

E-COMMERCE APPLICATION IN SMALL TO MEDIUM ENTERPRISES (SME): NEED OF COMPETITION

Dr. Ravi Kant Modi*

ABSTRACT

As a heritage of Gandhian philosophy, since independence the small and medium sectors have played an important part in the profitable development of the country. Especially since the inception of planning for profitable growth, acceptable emphasis has been given on the development of Small and Medium Enterprises (SMEs) by policy makers, politicians and the clerisy likewise. The multi rounded objects of increased industrial output, generation of employment, disbandment of industrial conditioning across regions and development of entrepreneurship has been successfully met through the propagation of SMEs. The significance of the Small and Medium Enterprises sectors is well- honored from its significant donation to the socio - profitable objects of growth in generation of employment, output, exports and fostering entrepreneurship. First, they're important to profitable development in developing countries similar as India. As per the United Nations Conference on Trade and Development, SME's account for 60 to 70 percent of all employment in developing countries. It's critical for similar businesses to be prepared for and take full advantage of any benefits offered by electronic commerce. The alternate reason to concentrate on SME's is that they're in a veritably good position to acclimatize to new technology; they may be suitable to acclimatize faster than larger companies that can be braked by bureaucracy and stricter staffing scales. E-Commerce may offer them comparatively more advantages to find new customers and suppliers especially in requests they've not fluently been suitable to reach before either internationally or regionally. Requests far and wide are globalizing incompletely due to the wide use of the Internet. Electronic commerce can give SME's a better chance to contend in their requests and, indeed, in some cases, is or will soon come a competitive necessity for survival. The implicit benefits of electronic commerce to "position the playing field" for SME's allowing them to contend better are critical for them to understand and sort out.

Keywords: *Electronic, Development, Trade, E-Commerce, Manufacturing, Globalization, Enterprises.*

Introduction

SME's account for 42 percent of Manufacturing sector development and 35 per cent country's exports. SMEs are decreasingly seeing the benefits arising from E-Commerce as expanded geographical content giving them a larger implicit request into which they can vend their products and services. Some of the key diligence that have high eventuality for early relinquishment of E-Commerce are fiscal (stock exchanges and banks), motorcars, retail, trip, IT and manufacturing. The general purpose of the exploration is to study of association and operation of electronic commerce operations in Small and Medium Enterprise Sector. The main purpose of this exploration is to study the effect of E-Commerce operations on the organizational performance of small and medium enterprises.

SME and its Importance in Indian Economy

Small- and medium- sized enterprises are a vibrant and growing sector in most economies round the world. Global profitable conditions have prodded the rise in SMEs over the last 10 – 15 times.

* HOD, Faculty of Commerce, LBS PG College, Jaipur, Rajasthan, India.

This is seen not only in the UK, USA, Australasia and Europe, but also in Africa, Latin America, Korea and India. Within the Organisation for Economic Co-operation and Development (OECD), 95 of enterprises are SMEs employing between 60 and 70 of workers. These enterprises are instigative as numerous are largely entrepreneurial and are frequently involved in exploring new inventions. While similar invention is a motivator for numerous SME possessors, there are also those for whom independence is the high ideal. SMEs are vital element of any economy, be it developed or developing. They're the lifeblood of an economy and play an important part in profitable development. Directors that are taking off the blinkers and seeking innovative ways to establish cross artistic connections are getting the leaders and situating themselves for future openings in the growth requests of the world. With world heading towards getting a borderless vill, the part of SMEs in generating new jobs and meeting the demand of goods and services is going to increase multifarious. So far, SMEs make up a maturity of the domestic business deals but have been playing a limited part in international trade. Globalization of world trade and the imperative of the large global companies to cut costs are presenting an occasion for them to grow into the global requests fleetly. Given their size and diversity of sectors in which they serve, SME are largely adaptable and can make a mark. Feting the vital part of SMEs, governments in all countries also have been roundly seeking ways and means to promote and develop them. In reality, many 'graduate' into larger or further ultramodern technologies. The part of SMEs in the profitable growth need not be over-emphasized and their sprightliness is a clear pointer to the health of the economy. With this in mind we take a look at the script in India.

E-Commerce

The cutting edge for business moment is Electronic commerce. Most people suppose E-Commerce means online shopping. But web shopping is only a small part of the picture. The term also refers to online stock, bond deals, buying and downloading software without ever going to a store. In addition, E-Commerce includes business to business connections that make coping easier for big pots. "E-Commerce is generally described as a system of buying and selling products and services electronically." The main vehicle of E-Commerce remains the Internet and the World Wide Web, but uses of e-mail, fax and telephone orders are also current. Electronic commerce is the operation communication and information sharing technology among trading mates to the pursuit of business objects. E-Commerce is associated with the buying and selling of information, products, and services via computer networks. A crucial element of E-Commerce is information processing. The goods of E-Commerce are formerly appearing in all areas of business, from client service to new product design. It facilitates new types of information grounded business processes for reaching and interacting with customers- online advertising and marketing, online order taking, online client service and etc. It can also reduce costs in managing orders and interacting with a wide range of suppliers and trading and trading mates, areas that generally add significant charges to the cost of products and services. With the rapid advancement in Internet software and tackle and the structure, the electronic commerce is also getting more and more popular. Numerous large pots, small and medium companies and individualities are investing further and further in the Internet business.

E-Commerce and SME

The emergence of electronic commerce (EC) technologies has affected numerous diligence and associations. Small- to-Medium sized Enterprises (SMEs) are decreasingly realizing the implicit benefits of EC technologies. The description of SMEs varies in different countries and studies but is generally grounded on employment, means, or a combination of the two. The significance of SMEs has decreasingly grown over the times and they've come the backbone of any country's economy and especially in developing countries. SMEs represent roughly 90 of the total number of enterprises across the world and they've a significant part in creating employment openings. In 2006, there were about 140 million SMEs around the world employing at least 60 percent of the total work force. SMEs are generally considered to be flexible, adaptive and innovative enterprises and these characteristics, in turn, make them a good fit for EC. Likewise, exploration also indicates that SMEs can take advantage of EC technologies in expanding their business. Therefore, the use of EC technologies enables SMEs to ameliorate their effectiveness and competitive position in the business.

Benefits of E-commerce to Small Scale Industry

- **International Business:** What used to be a single physical business located in geographical area has now come a borderless business including public and international requests. By getting e-commerce enabled, businesses now have access to people each around the world. In effect all E-Commerce businesses have come virtual international pots.

- **Operational Cost Savings:** The cost of creating, recycling, distributing, storing and reacquiring paper- grounded information has dropped.
- **Mass Customisation:** E-Commerce has revolutionised the way consumers buy goods and services. The pull- type processing allows for products and services to be customised to the client's conditions. In the history when Ford first started making motor buses, customers could have any color so long as it was black. Now customers can configure a auto according to their specifications within twinkles on- line via the www.ford.com website.
- **Enables Reduced Supplies:** It helps charges by easing 'pull'- type force chain operation – this is grounded on collecting the client order and also delivering through JIT (just-by-time) manufacturing. This is particularly salutary for companies in the high technology sector, where stocks of factors held could snappily come obsolete within months. For illustration, companies like Motorola(mobile phones), and Dell (computers) gather client orders for a product, transmit them electronically to the manufacturing factory where they're manufactured according to the client's specifications (like color and features) and also transferred to the client within a many days.
- **Digitisation of Products and Processes:** this happens particularly in the case of software and music/video tape products, which can easily be downloaded or E-mailed directly to customers via the Internet in digital or electronic format.
- **No more 24- Hour- Time Constraints:** Businesses can be communicated by or contact customers or suppliers at any time.
- **Price Comparisons:** customers can 'protect' around the world and conduct comparisons either directly by visiting different spots, or by visiting a single point where prices are added up from a number of providers and compared (for illustration www.moneyextra.co.uk for fiscal products and services).
- **Bettered Delivery Processes:** This can range from the immediate delivery of digitised or electronic goods similar as software or audio-visual lines by downloading via the Internet, to the on- line shadowing of the progress of packages being delivered by correspondence or courier.

Barriers E-Commerce Applications in SMES

Research works probing the walls that affect SMEs operation of E-Commerce have linked a variety of factors which can be grouped into several orders. A number of authors identify factors relating to three major orders

- Proprietor/director characteristics,
- Establishment characteristics,
- Costs and return on investment

The proprietor/directors play an important part in decision making in SMEs. Hence it can be concluded that a number of factors that affect the relinquishment of E-Commerce relate to proprietor/director characteristics. The proprietor's lack of awareness of the technology and perceived benefits is a major hedge to a take up of E-Commerce. The lack of knowledge on how to use the technology and the low computer knowledge are other contributory factors for not espousing E-Commerce. Distrust of the IT industry and lack of time are two other factors that affect the decision to borrow E-Commerce. SME possessors are concerned about a return on their investments, reticent to make substantial investments particularly when short- term returns aren't guaranteed. There are some other factors related to the characteristics of the association, which affect operation of E-Commerce. Current position of technology operation within the association affects the process of relinquishment. In another study by the OECD it was linked that warrant of awareness; query about the benefits of electronic commerce; enterprises about lack of human resources and skills; set- up costs and pricing issues; and, enterprises about security as the most significant walls to E-Commerce for SMEs in OECD countries. Low use of ecommerce by customers and suppliers, enterprises about security, enterprises about legal and liability aspects, high costs of development and computer and networking technologies for E-Commerce, limited knowledge of E-Commerce models and methodologies, and unconvincing benefits to the company are among some factors set up in another study. SMEs surely have limited resources (fiscal, time, labor force). This "resource poverty" has an effect on the operation of E-Commerce, as they cannot go to experiment with technologies and make precious miscalculations.

Conclusion

In this world of accelerating profitable globalization, advances in wisdom and technology continue swift, and knowledge is honored as a core capability in accumulating wealth. This new terrain has created favorable conditions for Indian SMEs to develop in a broader range of fields, and offered unknown openings, but also cortege's new challenges. In order to turn this challenge into openings, not only must SMEs more equip themselves, they must also be quick in conforming to changing request conditions. Grounded on the findings of this study in most of SMEs, electronic commerce operations were still new and at an early stage. Numerous SMEs actors in this study were unclear about the benefits and problems of using electronic commerce. This all study states that E-Commerce operation is veritably important in any association, whether it may be small or medium. It helps to ameliorate marketing process, it also help to ameliorate payment system of the association and eventually help to increase effectiveness of the worker and profit of the association. This exploration also has delivered a model which shows the relation between five operations of electronic commerce and three corridor of organizational performance in small and medium enterprises.

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