ELECTRONIC BUSINESS

Electronic business, often called e-business, means doing business on the internet. This can involve many things like selling stuff online, promoting products or services, and talking to customers through the internet.

E BUSINESS ACTIVITIES

- Setting up an online store: Creating a shop on the internet where people can buy things.
- Customer education: Teaching customers about products or services online.
- Buying and selling products: Trading goods or services on the internet.
- Monetary business transactions: Doing money-related activities online, like paying for things or getting paid.
- Supply Chain Management: Managing how products move from the makers to the customers using the internet.
- Email marketing: Using email to advertise and promote products or services to people.

E-COMMERCE

E-Commerce means buying and selling goods and services online, with the help of internet.

E-Commerce	**E-Business**
Buying and selling products or services online	A broader range of online business activities
Limited transactions.	Transactions are not limited.
Online retail stores, like Amazon	Online retail, customer support, marketing
Mandatory use of internet.	Internet, intranet or extranet are used.
Shopping carts, payment gateways, product listings	May involve CRM systems, email marketing

Impact of the electronic businesses on traditional businesses

- **Global Reach**: E-businesses reach a global audience, while traditional businesses are limited by physical locations.
- **Cost Efficiency**: E-businesses often have lower operating costs than traditional businesses.
- **Convenience**: E-businesses offer 24/7 convenience for customers.
- **Supply Chain Efficiency**: E-businesses optimize supply chains, pressuring traditional businesses to do the same.
- **Job Displacement**: Some jobs in traditional industries may be reduced due to automation.
- **Innovation**: E-businesses lead in technological innovation.

BUSINESS

The term business refers to an organization or enterprising entity engaged in commercial, industrial, or professional activities.

TYPES OF BUSINESS

1. Sole Proprietorships

- A sole proprietorship is a simple business owned by one person.
- The owner pays taxes on the business profits as part of their personal income.
- Many times, the owner uses their own name for the business.

Advantages of Sole Proprietorships:

- Easy to start.
- Less paperwork and regulations.
- Tax advantages.
- Flexibility in running the business.
- Quick and low-cost setup.
- Easier banking.

Disadvantages of Sole Proprietorships:

- No protection from business debts or liabilities.
- Difficulty in getting loans or credit.
- Selling the business can be challenging.
- All responsibility falls on the owner.

- Limited control over finances.
- Risks in decision-making.

Examples of Sole Proprietorships:

- Freelance writers.
- Photographers.
- Personal trainers.
- Freelance graphic designers.
- Housekeepers.
- Bakery owners.

<u>2. Partnership</u>

- A partnership is when two or more people agree to run a business together and share its profits or losses.
- There are different types of partnerships: general, limited, and limited liability partnerships.

Advantages of Partnerships:

- Easy to start – You can create a partnership with a simple agreement.
- More resources – Partners can contribute money and other things the business needs.
- Flexibility – Partners can make changes when needed.
- Shared risk – If the business loses money, the partners share the loss.
- Different skills – Partners bring their unique knowledge and talents.

Disadvantages of Partnerships:

- Profits are shared among partners.
- Risk of disagreements among partners.
- Valuing partnership assets can be costly if partners join or leave.

Examples of Partnerships:

- Red Bull & GoPro
- Louis Vuitton & BMW
- Apple & MasterCard
- Amazon & American Express
- Nike & Apple

- Burger King & McDonald's
- Kanye & Adidas

Aspect	Sole Proprietorship	Partnership
Ownership	Owned by one person.	Owned by two or more people.
Legal Structure	Simple, no formal agreement needed.	Requires a formal agreement between partners.
Profit Sharing	All profits go to the owner.	Profits are shared among partners based on the agreement.
Management	Single owner has full control.	Partners share management responsibilities.
Liability	Owner is personally liable for debts.	Partners share both profits and liabilities.
Decision-Making	Owner makes decisions independently.	Decisions are made collectively or as per the partnership agreement.
Resources	Limited to the owner's resources.	More resources available from multiple partners.
Flexibility	High flexibility in decision-making.	Flexible but may require consensus among partners.

3. Limited Liability Companies (LLC)

- An LLC is a business structure that protects its owners from being personally responsible for the company's debts.
- The rules for LLCs can vary from state to state.
- Almost anyone can be a member of an LLC, except for banks and insurance companies.
- LLCs don't pay taxes themselves; instead, their profits and losses go to the members, who report them on their individual tax returns.

Advantages of LLCs:

- Owners are protected from business debts and liabilities.
- Personal assets are kept separate and safe.
- Legal protection if others makes mistakes.
- Flexible business structure with various trading options.

- Lower tax rates compared to personal income tax.
- The company can be sold or passed on independently.

Disadvantages of LLCs:

- Company accounts may become public.
- Owners have less control compared to sole traders.
- Complex accounting may require hiring an accountant.
- Limited partnerships can restrict how much profit can be kept.

4. Corporation?

- A corporation is a legal entity that's separate from its owners. It has many of the same rights and responsibilities as individuals.
- Corporations can do things like making contracts, borrowing money, hiring employees, owning things, and paying taxes.
- The "limited liability" of a corporation means that the owners (shareholders) are not personally responsible for the company's debts.
- A corporation can be created by one person or a group of people.

Advantages of Corporations:

- Owners are protected from personal liability.
- The business can continue even if owners change.
- Easier access to money (capital).
- Potential tax benefits for the company.

Disadvantages of Corporations:

- The process to create a corporation can be lengthy.
- Corporations have strict rules, protocols, and structures to follow.
- They can face "double taxation," meaning the company and shareholders pay taxes separately.
- Setting up and running a corporation can be expensive.

	LLC	Corporations
Ownership Structure	Members Each member owns a percentage	Shareholders ownership percentages reflect the number of shares
Management	members (owners), or they can be managed by one or more managers	board of directors
Tax	Single-member LLCs are automatically taxed like sole proprietorships	pay corporate taxes
Legal Liability	Very less records comparing to corporation	Require high record keeping
Annual	AGM and Annual reports not compulsory	AGM and Annual reports compulsory