network or value added network (VAN). Both sides would have to have the same application software and the data would be exchanged in an extremely rigorous format.[2] Using the electronic network, commercial organizations have made everything easier. Online shops, delivery of goods, payment and collection mechanisms, sales and marketing of products and services, transfer of funds from one place to another, supply chain management and all kinds of transaction processing, everything is possible through internet these days. Therefore, it can be inferred that, in the presence of e-commerce and these modernized business methods, now the whole business scenario is changed. Conventional business methods are changed inevitably because if they don't, their survival in market is almost impossible.

E-commerce-means to an end

The sole purpose behind business as agreed throughout history-is the motive to gain maximum market share and maximize profits. The overarching purpose of change management in accordance to this is to accelerate the speed at which people move successfully through the change process so that anticipated benefits are achieved faster. [3]

Internet/Web Commerce Enable buyers to:

- Inquire about products
- Review product and service information
- Place orders, authorize payment
- Receive both goods and services online

Enable sellers to:

- Advertise products
- Receive orders
- Collect payments
- Deliver goods electronically
- Provide ongoing customer support

Enable financial organizations

- To server as intermediates that accept payment authorization
- Enable sellers to notify logistics organization

Implications of E-commerce in rapid Globalization

E-commerce provides ease for the concept of globalization. It provides greater marketing opportunities to the business to work even outside the geographical boundaries around the globe in order to promote its products and services. This is solely for the diversification of business markets and earning good profits out of the same product lines. However, cultural, social and religious barriers are definitely to be accounted for. [4]

Both of these concepts are interlinked these days, as both of these are supposed to be of convenience, regardless of the physical distances present among people, countries and even continents. This way, the economies that are developed are a bit different than the local economies in their base and structures. [5]Globalization and e-commerce both have brought the objects closer. Information technology has become one of the biggest shareholders in international trade. It is estimated that the volume of global trade is hundreds of time increased due to these technological advancements in business industries. All sectors of business have got the benefit of technology. This has a dual affect at sides, the seller and the buyer. The sellers have got new markets to sell their products and services regardless of geographical limitations. On the other hand, the buyers have also not more choices to make their buying decision in order to satisfy their needs.

E-Commerce as the Element of Change

Effective technology adoption professionals align themselves with the operational/business side of the organization and tailor solutions that drive behavioral change and tangible outcomes. They participate in electronic transformation, implementation projects from the beginning, driving the people side of change throughout and continuing to add value post-live as the EMR becomes part of the central nervous system of the organization.

Through optimizing the efficiency and efficacy of users, an effective EMR change management program will also:

- Improve organizational outcomes and performance (effective use of the system generates value to patients and the organization).
- Enhance employee satisfaction, morale, and engagement (when people learn new skills, meet performance expectations, and contribute to a greater good they feel pride in their accomplishments)
- Improve service quality (users feel valued and supported by an organization that makes an investment in them; this positively impacts how they treat patients)

The implementation of the technology is just a first, and very necessary, step—because in and of itself the technology does not generate value. The technology is necessary but not sufficient for benefit realization to occur. To create value requires people, and this is why change management is so important. Too much of a focus on technology, even in the early stages, will create issues downstream. And even with the best technology, if not used efficiently, hoped-for benefits will be tough to achieve.

Technology adoption is about creating a context, an environment, in which change can be achieved and sustained over the long term. This involves two levels—organizational and individual. The transformations results in

- Improved security and safety with IT systems—e.g., in a car, airbags, brake assistants, or navigation systems need IT capabilities
- Electronic business (e-business) dramatically improved the performance of transactions within and between business partners
- New business models evolved, such as online auctioning between consumers—Web 2.0-like capabilities change the way business partners and customers communicate
- Customers' experience, good or bad, published on the internet can be as powerful as the whole marketing budget. Mouth to mouth promotion has global reach today.

CHANGE MANAGEMENT-AN ONGOING PROCESS

Change management is not a onetime activity; rather it is an ongoing process which is carried out on continuous basis. Firms that go through change management process are required to have a hawk eye on all the resources and business process as a whole because management in this scenario is most crucial. Those who oversee the whole change and business process are responsible for the intended change outcomes. During the course of this change, if anything happens in adverse form the whole responsibility lies with the strategic as well as operational management team.[6] Nevertheless, a change is only possible through strong leadership skills, credibility of those who implement it, along with the best communication channels within and outside the organization so that all the messages are received and delivered with clarity. [7]

Management of a change is more important than bringing out the change in an organization, because if the anticipated change is not properly managed the results could be disastrous. Therefore, the change should never be initiated if the competency and resources are not enough for perfect execution. According to authors, if management plan is not properly chalked out, things can become even worse than before. Change management is the process which can be

carried out in a particular situation with the help of certain tools and practices under one's control [8]

Change management in new millennium

Change is very important. Peoples cannot struck on a same product and need some definite change as time passes. One of the greatest examples is of google search engine. Google was evolved by two doctoral scholars in the last decade of last century. According to Larry Page (one of the founders of google) has once said in an interview that according to human psychology of getting bored of one thing quite quickly, therefore, google is committed to provide best possible facilities and environment to their users and employees. Therefore, google has gone through many changes since its inception.[9]

Importance of change for commercial & non-commercial organizations

As the important of change control is universal, and it matters in all kinds of organizations, commercial as well as non-commercial. Commercial organizations are always exposed to huge business losses in terms of decline in sales, loss of investment and decrease in annual net profits, therefore, such decision making is of prime importance. On the other hand, non-profit organizations (NPOs), are not in that position of direct loss, but as part of their operational management, they have to seek for strict operational as well as transactional controls whenever any structural or strategic change is desired.

E-Commerce-The Best Intangible Resource

Businesses rely mostly on their available resources. The importance of some intangible assets is more than those of tangible nature these days. Unlike past, these intangible assets are like lifeblood of business oriented organizations. These could be the software, brand name, goodwill, management information system and virtual networks. E-commerce has a prime importance for commercial organizations in this century. Some businesses rely heavily on their virtual sales and support system because it generates a big proportion of their overall sales. Many businesses deal only through their virtual systems and doesn't keep their products directly in markets physically. Their sales are heavily dependent on their website that acts like a showroom, order book, and delivery order as well as collection agent through credit/debit card payment options. Therefore, the importance of their virtual systems is inevitable for the business.

TRANSFORMING FROM CONVENTIONAL TO MODERN MEANS OF BUSINESS

It is often claimed that e-commerce is more advanced in the USA than in Europe and Asia. The criteria that can determine the level of advancement of e-commerce are summarized in:

- **Technological factors** – The degree of advancement of the telecommunications infrastructure which provides access to the new technology for business and consumers.
- **Political factors** – including the role of government in creating government legislation, initiatives and funding to support the use and development of e-commerce and information technology.

- **Social factors**– incorporating the level and advancement in IT education and training which will enable both potential buyers and the workforce to understand and use the new technology.
- **Economic factors** – including the general wealth and commercial health of the nation and the elements that contribute to it.

The real success on the Internet has very little to do with how many people stop by the site once. It depends on return visitors – those users who come back to the site again and again, becoming loyal customers and buying the company's products. There are toolbars that sits right at the top of the browser window, displaying continuously updated notifications about best content, and giving subscribers one-click access to the company's site at all times. The transformation of getting to the customers electronically helps reach more potential customers, develop a business relationship with potential customers, streamline operations, reduce costs, improve efficiency, maximize profit, minimize waste, devote talent to core business instead of overhead, provide better service to customers , support better relationships with key partners and allow customers to better guide the business. Many toolbars feature Google search engines. One can customize the search engine interface with specific links that will allow subscribers to search a specific site first, rather than looking for answers all over the Web. In this way, users who have already showed interest in what the company have to offer will be encouraged to return and make purchases at your site, rather than seeking out competitors.

A change is always smelled by those who are responsible for company's performance management prior to the formulation and implementation of an action plan for it. Some of the assets or resources get obsolete during the course of business due to continuous wear and tear, during a business lifecycle. Such change is known as need based change. However, sometimes few changes are initiated in a business through some strategic moves at the top levels, this is an example of strategy based changes. [10] In modern commercial organizations, changes of all kinds are important and need to be addressed keenly. Competition has become so advanced that even a small decision has long lasting impact on the company's future. Both kinds of businesses, like manufacturing or services sectors are exposed to such inevitable changes with the passage of time. Therefore, there is no chance of mistake at all. Management of both kinds of changes is important. [11]

IMPACT OF SOCIAL NETWORKING ON ECOMMERCE SUCCESS

Social networks over time, have acquired a business following and companies have decided that they are well worth bearing in mind. It is certain however, that in quantitative terms, social networks still have a way to go before they can be considered marketplaces. It is just the beginning, because there are more and more ways of doing online transactions together with other more traditional ways of doing business. It is visible that in addition to e-commerce websites, social networks are ideal shopping sites, companies realize that they have to be where their customers are, and it's clear that the customers nowadays use social networks. Facebook will no doubt consolidate itself as more than just a social network meant to share opinions and help businesses expand throughout media for recreation. One of the world's leading strategic consultancies, Booz & Company, predicts in its latest study, that the social commerce market, led mainly by F-commerce, will make \$ 30 billion worldwide, 14 billion in the U.S. and the rest

from other countries around the world. This explains that more than 45% of all F-commerce business in the next 5 years will only be in the United States. In the future and on a global level, social platforms can generate large revenue if users start using them to buy products and services.

As the number of internet users grew, social interaction between them also enhanced dramatically. The presence of social media website made it easier for them to stay connected with each other and share their thoughts electronically rather by meeting each other physically. People can search other people having the similar interests and goals on internet.[12].

According to latest statistics, a large number of internet users are connected through social networking websites. These social network websites are an important tool of ecommerce these days. Companies put their advertisements on this highly concentrated websites and get responded in form of sales. Besides posting of their ads, most of the businesses have established their e-shops on social media websites. They really don't need to invest on their showrooms as their e-shops are 24x7 available as a display and order booking counters. In this kind of shopping, buyers from United States and EU are ahead of other parts of the world. According to recent estimate, in a year, around 30 million US dollars will be earned through social commerce out of which a largest share is of Facebook-commerce (F-commerce) which is somewhere around 14 million US dollars in a year. [13]

In addition to facebook, twitter, youtube, google, linkedin, instagram and whatsapp, there are numerous other applications that are available and accessed by the people of all countries from their cell phones. These applications also add into the gross ecommerce figures of social media websites that are estimated. With the passage of time, number of social media and mobile application users is increasing with greater pace. It means that if these trends remain the same, this e-trade will also keep on touching the sky every year.

FROM CONVENTIONAL BUSINESS TOOLS TO E-COMMERCE- A PERFECT ROADMAP

There was a time when businesses were bound to small shops. All the business activities were conducted within those small premises. With the passage of time, businesses were grown up enough that the supply and deliveries were started to and from those premises. As the human beings grew in number, these businesses further expanded to markets and later on new branches of businesses were opened up by their owners. During the last decades of twentieth century, the idea of online business shops was emerged. [13]



E-commerce Market Growth In Million Dollars (more than 19% rise in sales each year)

(www.quartsoft.com, 2013)Source:

This has brought a lot of convenience to the businesses. In terms of product development, market development, pricing, quality as well as profitability, these all flourished in the presence of virtual business networks. There are no geographical, time based, climate, religious, social, family or physical barriers in virtual business models. E-commerce has simply made everything available tremendously. On the contrary, in conventional business days this was never possible to introduce new products to the people living outside a particular geographical locality due to the same reasons mentioned above[14]

TRADITIONAL COMMERCE VS E-COMMERCE-A COMPARISON

Parameter	Traditional Commerce	E-Commerce
Investment	Huge investments are required.	Required investment is relatively small.
Startup	Capital and initial costs are must.	No necessary capital is required.
Strategy	Usually a local business doesn't follow any formulated strategy.	Different marketing and lunching strategies are applied.
Market	Mostly local market.	Across borders are also targeted.
Knowledge	Can be performed with least knowledge.	Products are offered with optimum knowledge as the objective is to cater numerous markets.
Target Customer	Local customer is targeted.	Customers of other countries and continents are also targeted.
Access	Only local market is in access.	Can access global markets electronically.
Returns	Low returns.	Returns are higher.
Barriers	No such barrier.	Language, culture, religion and social barriers exist.
Human Capital	Every job requires seperate personnel.	Simple to manage. Even a single man can manage everything.
Marketing	Strong marketing is required.	A single web does everything.
Interaction	Transactions complete with personal interaction.	No personal interaction required. Only internet serves the purpose.
Delivery	Direct deliveries against cash.	Delivery is made within specified time after receipt of payment, usually through courier.
Land & Space	Proper land and premises are needed.	An online shop doesn't need any land or physical space at all.
Control	Being in a small market, easily controllable.	As the markets grow, effective controls are difficult.
Legal Issues	As such, no such issue prevails.	Legal formalities vary from country to country.
Payment	Mostly payments are in cash.	Online payments through debit/credit cards of transfer.
Frauds/Loss	Less chance of fraud in payments.	More vulnerable to frauds.

CASE STUDIES

Diamonds.com (USA)

Established in the year of 2000. The company is a venture of well-established diamond wholesalers. Currently, it is the biggest online destination for loose diamond and diamond jewellery in United States.

Problem

- Initially they had a visually flat website.
- Slow customer traffic, poor sales and low revenues were the results.

Salient Features of Success

- After the launch of new e-commerce website;
- Overall revenues were shot up 450% as before.
- Average time spent on site increased by 300%.

Now, it is the most desired web destination for online standard as well as make to order shopping of diamonds in United States.

Cisco

Cisco Systems provides products and services that enable the sharing of information (including data, text, voice, and video) across disparate networks. Its goal is to provide customers with a complete set of tools to help them build the most appropriate network for their needs. Before Cisco transformed itself electronically, it was facing several organizational issues.

In 1991 Cisco launched an official Internet site, primarily dedicated to company and product information. Cisco also worked hard to improve its non-Internet-based customer support. The IT department began to experiment with other ways to leverage the power of the Internet. The department's efforts led to three separate Internet initiatives: Cisco Connection Online (CCO, for customers), Cisco Employee Connection (CEC), and Manufacturing Connection Online (MCO)

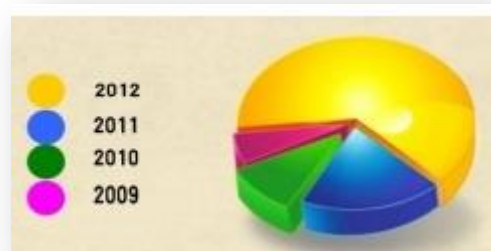
Going Virtual Advantages

- Cisco's accounting and HR departments boasted an impressive level of automation.
- Cisco executives could view up-to-the-minute sales figures from around the world at any time.
- Cisco was able to close its books within a day. Automated functions within HR included the capability to accept job applications online and to review and sort candidates by critical variables, such as skill level or former employer.
- Flexibility was as critical as functionality to Cisco's e-business systems. When the company reorganized its R&D and marketing departments from multiple business units to only three, the required changes to e-business applications were completed in less than 60 days at a cost of under \$1 million.

E-commerce Growth in United States (2009 to 2012 data)

Success rates and failures of E-commerce

The term E-commerce is usually meant as a financial transaction which is mediated electronically. Ecommerce has, undoubtedly, been proved to be most helpful tool for businesses now-a-days. The idea of ecommerce is getting fame with each passing day. In United States, number of ecommerce users is increasing with immense pace. Since 2009, this growth has been increasing manifold each year [16]



E-commerce Growth in United States (2009 to 2012 data)

The success rates of e-businesses are too high. This is the reason that most of the conventional businesses are being attracted towards discovering new online markets in order to increase their business share and overall profitability. This rate of success varies from country to country depending upon its population, literacy rate, socio-economic conditions and product users. However, there are certain demerits of this technology as well. [17] A brief list of these merits and demerits of e-business are enlisted as under;

- Increased worldwide competition
- Chances of online frauds
- Less personal interaction with customers/suppliers
- Personal visits are impossible
- Sometimes, difficult to establish virtual network
- Initial capital requirement
- Payments are to be made in advance by the buyers
- Zero satisfaction of quality because of absence of physical goods
- The contract cannot be terminated easily.

CONCLUSION

The most innovative companies are continually looking to transform and improve their business. They do not wait for sales to drop or an economic crisis to force changes in their business. When faced with difficult situations, innovative companies are not looking to just patch the short-term problem, but to transform the business for future success. Online transactions have made serious head way in the past 10 years, convincing more consumers to digitize their shopping experience. There's a significant lack of awareness among the masses regarding e-commerce. Most of the customers still think of web transactions as a risky activity, while some think seeing is believing and one should always have a physical dealing. There's also the ultimate dilemma- if a business restricts itself to e-commerce only, it will be targeting a relatively small group of people who are aware of the online buying & selling phenomenon. They're a fraction of the total number of people who know how to use the

internet in the developing countries. Which is why the transition of businesses to complete technological and going electronic, is taking some time.

It is true that information technology has entirely changed every aspect of life. The impact of this change can either be positive or somehow adverse in some cases. E-commerce has truly made this world a global village. Now most of the large businesses are getting benefit from the attributes of e-business. However, small businesses are still lacking while using these technological advancements. By using e-commerce tools while going through an effective change management process, small and medium size businesses can also be facilitated and get exposure of doing business in a global village.

People who change after change, survive. People who change with change, succeed, but the people who cause for change, always lead.” (Unknown)

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