TEXTBOOK QUESTIONS SOLVED

I. Multiple Choice Questions
Tick the most appropriate answer to the following questions:

Question 1. e-commerce does not include:
(a) A business's interactions with its suppliers
(b) A business's interactions with its customers
(c) Interactions among the various departments within the business
(d) Interactions among the geographically dispersed units of the business
Question 2. Outsourcing:
(a) Restricts only to the contracting out of Information Technology Enabled Services . (TIES)
(b) Restricts only to the contracting out of non-core business
(c) Includes Contracting out of manufacturing and RandD as well as services processes -both core and non-core, but restricts only to domestic territory
(d) Includes off-shoring
Question 3. The payment mechanism typical to e-business
(a) Cash on delivery (CoD)
(b) Cheques
(c) Credit and Debit Cards
(d) E-cash
Question 4. A Call Centre handles:
(a) Only in-bound voice based business
(b) Only out-bound voice based business
(c) Both voice based and non-voice based business
(d) Both customer facing and back-end business
Question 5. It is not an application of e-business:
(a) Online bidding
(b) Online procurement
(c) Online trading
(d) Contract Rand
Answer:
1. (c)
2. (b)
3. (d)
4. (d)
5. (d)

II. Short Answer Type Questions
Question 1. State any three differences between E-business and traditional business.
Answer: The differences between e-business and traditional business can be summarized as below:

1. Logistics: The logistics of e-business typically have lesser constraints than traditional business. E-businesses are not limited to venue; they can be located anywhere and still serve the same customer. Their product capacity is "infinite" in that they are not limited to the space of a brick-and-mortar store. E-businesses mainly depend on shipping methods to deliver and receive items, while traditional stores conduct an instant exchange. This timing difference can be a significant factor for some consumers. For example, refunds would typically take

much longer to process for e-businesses than in a neighborhood store.

2. Human Resources: The two types of business differ in talent recruitment. E-businesses significantly emphasize technology and hire more people from the web design and development fields. In some cases, every employee may be required to have a technical background or receive in-house training for basic web development. On the other hand, traditional businesses are more diverse in hiring for non-technical positions, such as sales representatives and display managers.

3. Marketing and Finance: In marketing for traditional business, marketers can focus on all five human senses to influence the sale. For example, maintaining a proper display keeps the product aesthetically appealing. Consumers can also physically touch the product in a traditional store; this is particularly vital for physically sensitive items such as clothes. E-businesses typically have to rely mainly on sight. The physical display is replaced with digital images. The inability to touch and test the product first hand is replaced with technical text to visualize the details of the product; online retailers may also have the ability to present many more choices because they do not need to have the physical product on hand.
The major financial difference between e-business and traditional business is cost. E-businesses usually have lesser start up and operational costs, buying an online domain is much cheaper than renting land and building facilities and buying equipment.

4. Management: E-business management is typically flatter than traditional management. A flat company happens when there are few levels in between top management and the entry-level employee. In most E-businesses, low level management, such as store managers and division managers, is unnecessary. Instead, E-businesses expand horizontally by hiring external consultants and contract web development positions. These entities specialize in a business service, such as e-commerce setup and online marketing. They may work for the company but are not necessarily included in or affected by management decisions.

Question 2. How does outsourcing represent a new mode of business?
Answer: Outsourcing represents a new mode of business. It is fast becoming an emerging mode of business. Firms have started increasingly outsourcing one or more of their processes which can be efficiently and effectively carried on by others. Outsourcing can be qualified as emerging mode of business because its acceptance is increasing as a fundamental business policy and philosophy, as opposed to the earlier philosophy of doing it all by yourself.

Question 3. Describe briefly any two applications of E-business.
Answer: Two applications of E-business are discussed below:

1. e-Procurement: It involves internet based sales transactions between business firms including both, "reverse auctions" that facilitate online trade between a single business purchaser and many sellers, and, digital market places that facilitate online trading between multiple byers.

2. e-Delivery: It includes electronic delivery of computer software, photographs, videos, books (e-journals) and other multimedia content to the other's computer. It also includes rendering of legal, accounting, medical and other consulting services electronically. In fact, internet provides the firms with the opportunities for outsourcing of a host of Information Technology Enabled Services (ITES).

Question 4. What are the ethical concerns involved in outsourcing?

Answer: Following are the major ethical concerns involved in outsourcing:

1. Confidentiality: When a company outsources any of its functions, it has to share a lot of information and knowledge with outsourcing partner. He may not preserve the confidentiality. If company adopts outsourcing of complete processes or products, there is further risk that outsourcing partner may start his own business which may increase competition.
2. Sweat Shopping: The firms which opt for outsourcing aim at lowering their costs, try to get maximum benefit from the low cost manpower of the host countries. Secondly, such works are outsourced which do not build much of competency and ability of outsourcing partners. So, they build blue collar workers by handing over doing skills rather than creating white collar workers by transferring thinking skills.
3. Using Child Labour and not following Labour Laws: Outsourcing is engaging child labour and women in the factories. Moreover, there exists wage discrimination on the basis of sex of the worker. Workers are exploited by giving less than minimum wages.
4. Resentment in the Countries: When MNC& contract out manufacturing, marketing, accounting, R and D etc. to developing countries, it may create resentment in home country. The people from developed countries may not like that the jobs which they could get have been transferred to developing nations for cost cutting.

Question 5. Describe briefly the data storage and transmission risks in E-business.
Answer: In the present century, information is acting as power. If the relevant information of the business reaches into wrong hands, it may create a lot of loss for the company concerned. There is a risk of en route being stolen or modified by wrong people for their selfish motives. It is exposed to the risk of VIRUS and hacking. VIRUS stands for Vital Information Under Seize. Installing and timely updating anti virus programmes and scanning the files and disks with them provides protection to the files, folders and systems from the attack of virus.
Another risk involved is interception of data in the course of transmission. To protect data against this, cryptography is used. Cryptography refers to the art of protecting information by transforming it into an unreadable format called 'cyphertext'. Thereafter only those who have a secret key can decrypt the message into 'plaintext'. It is like coding and decoding.

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