

প্রতিধ্বনি the Echo

An Online Journal of Humanities & Social Science

Published by: Dept. of Bengali

Karimganj College, Karimganj, Assam, India.

Website: www.thecho.in

E-Commerce: Socio-Economy Impact

Prasenjit Nath

Research Scholar, CMJ University, Shillong, Meghalaya, India

E-Mail: Prasenjit77@Hotmail.Com

Abstract

The article explores the economic and social impact of E-commerce. Indian's E-Commerce market is at early stage, but it is growing faster and expected to see huge growth over the next four to five years. Even though there are only under-10 million internet users who actually buy online in India, there are about 150 million internet users or around 75 million households that are 'ready' for E-commerce. Almost 57 per cent of E-commerce sales come from small towns, while the eight metros account for the remainder. According to IAMAI, current E-Commerce market in India is around \$ 10 billion in 2012, out of which the travel industry alone contributes \$8.4 billion. The first Indian E-Commerce site Fabmart.com (now known as IndiaPlaza) was founded by Mr. K. Vaitheeswaran in 1999. With E-Commerce flourishing on one side, Social Media in India has also rooted itself very well. Sites like Facebook, Twitter, Google+, Pinterest, etc are now the part of a mango man's daily routine. Some of the most popular items imported by Indians include pharmaceutical products, branded and unbranded apparel, accessories, and electronic goods like mobile, smart phone, laptops, iPod etc. Payments through online banking, PayPal and mobile banking are affectively contributing to the growth of E-Commerce. Availability of e-books, songs, games and films are also accelerating the growth of E-Commerce. For a developing country such as India, one of the most important benefits of E-Commerce is its potential to help a developing rural community to leap-frog into the knowledge paradigm. E-Commerce is providing useful resource for growth of microfinance and traditional Micro and Small Enterprises (MSE) in rural areas like Bodoland Territorial Area Districts (BTAD) of Assam. The positive effects of E-Commerce can be accelerating the commercial growth to have a profound impact on the socio economy of rural community like BTAD of Assam.

Keywords: E-Commerce, MSE, BTAD.

INTRODUCTION: In an increasingly competitive and globalised world, Micro and Small enterprises (MSEs) need to complete more effectively in order to further push up economic activity and contribute towards increasing export earnings. MSEs will also continue to play an important role in increasing employment and incomes and

thus contribute to poverty reduction on a sustainable basis.

E-commerce is emerging as a new way of helping MSEs to compete in the market and thus contributing to economic development of BTAD of Assam. E-commerce can help deliver economic growth, increase new business opportunities, enhanced

competitiveness and better access to market as well as able to generate new employments. In this way it can help in the development of economic structure of a society.

At present, though most MSEs of BTAD does not have the knowledge of how investment in E-commerce could benefit their business and help them for spreading their business. This is the proper time when the opportunities for MSEs to adopt E-commerce are growing due to improved access to the technical and communication infrastructure.

E-commerce involves the purchase or sales of goods and services using Communication and Information Technology (CIT), like over computer networks (e.g. Internet) by business, individuals, governments or other organizations. E-commerce builds on traditional commerce by adding the flexibility and speed offered by CIT.

E-commerce offers new opportunities, and so entrepreneurs of BTAD area should try to gather maximum advantage of electronic market. Thus, it is a high time that the traditional entrepreneurs in BTAD area should act fast and decisively in order to use the growing electronic trading to achieved advantage.

OBJECTIVE OF THE STUDY: The propose study has been under taken keeping in mind the following objectives:

- 1) To study the impact of E-commerce on local market and business.
- 2) To study E-commerce and its socio-economic impact on entrepreneurship development including BTAD area of Assam.
- 3) The analyses the impact of E-commerce on the entrepreneurs in BTAD area.

RESEARCH METHODOLOGY: This research paper aims to give a better understanding of the socio-economy development through an empirical study of utilities of E-Commerce in various industries in the BTAD area. In order were conducted to examine the perceptions of entrepreneurs in E-Commerce regarding entrepreneurship and the factors affecting the development and integration of entrepreneurship in the BTAD area. The main purpose of the literature review was to collate the existing theories and basic knowledge about the entrepreneurship and E-Commerce to explore the conceptual relationships between them. A review of the current literature on E-Commerce as well as entrepreneurship was conducted. In addition web research was conducted to support the literature review. The sources provided by the web research were the most convenient and the fastest due to its accessibility. The analysis of some case studies has been done to support the literature review. Case studies were undertaken to explore organizational behaviour and practice, entrepreneurship and E-Commerce in various enterprises in BTAD area. In addition to the case studies, interviews were conducted in several enterprises of BTAD area to explore the conceptual relationship between entrepreneurship and E-Commerce, and the factors affecting the development and integration of entrepreneurship. These interviews focused on how these industries in BTAD area utilizes E-Commerce, how they benefited and what lessons can be learned from the experiences.

E-COMMERCE: IMPACT ON LOCAL MARKET AND BUSINESS

One of the main advantages of E-commerce is that it minimizes the cost of transportation, advertising, and marketing. Electronic commerce also reduce the

distance between buyer and seller, and thus permitting rapid exchange of information or service between buyer and sellers in any part of the world. E-commerce not only provides options of goods and services at a lower cost, but it can potentially enables much more options to the needs of individual buyers. Nowadays it is relatively cost low for starting any business through Internet. For business purpose entrepreneurs can utilize the social networking sites, like facebook. The social networking facebook is quite popular among the young generation in BTAD area. So facebook will act as a potential tool for business online, mainly for accessing the targeted wide market as well as for sales and services.

Mainly the entrepreneurs of BTAD area use mobile phone for business dealings. The use of mobile phone has greatly improved business by enabling both customer and suppliers a change of direct communication. That has tremendously cut down the transportation cost. A present time Internet is easy accessible from mobile phones in affordable price. In this contest mobile internet is a very effective tool of E-commerce for marketing as well as for sales and services.

E-COMMERCE: SOCIO-ECONOMIC DEVELOPMENT IN BTAD

Socio-economic condition in rural areas of BTAD is still in a very poor condition. As such socio-economic development in the rural areas is a crying need. In order to achieve its goal in the field of business and employment generation a medium is required to reach to the teeming millions of rural people, and to act as an interface between the planners and the people. That medium can be provided by the Communication and Information Technology and Electronic commerce.

Electronic commerce can play a big role in encouraging rural entrepreneurs of BTAD area and thereby promoting village (both Micro and Small-scale) industries.

PRESENT PROBLEMS FOR SMEs IN BTAD AREA:

- i) Absence of direct platform for marketing.
- ii) No training facility for design, development and use of modern technologies.
- iii) No Training facility available for marketing and use of E-Commerce.

IMPACT OF E-COMMERCE ON ECONOMY^[1]

Business and the economy are inextricably linked with the development and implementation of new technology (Tassabehji, 2003). Growth and development of any modern economy has been recognized by many economic theorists, such as Kondratieff, Schumpeter, Mensch and Porter, to be based on innovation of new technology. Porter (1990) emphasizes that the prosperity and competitive advantage of a nation is no longer as a result of a nation's natural resources and its labour force, but rather the ability of its industry to innovate and upgrade. This can be seen as a disruptive technology on a macro environmental level. And today, the impact of new technology on the economy of a nation is indisputable. Continuous growth of E-commerce is expected to have deep impact on structure and functioning of economies at various levels and overall impact on macro-economy. Some key areas are discussed below:

a. IMPACT ON INTERMEDIATION

Traditional production, transportation and distribution process in BTAD area is

characterized by the liner-point-to-point

path. In this process intermediaries play an

1: http://findarticles.com/p/articles/mi_m1TSD/is_2_6/ai_n25015739/?tag=content;col1

important role. In physical world, because of large distance between production units and consumer units, it is not possible for consumers to approach producers directly and vice versa. The existence of intermediaries namely, distributors, wholesalers and retailers, this increase the transaction costs for both the producers and consumers.

But in the emerging economic scenario, liner-point-to-point information and knowledge flow no longer represent the reality. In the process of E-Commerce transactions, it is possible for the consumer to conduct and place an order with the manufacturer instantly and directly (Singla, 2000). And same is possible within the various agents of this process (i.e., between producer and Retailers, Retailers and Distributors, Distributors and Retailers etc.). E-Commerce technology brings about the benefits of more accurate and timely information flow, administrative saving, lowering total distribution cost (6), closer trading relationship, improved cash flows, and moving closer to the end consumers (Gattorna & Walters, 1996).

No doubt that online ordering and delivery of product is reducing the role of intermediaries. Therefore, it is also feared that intermediaries would be completely eliminated in the E-Commerce economy.

b. IMPACT ON AGRICULTURE PRODUCTS

Various studies show that there is much about the potential success of E-commerce's in agriculture. Many theoretical benefits of E-commerce in agriculture have been identified such as:

- (1) Promotion of information flow, market transparency and price discovery

(Poole, 2001).

(2) Facilitation of industry coordination (Nicolaisen, 2001).

(3) Reduction or elimination of transaction costs (Porter, 2001; Thompson, 1996).

Internet based E-commerce also offer tremendous opportunities to create collaborative marketplaces in low-cost and effective way (Nicolaisen, 2001). E-commerce in agriculture could also potentially tighten the supply chain and cut marketing margins and transactions costs in way that benefit smaller, local producers as well as local agribusinesses. It also enables a vast array of products to be transacted, usually at a price that is competitive with local retailers. E-commerce can also change the situation of hard bargain caused by scattered farmers and lack of information. At the same time, the fast and convenient electronic bargain manner can accelerate the circulation of commodities, and lessen the risk, and increase the competitions of agricultural products in the international market (Cao and Chen, 2001). These theoretical benefits appear to be undisputed. However, these have yet to materialize into profitability. Study of Golman Sachs (2000) discussed the general barriers cited by business to Internet based E-commerce adoption and explained that these barriers also apply to agribusiness as well. These barriers include:

- (1) Unclear return on investment
- (2) Lack of budget
- (3) Lack of stakeholders support and
- (4) Complicated technology.

Added to these, there may be some other factors slowing down E-commerce adoption in agriculture. In fact, many of the issues faced by e-agribusinesses are the same as those faced by the firms in other

sectors similar to changes brought by other new agricultural technologies (Hooker et al., 2001). However, characteristics of the agricultural sector and its participants present some inherent impediments to the implementation of E-commerce practices. Nonetheless, despite these challenges, there is room for creative solutions potentially leading to successful adoption. Those potential strategies touch on: structure of industry; market and product expertise; and organizational development. At this point of time it is not very clear-the impact of E-commerce on farms, agribusiness firms, markets, and rural communities. Factors specific to agriculture will create additional challenges, which must be overcome before success may be attained. The ability of each player to work through these challenges will determine the speed of implication of e-commerce in agriculture.

c. IMPACT ON LABOUR MARKET

E-Commerce, consisting of marketing and other business processes conducted over the computer-mediated networks is changing the way organizations in many industries operate. It leads to the automation of some job functions and replaces others with self service operations, raising output per worker and dampening employment requirements in some occupations, as well as in the industries in which these occupations are concerned (Hecker, 2001). The introduction and implementation of new technologies has posed important challenges for the commercial workers and their trade unions worldwide. Among the issues that unions have to deal with are, both B2B and B2C, self-scanning, logistics system, multimedia and other in store sales support applications. In many ways, they are already deeply affecting labour market (Gottardi et al., 2004). In contrast, E-commerce has spurred employment in industries producing

software, and systems used by E-commerce and other occupations associated with websites and networks.

But, perhaps the larger impact of E-commerce on labour market can be seen in the form of online job search. However, very little is known about the importance of online job applications or direct employer initiated contracts with potential candidates. Even then, online job posting has grown spectacularly (Autor, 2001). Estimates place the number of online job boards at over 3000, the number of active resumes online at over 7 million, and the number of job posting at 29 million (Boyle et al., 1999; Computer Economics, 2000). Kuhn and Skuterud (2000) reported that 7 per cent of employed workers regularly use the web to search for a new job in 1998. The leading job board, Monster.Com, offered 3.9 million resumes and 4, 30,000 jobs in August 2000 (Nakamura and Pugh, 2000). Further, the Internet is likely to change how some workers deliver labour services. For example, falling telecommunications traffic regardless of where it originates (Call Centres, 1997; Uchitelle, 2000). Improvements in communication and control technology likely mean that people who monitor equipment or other workers can perform their task at the greater physical remove. Remote access to E-mail and company documents will enable many workers to perform some or all of their work from home to elsewhere.

d. IMPACT ON COST, PRICE AND COMPETITION

Logically, E-commerce reduces search and transaction cost (Mukhopadhyaya, 2002). Reduction in transaction costs are motivating businesses to incorporate E-commerce into their business strategy (Garcia, 1995 and Kambil, 1995) The net impact of E-commerce on UK Economy has been estimated to be between 2% to 3% of GDP (Landon Economics,

2000). It has also been estimated that improved demand forecasting and stock management as a result of E-commerce will enable reduction in overall inventories by as much as 25% in the US. At the micro level, there is evidence that this will provide a one-off sustainable improvement in the profitability by an average of 5% or more for the enterprises currently working with low margin (Goldman Sachs, 1999). The E-commerce lowers costs because, the Internet lowers selling search costs as well as, by allowing seller to communicate product information cost effectively to potential buyers, and by offering sellers new ways to reach buyers through the targeted advertisement and one-on-one advertising. Thus it is helpful in reducing the search costs on both the sides. By reducing search costs on both sides of the market, it appears likely that buyers will be able to consider more product offering and will identify and purchase products that better match their needs, with a resulting increase in economic efficiency. But the reduction in the cost combined with new capabilities of technology can set off more complex market dynamics (Bakos, 2001). Lower search costs in the digitized markets will make it easier for the buyers to find (23) low cost sellers and thus will promote price competition among the sellers. Thus E-commerce economy comes quite close to the features of the perfect competition, as larger numbers of buyers and sellers can instantly interact with each other. Many characteristics of e-commerce should increase competition because buyers will have access to a global marketplace and the ability to easily compare price and product features (Fletcher et al., 2000). E-Commerce technologies have the potential to significantly increase competition by increasing consumers' choice of products and traders (ACCC, 2001).

CONCLUSION: In the year 2013, the graph of online shopping is rising quickly and steadily. Lots of people prefer to purchase products online from the comfort of their home. Today, more than 60% of people shop online as it is a comfortable mode of shopping by just click a mouse. E-commerce brings changes our way of living, marketing. E-commerce has a very strong impact on socio-economy of BTAD area by providing new opportunities of marketing.

Impact of E-Commerce on Small and Micro Enterprises (SMEs) have factor that has influenced the processes of adoption and use of E-commerce in both SMEs and industries. Small scales enterprises that have adopted and have used E-commerce have taken into account not only the technological part and organizational aspects of implementation but also the strong user's on the web sites with their own skills, attitude towards work, enthusiasm and fear of technology. Whereas on the other side of the story, the majority number of consumers have to pace with and effectively use the services offered through internet by enterprises. Thus to carry out a successful relationship and transactions between consumers and firms, they not only have to exchange money and products but also information and mutual trust. E-commerce has been simply defined as a use of electronic range of networks to simplify, resolve, improve and pace up the various stages and processes of business like buying and selling and delivery of goods and services. E-commerce's prime driver is Internet which presents an hierarchical framework. The use of websites for small scales enterprises can create a major impact and global presence when compared to other Medias. The web are defined with no geographical boundaries or national boundaries but rather by the coverage of computer networks which offers widened

access to different markets for small scales and micro enterprises. Small scale industries find more competitive markets and intense pressures with their limited resources and manpower and mainly of weaker market power. Due to this SME`s had to undergo pressure to co- operate more into networks

to spread information, develop costs and risks. Small scale industries are amongst the last ones to benefit from the new technology and are happily excited about the widened opportunities increased through internet and E-commerce.

REFERENCES:

1. **Botha, J. , Botham C.,
Geldenhuy P., 2008** : Managing E-commerce, 2nd Edition, Juta & Co. Ltd., Mercury Crescent, Wetton, Cape Town, 2008.
2. **Dr. Singh, A.K., 2009** : Entrepreneurship Development and Management, University Science Press, Daryaganj, New Delhi-2, 2009.
3. **Dr. Pandey U.S.,
Er. Shukla Saurabh** : E-Commerce and Mobile Commerce Technologies, S. Chand & Company Ltd., Ram Nagar, New Delhi-110055.
4. **Harry Matlay,2004** : “E-entrepreneurship and small e-business development: towards a comparative research agenda”, Journal of Small Business and Enterprise Development, Vol. 11 Iss: 3, pp.408 – 414
5. **Kumar S. Anil, 2008** : Small Business and Entrepreneurship, I.K. International Publishing House Pvt. Ltd., New Delhi-16, 2008.
6. **Reynolds, Janice,2004** : The Complete E-commerce Book, published by CMP Books, San Francisco, USA, 2004.
7. **Tiwari, Sanjay,
Tiwary, Anshuja, 2007** : Entrepreneurship Development in India, Sarup & Sons, New Delhi-2, 2007.

Journals:

1. <http://www.ithinkinfotech.com/blog/business/e-commerce-statistics-in-india-2012-countrywide-growth-and-market-share.html>
2. http://articles.economicstimes.indiatimes.com/2012-03-25/news/31236605_1_e-commerce-market-internet-users-online-purchases
3. http://findarticles.com/p/articles/mi_m1TSD/is_2_6/ai_n25015739/?tag=content;coll