EFFICIENCY AND EFFECTIVENESS DIMENSIONS FROM THE IMPACT OF E-BUSINESS ON CORPORATE PERFORMANCE WITH SPECIAL REFERENCE TO BANKING SECTOR

Pankaj K. Mudholkar, Dr. Meera Shanker

Ph.D. Research Scholar, JJT University, Jhunjhunu,
Associate Professor& Head (Management), JDBIMS, S.N.D.T. Women's University, Mumbai

ABSTRACT

Global access to the Internet and the Web has led to the development of a new kind of e-business intermediary, one that organizes information on the basis of customer needs. Access to the Internet and the Web has created a business environment in which time and distance have less meaning, information has greater value, traditional intermediaries are being replaced and eliminated completely, and users hold more power than ever before.

Shareholder, competitor and consumer pressures have motivated organizations to embrace various aspects of electronic business for the purposes of efficiency and effectiveness. The complex and rapidly changing montage of emerging and converging technologies that together make up e-business capability at a point in time inhibit the crystallization of a clear model for managers to follow. As electronic connections between customers and organizations increases in frequency and complexity, research in this area is becoming increasingly important in an effort tobetter understand the impact of e-business services on the corporate performance because organizations of all kinds continue to expand their involvement in E-Business. This requires considerable financial investment in IT, in processes and in people.

The research aimed at determining the impact of E-Business developments in terms of effectiveness, efficiency and other attributes on the corporate performance. Qualitative data was collected from interviews with key informants from each organization. Additional data came from company documents.

Keywords: *E-Business, Net Banking*

INTRODUCTION

E-Business is simply using the internet to connect with customers and partners involved in the business. But the term also implies the transformation of existing business processes to make them more efficient. To engage in e-business, companies need to be able to unlock data in their back-end computer systems, so they can share information and conduct electronic transactions with customers, partners, and suppliers via the internet. And for some companies, engaging in e- business means adopting new web-enabled business models—auctioning off surplus goods, selling products directly to consumers, or joining in online purchasing cooperatives with their competitors. Without a doubt, embarking on an e-business effort requires as much thinking aboutbusiness strategy as it does about technology.

The exponential growth of the Internet and its increasing range of applications have led to a boom of new Internet start-ups and to new marketing strategies for many incumbents who want to be part of the New Economy. The initial belief was that the e-business services provided to the banking customers should intensify competition – due to lower search costs - and hence lower prices which should benefit economic welfare and growth. It is sometimes suggested that the midsized banks like, co-operative banks, which are still in the process of implementing any type of e-business facility, were deemed to failure than the banks which are opting these services to the consumers like HDFC bank, Axis Bank, State Bank of India etc.

Value creation in e-business is one of the most important issues in deciding about e-business component investments. Banks have invested heavily to leverage the Internet and transform their traditional businesses into e-businesses in the last ten years. Nationalized and private banks have increasingly resorted to e-business to capitalize on the opportunities of business efficiencies.

These banks adopted the Business to Consumer (B2C) e-business model to increase market share, offer better customer service and to reach out to customers at greater geographic distances.

WHAT IS E-BUSINESS?

E-Business is a term used to describe businesses run on the Internet, or utilizing Internettechnologies to improve the productivity or profitability of a business. In a more general sense, the term may be used to describe any form of electronic business —- that is to say, any business which utilizes a computer. This usage is somewhat archaic, however, and in most contexts E- Business refers exclusively to Internet businesses.

The most common implementation of E-Business is as an additional, or in some cases primary, storefront. By selling products and services online, an E-Business is able to reach a much wider consumer base than any traditional brick-and-mortar store could ever hope for. This function of E-Business is referred to as ecommerce, and the terms are occasionally used interchangeably.

An E-Business may also use the Internet to acquire wholesale products or supplies for in-house production. This facet of E-Business is sometimes referred to as procurement, and may offer businesses the opportunity to cut their costs dramatically. Even many E-Businesses which operate without an electronic storefront now use procurement as a way to better track and manage their purchasing.

In addition to buying and selling products, E-Business may also handle other traditional business aspects. The use of electronic chat as a form of technical and customer support is an excellent example of this. An E-Business which uses chat to supplement its traditional phone support finds a system which saves incredible amounts of time while providing opportunities unavailable through traditional support. By using virtual computer systems, for example, technical support operators can remotely access a customer's computer and assist them in correcting a problem. And with the download of a small program, all pertinent information about the hardware and software specifications for a user's computer may be relayed to the support operator directly, without having to walk a customer through personally collecting the data.

E-BUSINESS AND BANKING INDUSTRY

The Indian banking system has undergone significant technological transformation since the 1980s. The Rangarajan Committee report in 1980s was the first step towards computerization of banks. Banks started exploring the idea of 'Total Bank Automation (TBA)'. Although titled 'Total Bank Automation,' TBA was in most cases confined to branch automation. It was only in the early 1990s that banks started thinking about tying-up disparate branches together to facilitate information sharing. At the same time, private banks entered the banking arena with radically different strategies. The private banks provided huge budgets to the adoption of technology to provide a whole new range of financial products and services at minimal costs [19].

The evolution of banking technology has been mainly driven by changes in distribution channels as automated teller- machine (ATM), phone-banking, tele-banking, pc-banking and most recently internet banking etc. In the traditional banking system a person had to go to a bank branch to deposit or withdraw money and get a bank statement book manually updated by a teller over the counter. With the introduction of computer networks, a networked printing machine started replacing the manual update of statements. Then automated teller machines (ATMs) were introduced to facilitate withdrawals, deposits and even transfers accommodating mobility in much wider geographical areas. Phone banking was a revolutionary concept in banking since it made banking accessible from anywhere as long as phones were available. With the successful diffusion of mobile phones, phone banking is moving into a next phase of development. However, one of the most substantial changes in banking technology is the recent introduction ofinternet banking or e-banking.

E-Banking in India Most of Indian commercial banks is providing non-conventional and innovative banking services. Product innovation is tied to internet banking; increasing competition amongst the leading banks also promotes product and service differentiation. For example, despite the Internet Banking System developed in 1990 by the reserve bank of India with the help of department of telecommunication of India. Moreover, Indian banks offer innovative technology based banking products and service to their customers. Information technology revolution affect on traditional banking practice in following manner in India.

The introduction of E-Business has had a significant impact on banks operating with physical branches. Especially the internet has made it possible for banks to cut cost by offering online banking at a lower cost. The econometric analysis show that ICT use is positively correlated with firm restructuring activities. Thus, ICT enables companies to redefine the boundaries of their organizations and possibly gain a competitive advantage.

EFFICIENCY AND EFFECTIVENESS DIMENSIONS OF E-BUSINESS IN BANKING SECTOR

Nationalized and Private banks agrees that adopting e-business as a strategy is one of the important steps the banks has taken in its development due to the tremendous benefits e-business adoption provides. According to them their perceived benefits include convenience to customers, speed and quality of service, reduction of queues in banking halls and reduction in the total overhead cost such as reduction in employee recruitment and reduction in space for clients and customers. These factors that pushed their drive to adopt e-business.

E-Business offer banks the chance to cut costs. It is often cited that the cost of conducting the transaction over the Internet may be only one-hundredth of the cost of doing the same transaction via a bank teller. On the revenue side, it is also accepted wisdom that the Internet provides banks with much greater opportunities to cross-sell products to their customers. This is because the Internet enables banks to collect and analyze information about their customers in much more systematic way than before and to engage in what is known as ―mass customization‖ of their products. In other words, banks will have the ability to tailor individual products more precisely to the needs and tastes of individual customers, and to do this on a mass scale. Instead of ―one size fits all‖ you have ―one size fits one‖. This should help banks to retain their customers, and hopefully to sell them more products.

The effective implementation of the E-Business can help firms reduce costs, increase revenues, boost efficiencies, and expand market opportunities. It was found that these improvements have resulted in a reduced bullwhip effect (production volatility that more closely resembles sales volatility), lower inventory levels, reduced logistical costs, and streamlined procurement processes.

CONCLUSION

Given that E-Business has been heralded as being the cause of major disruptive change, it was observed that the effective implementation of E-Business can help firms reduce costs, increase revenues, boost efficiencies, and expand market opportunities. It is also observed that the improvements are linked to macroeconomic benefits such as lower inflation, more stableeconomic output, higher productivity growth, and better standards of leaving.

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