Maharashtra State Board 12th Organisation of Commerce and Management Solutions Chapter 5 Emerging Modes of Business

1. (A) Select the correct options and rewrite the sentence

Question 1.
For online transactions .... is required.
(a) registration
(b) trading
(c) business
Answer:
(a) registration

Question 2.
The term 'e-business' is derived from the term .... and e-commerce.
(a) Cash
(b) e-pay
(c) e-mail
Answer:
(c) e-mail

Question 3.
The transactions under .... are between consumers and consumers.
(a) B2B
(b) C2C
(c) B2C
Answer:
(b) C2C

Question 4.
The process of contracting a business function to someone else is called as ....
(a) Outsourcing
(b) Trading
(c) e-business
Answer:
(a) Outsourcing

Question 5.
In online shopping customers put the product in the ....
(a) shopping mall
(b) shopping cart
(c) shopping bag
Answer:
(b) shopping cart

1. (B) Match the pairs

Question 1.

Group A	Group B
(A) E-business	(1) Consumer to consumer
(B) B2C	(2) Exist everywhere
(C) Outsourcing	(3) First step
(D) Digital cash	(4) Business to Consumer
(E) Registration	(5) Electronic business
	(6) BPO
	(7) RTO
	(8) Efficient business

	(9) Exist only in cyberspace
	(10) Last step

Answer:

Group A	Group B
(A) E-business	(5) Electronic business
(B) B2C	(4) Business to Consumer
(C) Outsourcing	(6) BPO
(D) Digital cash	(9) Exist only in cyberspace
(E) Registration	(3) First step

1. (C) Give one word/phrase/term for the following statement

Question 1.
The stage where the goods bought are delivered to the customer.
Answer:
delivery stage

Question 2.
The term derived from the terms e-mail and e-commerce.
Answer:
e-business

Question 3.
The transaction which is done with the help of the internet.
Answer:
online transactions

Question 4.
The first step in online transaction.
Answer:
Registration

Question 5.
The process of contracting a business function to specialized agencies.
Answer:
outsourcing

Question 6.
Subset of outsourcing.
Answer:
BPO

Question 7.
Sub segment of BPO.
Answer:
KPO

Question 8.
One of the value added BPO service which involves legal work.
Answer:
LPO.

1. (D) State whether following statement are true or false

Question 1.
It is easy to set up e-business as compared to traditional business.
Answer:
True

Question 2.
The term e-business is derived from the term e-mail and e-commerce.
Answer:
True

Question 3.
e-business allows you to work across the globe in any field.
Answer:
True

Question 4.
LPO stands for legal product outsourcing.
Answer:
False

Question 5.
KPO requires advanced analytical and technical skills.
Answer:
True

Question 6.
With the help of outsourcing, company cannot focus on the core areas.
Answer:
False

1. (E) Find the odd one

Question 1.
BPO, RTO, LPO, KPO
Answer:
RTO

Question 2.
B2B, B2C, A2Z, C2C.
Answer:
A2Z

Question 3.
Debit card, Credit card, Aadhar card, ATM card.
Answer:
Aadhaar card

1. (F) Complete the sentences

Question 1.
E-business is an abbreviation for ………………….
Answer:
Electronic business

Question 2.
The term e-business came into existence in the year ……………….
Answer:
1997

Question 3.
E-business means using the ……………. to connect people and process.
Answer:
Internet

Question 4.
E-business is ……………. of e-commerce.
Answer:
superset

Question 5.
E-commerce is ……………. of e-business.
Answer:
subset

Question 6.
The process of contracting a business function to specialized agencies is known as ………………
Answer:
Outsourcing

1. (G) Select the correct option and complete the following table

(Business to Business, First step, e-commerce, Payment mechanism, e-business)

	Group A	Group B
A.	Registration	————
B.	Superset of e-commerce	————
C.	————	Last step
D.	Subset of e-business	————-
E.	————	B2B

Answer:

	Group A	Group B
A.	Registration	First step
B.	Superset of e-commerce	e-business
C.	Payment mechanism	Last step
D.	Subset of e-business	e-commerce
E.	Business to Business.	B2B

1. (H) Answer in one sentence

Question 1.
What is E-business?
Answer:
E-business i.e. electronic business means and includes buying and selling of goods and services along with providing technical or consumer support through internet.

Question 2.
What is outsourcing?
Answer:
Outsourcing is the process of contracting (transferring) any specific business activity, the non-core functions, of the business to specialised agencies to carry out for some money consideration.

Question 3.
What is online transaction?
Answer:
Online transaction refers to a process of buying and selling of goods and services with the help of internet.

Question 4.
What is Shopping cart?
Answer:
Shopping cart is an online record of what buyer has picked up while browsing the online store, i.e. number of units, quantity, price, etc.

Question 5.
What is digital cash?
Answer:
A form of electronic currency that exists only in cyberspace and has no real physical properties but offers the ability to use as real currency in am electronic format.

Question 6.
What is BPO?
Answer:
Business Process Outsourcing (BPO) refers to the outsourcing (transferring to perform) of peripheral (not important) activities (functions) of the organisation to am external organisation or a service provider to minimise cost and increase efficiency.

Question 7.
What is KPO?
Answer:

KPO i.e. Knowledge Process Outsourcing ; described as the functions related to knowledge and information outsourced (transferred to perform) to third party which may be in the same country or in an off shore location.

Question 8.
What is LPO?
Answer:
Legal Process Outsourcing (LPO) is a form of outsourcing in which legal services, ranging from drafting legal documents, performing legal research to offering legal advice are hired or obtained from outside law firm or legal support services company for money consideration.

1. (I) Correct the underlined word and rewrite the sentence:

Question 1.
E-business is <u>hard</u> to start.
Answer:
easy

Question 2.
There are <u>five</u> stages of online transactions.
Answer:
three

Question 3.
Registration is the <u>Last</u> step in online transaction.
Answer:
First

Question 4.
Digital cash is form of <u>plastic currency</u>.
Answer:
electronic currency

Question 5.
KPO includes <u>less</u> knowledge based and specialized work.
Answer:
more

1. (J) Arrange in proper order

Question 1.
Purchase or sale, Delivery stage, Pre purchase or sale.
Answer:
Pre purchase or sale, Purchase or sale, Delivery stage.

Question 2.
Placing an order, Cash on delivery, Registration
Answer:
Registration, Placing an order, cash on delivery

2. Explain the following term/concept:

Question 1.
E-business.
Answer:
(1) E-business is abbreviated form of electronic business which implies application and use of information and communication technologies (ICT) to conduct and complete all business activities. In 1997, International Business Machines (IBM) used this term. It refers to the use of the web, internet, intranets, extranets, etc. to connect people, process and to conduct business.

(2) The entire process of settling up a website, helping the customers navigate through the website, offering available products, discounts, to attract the prospective buyers, e-business establishes more closer relationship between partners, employees, suppliers and helps companies to manage their business efficiently.

In India, till today most of the business firms are managed as per traditional methods. Now most of the businesses are well aware of benefits of e-business and hence they started incorporating e-business in their business policy and strategy. Google pay, swiggy, ola, ebay are the examples of e-business. Various types of 'e' business transactions are B2B, B2C, C2B, C2C, B2A, and C2A.

Question 2.
B2B.
Answer:
Business to Business (B2B) : The transactions under B2B include the transactions between one business firm with other business firms. In

this type of transactions individual consumers are not involved. In order to get raw materials, catering services, manpower, components of machinery, etc., business firms interact with each other. B2B transactions include supplying ancillary parts/components to manufacturers, providing value added services like catering, providing man power, etc. The business must depend upon one another in order to survive.

Question 3.
B2C.
Answer:
Business to Consumer (B2C) : The transactions under B2C include transactions between business firms and consumers. When consumer identifies a need or requirement, he searches for the product or services to fulfil his need. He then selects a vendor, negotiates the price, receives product or services, makes payment and gets service and warranty claims. The business firms use their website for different range of marketing activities such as sales or product promotion, product information, reviews about the product or service and delivery of the products at doorstep. In order to get more response from the customers, the cost of products and services is kept low through this method and the speed of transaction is faster, e.g. www.flipkart.com, www.yebhi.com, etc.

Question 4.
C2C.
Answer:
Consumer to Consumer (C2C) : The transactions under Consumer to Consumer are between two people. Using e-business facility on internet, the consumers can buy and sell goods and services to other consumers, through some third party. A common consumer posts the product or services for sale with the price and other details online and other consumers tries to buy them. The sites are performing the role of intermediaries, just to match the consumers. For buying and selling, internet allows a lot of space for consumers group to be formed. The consumer forums interact with each other for best variety of goods and services. Through such groups redressal of complaints is also possible. One may sell his products through an online retail space operated by eBay or Yahoo! shopping, etc.

Question 5.
Outsourcing.
Answer:
(1) Outsourcing is a process of allocation of specific business processes or functions to a specialist external service provider or agency for certain monetary consideration. In outsourcing, the service provider or contractor enters into an agreement or formal contract with the company or the firm for providing services against certain monetary charges. After this the service provider, will take the responsibility of carrying out the tasks as per the expectation of the company.

(2) When services such as security, canteen, sanitation, etc. are outsourced by a company, then the security guards, waiters, cooks, sanitation scavangers, etc. are not the employees of the company although they work inside the company premises. They directly work under the control of service provider or contractor. Many organisations, companies, corporate houses, establishments, hospitals, shops, malls, housing societies, offices, etc. outsource their non-core (less important) areas of business such as canteen, sanitation, security services, etc. to outside agencies.

Question 6.
BPO.
Answer:
(1) BPO stands for Business Process Outsourcing. BPO basically refers to the outsourcing of some work or functions of the organisation to third party or service provider to save overall cost of the organisation. In other words, BPO is a business system in which one company hires another company or service provider to do certain process of work (or task) for certain money consideration.

(2) In brief, BPO is a subset of outsourcing that involves the contracting of the operations and responsibilities to a third party to minimise cost and increase efficiency.

Question 7.
LPO.
Answer:
(1) LPO stands for Legal Process Outsourcing. LPO is a type of KPO that renders legal services ranging from drafting legal documents, performing legal research to offering legal advice. LPO implies practice of law firm. It refers to obtaining legal services from outside legal support service company or law firm for certain consideration.

(2) In some industry or organisation in house legal department or a company outsourced legal work to such law firms where it can be done or performed at less cost. For instance, many companies in Europe or US outsource their legal work to Indian law firms where it can be done at considerably lower cost.

Question 8.
KPO.
Answer:
(1) KPO stands for Knowledge Process Outsourcing. In KPO, the important functions related to knowledge and information are outsourced (assigned to perform) to third party service providers. KPO is the sub-part (Section) of BPO in which services of outside or third party service provider are hired not only for its ability to do particular business process or function but also to provide expertise it has.

(2) KPO is nothing but the allotment of more important or relatively high level tasks or functions to an outside organisation or to a different group specially in a different geographic location. KPO is a subset of Business Process Outsourcing (BPO). KPO implies

outsource of more important or core functions or business process to third party service provider or organisation to perform which may or may not reduce its cost of the parent company but surely assists in value addition.

3. Study the following case/situation and express your opinion

Question 1.
Abhay purchases some gift articles online from www.flipkart.com. At the same time Sheetal purchased gift from e-bay.com.

(i) Which website is related to C2C?
(ii) Which website is related to B2C?
(iii) What first step does Abhay need to follow?
Answer:
(i) eBay.com website is related to Consumer to Consumer (C2C).
(ii) www.flipkart.com website is related to Business to Consumer (B2C).
(iii) Before online shopping, Abhay has to register with the www.flipkart.com by filling up a registration form. Registration is the first step in online transaction. Abhay needs to login a particular website to buy particular gift articles.

Question 2.
Satvik purchases watch from Titan shop and his friend Shambhavi purchases watch from online shopping site.

(i) Which shopping is from traditional business?
(ii) Which shopping is from e-business?
(iii) Which business involved high risk ?
Answer:
(i) Purchase of watch by Satvik from Titan shop is an example of traditional business.
(ii) Purchase of watch by Shambhavi from online shopping site is an example of e-business.
(iii) e-business i.e. purchase of watch from online shopping site involves high risk as there is no direct contact between Shambhavi and e-business owner.

Question 3.
Mr. Ved made his payment by cheque at the same time Mr. Shlok made his payment by fund transfer.

(i) Whose payment is faster?
(ii) Whose payment is related to traditional business?
(iii) Whose payment is related to e-business?
Answer:
(i) The payment made by Mr. Shlok by fund transfer is faster than payment made by Mr. Ved through cheque.
(ii) The payment made by Mr. Ved by cheque is related to traditional business.
(iii) The payment made by Mr. Shlok by fund transfer is related to e-business.

4. Distinguish between

Question 1.
Traditional business and E-business
Answer:

	Traditional business	E-business
1. Meaning	Business which is managed and carried out in accordance with specific custom or a trading practice for long time is called traditional business.	Business which is managed and carried out by using information technology i.e. the internet is called e-business.
2. Formation	Traditional business is comparatively difficult to form as it requires lengthy and complicated procedure to start.	E-business is comparatively easy to form.
3. Setting up cost	To start, establish and manage traditional business large amount of capital is required.	To start, establish and manage e-business very less amount of capital is required.
4. Risk involved	In traditional business, less risk is involved as interaction between parties is possible due to personal contact.	In e-business, high risk is involved as there is no direct contract between the parties.
5. Scope of business	Traditional business is limited to specific area so its scope is limited.	E-business covers the entire world so its scope is vast and

		unlimited.
6. Physical inspection and delivery of goods	In traditional business, goods can be inspected physically before they are purchased and their delivery is instant.	In e-business, goods cannot be inspected physically before they are purchased and their delivery takes time.

Question 2.
E-business and E-commerce
Answer:

	E-business	E-commerce
1. Meaning	E-business means buying and selling of goods or services along with providing technical or customer support through the internet.	E-commerce is the trading aspect of e-business where commercial transaction are done over internet.
2. What is it?	E-business is superset of E-commerce.	E-commerce is subset of E-business
3. Features	E-business involves all types of re-sale and post¬sale efforts.	E-commerce just involves buying and selling of products and services.
4. Concept	E-business is broader concept. This is because it involves market surveying, supply chain, logistic management and using determining.	E-commerce has narrow scope. This is because it is restricted to buying and selling of product and services.
5. Transaction	E-business is used in the context of Business to Business (B2B) transactions.	E-commerce is more suitable in Business to Consumer (B2C) transactions.
6. Which network is used?	E-business includes the use of internet, intranet or extranet.	E-commerce involves the compulsory use of internet.

Question 3.
BPO and KPO
Answer:

	BPO	KPO
1. Meaning	BPO implies the outsourcing of non-primary peripheral activities of the organisation to an external organisation to decrease cost and increase efficiency of parent organisation.	KPO is a form of outsourcing in which knowledge related and information related work are outsourced to third party service providers to help in value addition and to get cost benefits.
2. Degree of complexity	BPO is comparatively less complex.	KPO is relatively more complex.
3. Requirement	BPO requires process expertise.	KPO requires knowledge expertise.
4. Talent required in employees	BPO requires personnel having good communication skills.	KPO requires professional qualified personnel.
5. Focus on	BPO focus on low level process.	KPO focus on high level process.

5. Answer in brief

Question 1.
What is Outsourcing? Illustrate with suitable example.
Answer:
(1) Outsourcing is a process of allocation of specific business processes or functions to a specialist external service provider or agency for certain monetary consideration. In outsourcing, the service provider or contractor enters into an agreement or formal contract with the company or the firm for providing services against certain monetary charges. After this the service provider, will take the responsibility of carrying out the tasks as per the expectation of the company.

(2) When services such as security, canteen, sanitation, etc. are outsourced by a company, then the security guards, waiters, cooks, sanitation scavangers, etc. are not the employees of the company although they work inside the company premises. They directly work under the control of service provider or contractor. Many organisations, companies, corporate houses, establishments, hospitals, shops, malls, housing societies, offices, etc. outsource their non-core (less important) areas of business such as canteen, sanitation, security services, etc. to outside agencies.

(3) Similarly arrangements for wedding, anniversary, birthday celebration, etc. can also be outsourced to such agencies. This is because many a time an organisation cannot handle all the functions or aspects of business process internally. Some processes are temporarily required to be performed. In such cases, organisation does not want to recruit and appoint professionals to perform such tasks. Most of the services require finely tuned skills which organisation cannot provide. With increasing global competition, most of the companies are focussing their attention on the improvement of quality of their products. Hence, they outsource their non-core business areas so that they can concentrate fully on their core business activities.

(4) Outsourcing benefits the organisation in two ways, viz. (i) It helps to reduce overall costs and (ii) It can use the expertise of the specialised agencies to perform certain tasks more efficiently.

Question 2.
What is BPO? Explain in detail.
Answer:
(1) BPO stands for Business Process Outsourcing. BPO basically refers to the outsourcing of some work or functions of the organisation to third party or service provider to save overall cost of the organisation. In other words, BPO is a business system in which one company hires another company or service provider to do certain process of work (or task) for certain money consideration.

(2) In brief, BPO is a subset of outsourcing that involves the contracting of the operations and responsibilities to a third party to minimise cost and increase efficiency.

(3) It refers to the outsourcing of less important (non-core) or non-primary activities of the organisation to an external organisation or service provider to minimise the cost and increase efficiency of the organisation.

(4) For instance, customer care centres for various banks, service providers, etc. BPO is less complex and requires process expertise. It also requires good communication skills. It focuses on low level process.

Question 3.
What is KPO? Explain in detail.
Answer:
(1) KPO stands for Knowledge Process Outsourcing. In KPO, the important functions related to knowledge and information are outsourced (assigned to perform) to third party service providers. KPO is the sub-part (Section) of BPO in which services of outside or third party service provider are hired not only for its ability to do particular business process or function but also to provide expertise it has.

(2) KPO is nothing but the allotment of more important or relatively high level tasks or functions to an outside organisation or to a different group specially in a different geographic location. KPO is a subset of Business Process Outsourcing (BPO). KPO implies outsource of more important or core functions or business process to third party service provider or organisation to perform which may or may not reduce its cost of the parent company but surely assists in value addition.

(3) Thus, in KPO the business processes which are outsourced are exceptionally more specialised and knowledge based in comparison to Business Process Outsourcings. In brief, KPO is a form of outsourcing in which knowledge related and information related work is done or carried out by the workers working in different company or by a subsidiary of the some organisation which may be in the same country or on off shore location to save cost.

(4) In KPO, both core as well as non-core activities are performed. It requires advanced analytical and technical skills and high degree of specialist expertise. Margarent Rouse defines KPO as, "KPO is the allocation of relatively high- level tasks to an outside organisation or a different group within the same organisation''

Question 4.
What is LPO? Explain in detail.
Answer:
(1) LPO stands for Legal Process Outsourcing. LPO is a type of KPO that renders legal services ranging from drafting legal documents, performing legal research to offering legal advice. LPO implies practice of law firm. It refers to obtaining legal services from outside legal support service company or law firm for certain consideration.

(2) In some industry or organisation in house legal department or a company outsourced legal work to such law firms where it can be done or performed at less cost. For instance, many companies in Europe or US outsource their legal work to Indian law firms where it can be done at considerably lower cost.

(3) In recent years, LPO an high end industry has been growing rapidly in India. LPO is superficially a media invention which is derived from BPO. LPO has made tremendous progress in India in past few years.

(4) LPO gained success by producing and rendering services such as document review, legal research and writing, drafting of briefings, etc. Important benefits of outsourcing legal functions is cost savings and to access high level talent and niche expertise that may not exist within the firm or company.

6. Justify the following statements

Question 1.
It is easy to set up e-business as compared to traditional business,
Answer:
(1) e-business is run, managed and carried out with the help of information technology, i.e. web (internet). However, traditional business is run, managed and carried out in accordance with specific old custom or a trading practices of long lasting.

(2) In traditional business large, physical space is needed, to arrange and display the variety of goods. It needs large amount of capital to have infrastructure, staff and other required facilities, e-business can be started, managed and operated with the help of the internet from any place or even from one's own home. Naturally, it requires very less capital. It is also easy to set up.

(3) In traditional business, time is required to travel, to convince, to negotiate and to interact with the customers. In such process lot of time, energy and money are wasted. While in e-business required information is provided and accepted with terms and conditions more instantly.

(4) e-business is also free from most of the problems as faced by the traditional business. Thus, it is easy to set up e-business.

Question 2.
E-business allows user to work across the globe in any field.
Answer:
(1) e-business i.e. electronic business may be defined as the application of information and technologies to support all the activities of business. It involves electronic buying and supply, chain management, processing orders electronically, online payments via debit or credit cards, handling customer service, etc.

(2) In order to begin with e-business, a business owner must have an internet presence. He has to obtain an e-mail address for communicating the same to the customers and other business associates. This helps speedy communication between business firms and customers. Communication is easy as there is no face to face interaction.

(3) Once the owner of e-business has acquired an electronic means of contact, he may sell goods to the customers residing in any part of the world. There is no need of any wholesalers, retailers, etc. This reduces costs and increases profit. In e-business, goods can be purchased on internet from any place across the globe, payments can be made with the help of debit, credit card, internet banking and the goods are physically delivered at the doorstep of the buyer.

(4) Similarly, he can do trading in any field, e-business uses internet to connect people and processes. The World Wide Web (WWW) offers lot of exposure to e-business on a global platform. International relationship is very strong in e-business. The Government also offers lot of support to e-business. Thus, it allows one to work across the globe in any field he likes.

Question 3.
Online transaction is done with the help of the internet.
Answer:
(1) Online transactions take place when a process of buying and selling are completed through the internet. For online transaction, registration is required. The consumer needs to login a particular website to buy a particular article or service. The customer's email ID, name, address and other details are saved and safe with the website for further contact.

(2) When a customer likes a product or service, he/she selects, pick ups and drops the items or things in the shopping cart. The shopping cart keeps the systematic and detail record of what items have been picked up while browsing the online store.

(3) The buyer then proceeds to the payment option after selecting all the products. Payment can be made by accepting cash on delivery mode of payment, after receiving physical delivery of goods. The customer may pay in cash or by debit or credit card. The buyer also sends a cheque to the seller and the seller sends the products after the realisation of the cheque.

(4) If the payment is transferred by the buyer from his account to the seller's account electronically, then after the payment is received by the seller, he sends the goods to buyer. The credit card or debit card is also used by the card holder for. making payment of purchases. The amount gets immediately transferred to vendor's bank account. After the successful transfer of funds, goods are delivered by the vendor to buyer. Thus, all the aspects of online transaction are completed with the help of the internet.

7. Attempt the following

Question 1.
What are the advantages and disadvantages of e-business?
Answer:
[A] Advantages of e-business : The advantages of e-business are explained as follows:
(1) Ease of formation : In comparison to the traditional method of business, e-business is very easy to set up. The advent of internet has afforded entrepreneurs the ability to open small businesses with a minimal overhead.

(2) Lower investment requirements : As compared to traditional business, the investment requirements of e-business are very low. This is because for conducting e-business, the entrepreneurs do not need a large store or professional space, e-business can be managed with minimum manpower. If entrepreneurs have good contact (network), they can do extremely good business with less investments.

(3) Convenience : In e-business, seller and buyer get advantages of internet platform. Internet offers the convenience of 24 × 7 × 365 days a year to both buyer and seller. Business can be done any time with great flexibility. Truly speaking, e-business has enabled and enhanced by electronics. It offers benefits of accessing anything, anytime and from anywhere.

(4) Speed : Web facilitates direct communication between the seller and buyer. It helps the customer to direct or point out his needs and expectation. Similarly, using website seller can show the available products, offer discount and do everything 1 possible to sell his products. Thus, much of buying or selling involves exchange of information through internet at the click of mouse.

(5) Global access : Truly speaking, internet is boundaryless. Internet facilitates and allows the seller an access to the national as well as global market. Internet also offers freedom to buyer to select products from any part of world. There is no need of face to face interaction between buyer and seller. All the things are completed by using internet.

(6) Movement towards a paperless society : Use of internet has considerably reduced its dependence on the paperwork. Due to use of internet, recording and referencing of information are very easy and less time consuming.

(7) Government support : In e-business transactions, cost reduction and availability of products at relatively low prices are possible. This is beneficial to society at large. Hence, government always supports or favours e-business by providing favourable environment for establishing e-business. This support facilitates maximum transparency in the business.

(8) Easy payment : The payment in e-business can be done by credit card, debit card, fund transfer, etc. These facilities are available round the clock.

[B] Disadvantages of e-business : The disadvantages of e-business are explained as follows:
(1) Lack of personal touch : Before buying the products most of the customers want to see, handle, touch, inspect or test the products which is not possible in e-business system. Because of this reasons, most of the customers do not look for online purchase of products on the internet.

(2) Delivery time : In e-business, the delivery of products takes considerable time. In traditional business, immediate delivery of products is given to buyer after he buys the products. The considerable time lag discourages the customer to buy products from e-business. Now a days most of the e-business assures one day delivery. This improvement does not solve the issue completely.

(3) Security issues : The scam through online business by many people cannot be denied. It is also easier for hackers to obtain one's financial details which can be misused for their personal gain. Thus, online business has less security and integrity issues. Because of these reasons the potential buyers are also discouraged to buy anything from e-business.

(4) Government interference : Many a time, the government monitors, interferes and controls the e-business system. This may put a great hurdle on its growth and prosperity.

(5) High risk : In e-business system, transaction risks such as supply of inferior quality of goods, supplied products do not match with the sample shown, high prices, defects in products, cheating, etc. cannot be denied. In case of any fraud, it becomes very difficult to take legal action due to lack of direct contact between the parties.

Question 2.
What are the types of e-buslness? Explain.
Answer:
The types of e-business is shown in the following:
e-business-

1. Business to Business (B2B)
2. Business to Consumer (B2C)
3. Consumer to Business (C2B)
4. Consumer to Consumer (C2C)
5. Business to Administration (B2A)
6. Consumer to Administration (C2A)

The type of e-business are explained as follows:
(1) Business to Business (B2B) : The transactions under B2B include the transactions between one business firm with other business firms. In this type of transactions individual consumers are not involved. In order to get raw materials, catering services, manpower, components of machinery, etc., business firms interact with each other. B2B transactions include supplying ancillary parts/components to manufacturers, providing value added services like catering, providing man power, etc. The business must depend upon one another in order to survive.

(2) Business to Consumer (B2C) : The transactions under B2C include transactions between business firms and consumers. When consumer identifies a need or requirement, he searches for the product or services to fulfil his need. He then selects a vendor, negotiates the price, receives product or services, makes payment and gets service and warranty claims.

The business firms use their website for different range of marketing activities such as sales or product promotion, product information, reviews about the product or service and delivery of the products at doorstep. In order to get more response from the customers, the cost of products and services is kept low through this method and the speed of transaction is faster, e.g. www.flipkart.com, www.yebhi.com, etc.

(3) Consumer to Business (C2B) : Consumer to Business is rapidly growing where the consumer demands or requests a specific service from the business lender. In this transaction, buyers quote their own price for specific product or services. A consumer who is in need of product or services posts his request with a specific budget. The companies interested in providing services or products review the customer's requirement, negotiate price and finalise the deal. Pest control service, doorstep food delivery, taxi services, etc. are the examples of Consumer to Business transaction.

(4) Consumer to Consumer (C2C) : The transactions under Consumer to Consumer are between two people. Using e-business facility on internet, the consumers can buy and sell goods and services to other consumers, through some third party. A common consumer posts the product or services for sale with the price and other details online and other consumers tries to buy them. The sites are performing the role of intermediaries, just to match the consumers.

For buying and selling, internet allows a lot of space for consumers group to be formed. The consumer forums interact with each other for best variety of goods and services. Through such groups redressal of complaints is also possible. One may sell his products through an online retail space operated by eBay or Yahoo! shopping, etc.

(5) Business to Administration (B2A) : The transactions under Business to Administration are between the business and public administration. This part of e-commerce entirely includes all transactions conducted online between firm at one end and public administration on the other end. For instance, registration of companies, filing returns, payment of taxes, getting permits, etc.

(6) Consumer to Administration (C2A) : The transactions under Consumer to Administration are between the Consumer and Public Administration. This part of e-commerce includes entirely all transactions conducted online between consumer at one end and public administration on the other end. For instance, obtaining passport, aadhaar card, licenses, etc.

Question 3.
What are the advantages of outsourcing?
Answer:
Advantages : The advantages of outsourcing are explained as follows:
(1) Overall cost advantages : Outsourcing reduces cost. Outsourcing avoids the need to hire employees in houses. Hence, recruitment and training costs can be eliminated or minimised. It S also saves time and efforts on training the employees. Similarly, cost of outsourcing services is much less than recruiting work force for the company.

(2) Stimulates entrepreneurship, employment and experts : Outsourcing encourages and stimulates entrepreneurship, employment and expertness in the country from where outsourcing is done.

(3) Low manpower cost : In every organisation manpower is required to operate machineries, to do routine work, to perform jobs, to administer and manage business affairs. Recruitment and appointment of personnel on permanent basis are costly. Manpower through outsourcing is available at a lower cost. Outsourcing is beneficial in some portions of business process.

(4) Access to professional, expert and high quality services : Usually the non-core areas or tasks are given to the people who are expert, specialised and skilled in that particular field. These people provide better level of services. They commit less errors and avoid wastage and misuse.

(5) Emphasis on core process rather than the supporting ones : Outsourcing supporting the business processes, facilitates the organisation to concentration on its core (more important) areas to improve the quality of its products and services. This in turn leads to better profits and increase output and turnover.

(6) Investment requirements are reduced : By outsourcing the non-core areas, the organisation can easily save on investing in the latest technology. These organisation allow the outsourcing partners to handle the entire infrastructure. Thus, the organisation itself is required to manage only remaining portion of business process. Hence, investment requirements of the organisation are very less.

(7) Increased efficiency and productivity : Many a time tasks are outsourced to the vendors who are specialised in their fields. Outsourced vendors have deep knowledge, experience, specific equipment and technical expertise. They give performance or do assigned task much better than the ones at the outsourcing organisation. As a result the tasks can be completed faster, with greater efficiency and with better quality output.

(8) Knowledge sharing : Most of the times tasks are outsourced to the vendors who are specialised and expert in their fields. While working together outsourced partners (vendors) share their knowledge, experience, technical expertise, etc. with the employees of the organisation. This is one of the prime advantages of outsourcing. Organisation also uses and shares particular kind of service. Thus, outsourcing helps to develop both the companies and also boosts goodwill in the industry.

Question 4.
What are the disadvantages of outsourcing ?
Answer:
Disadvantages of outsourcing : The disadvantages of outsourcing are explained as follows:
(1) Lack of customer focus : An outsourced vendor may be catering to the expertise needs of several companies at a time. In such cases,

the vendors may lack complete focus on outsourcing company's needs or tasks. As a result, the quality of the outsourced service may not be up to the mark.

(2) A threat to security and confidentiality : When an organisation outsources some portions of business process, it involves a risk of exposing its confidential information to a third party. Similarly, there is danger of the misuse of company's confidential information by the contractors. So outsourcing involves security issues.
(3) Dissatisfactory services : In case the organisation does not select right partner for outsourcing, it has to face several problems such as substandard quality output, delayed delivery, inappropriate categorisation of responsibilities, etc. It has to compromise on the quality of outsourcing.

(4) Ethical issues : In some cases, the company outsourcing its non-core areas, ignores ethical issues related to outsourcing. When the functions of the organisation are outsourced to a company from another country, the employment opportunities from one's own country get reduced, which in turn aggravates the unemployment problem.

(5) Other disadvantages :

1. Misunderstanding of contracts ultimately creates many problems for the organisations.
2. Lack of effective communication also creates many problems to the organisations outsourcing their functions.
3. Some times the quality of the outsourced service is not up to the mark, poor and delayed services. In such cases company has to suffer heavy loss on account of wastage.

8. Answer the following

Question 1.
Explain the steps involved in online transaction.
Answer:
In online transaction there are three stages, viz. pre-purchase/sale, actual purchase/ sale and delivery stage. Online transaction involves the following steps:
(1) Registration : Registration is compulsory for online transactions. One who wants to do online shopping is required to register his name with online vendor by filling up a registration form. The consumer is required to login a particular website. The customer's details such as email ID, name, address and other information are saved and are safe with the website along with a 'Password' relating to the registered 'account' and 'Shopping cart'. To avoid misuse by anyone 'Account' and 'Shopping Cart' are password protected.

(2) Placing an order : The online shopper can select, pick up and drop the items or things in the shopping cart. The shopping cart keeps the systematic and detail record of what items or things have been picked up, quantity to be bought, the price of each product while browsing the online store. After confirmation, the customer or shopper has to choose a payment option.

(3) Payment : Making payment is the last step in online transaction. The buyer is required to select the payment option. The payment systems in online transactions are secured with very high level encryption. Because of these arrangements, the personal financial information gets completely secured. Payment can be made in one of the following ways:
(i) Cash on Delivery (COD) : According to Cash on Delivery mode of payment, after receiving physical delivery of goods, payments is effected at the doorstep of the customer. The customer can make payment in cash or through debit or credit card.

(ii) Cheque : Under this mode of payment, the S vendor collects the cheque from the customer and j after realisation of the cheque, delivery of the goods is given to the buyer.

(iii) Net banking transfer : Under this mode, the payment is made by buyer to vendor by transfer of funds through the internet. The buyer transfers the agreed purchase amount to the online vendor's account. It is an electronic facility i of transferring funds though the internet. After receiving the amount, the vendor delivers the goods to the buyer.

(iv) Credit or Debit Cards : Credit card and Debit card are also called Plastic Money. The vendor gets the amount from the buyer through credit or debit card. The amount gets immediately transferred to vendor's bank account. After the successful transfer of funds, goods are delivered by the vendor to buyer.

(v) Digital Cash : Digital cash is a form of electronic currency which has no reed physical properties. However, digital cash offers the ability to use real currency in an electronic format.

Question 2.
What is Outsourcing? Explain the advantages and disadvantages of outsourcing.
Answer:
[A] Meaning : Outsourcing is a process of allocation of specific business processes or functions to a specialist external service provider or agency for certain monetary consideration. In outsourcing, the service provider or contractor enters into an agreement or formal contract with the company or the firm for providing services against certain monetary charges. After this the service provider, will take the responsibility of carrying out the tasks as per the expectation of the company.

[B] Advantages : The advantages of outsourcing are explained as follows:
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