

Economic Aspects and Business Implications of Widespread Adoption of Electronic Commerce and Transactions

Galyna Kopets¹, Galyna Rachynska²,
Kateryna Dzyubina³

¹Department of Organizational Management, Lviv Polytechnic University, UKRAINE, Lviv, S. Bandery street 12, E-mail: gkopets@gmail.com

²Department of Organizational Management, Lviv Polytechnic University, UKRAINE, Lviv, S. Bandery street 12, E-mail: rachynska.galina@yandex.ua

³Department of Foreign Economic and Customs Activity, Lviv Polytechnic University, UKRAINE, Lviv, S. Bandery street 12, E-mail: kateryna.o.dziubina@lpnu.ua

Abstract – Organizations around the globe are facing the new type of challenges predominantly associated with adoption of electronic commerce and transactions and successful inclusion of this relatively new form of interaction into the existing business model. The process of embracing this change requires a number of alterations to organizational institutions and culture, decision making, as well as technological infrastructure.

Key words – e-commerce, electronic commerce and transactions adoption, electronic transactions, innovation, change, organizational change, electronic transactions, growth strategies.

I. Introduction

Widespread adoption of electronic commerce and transactions is proving to be a factor of considerable influence on the nature of interaction of market agents. This process is taking place on multiple levels and is equally applicable to small local businesses just as much as large international corporations. Both are seeing the development of electronic commerce and transactions as an opportunity for maintaining sustained growth rates in the future. At the same time, electronic commerce and transactions do not concern themselves exclusively with market, but have also been successfully implemented in the following types of agent interaction:

- business-business (b2b),
- business-consumer (b2c),
- consumer-business (c2b),
- business-government (b2g),
- government-business (g2b).

II. Prerequisites and Factors of Successful Adoption of Electronic Commerce and Transactions

As part of the modern economic system, adoption of e-commerce and transactions itself is the subject of influence from the following trends:

- globalization processes;
- integration processes;
- society democratization;
- transformation of property rights;

- positive dynamism in the field of domestic and international trade;
- development of technologies and market for electronic trade;
- depletion of natural resources and ecosystem deterioration;
- the need to improve efficiency of resource allocation;
- increasing role and effectiveness of IT resources;
- importance of effective marketing and logistics operations pertaining to the end-consumer;
- building on the benefits of networking structures [3];
- a renewed emphasis on social responsibility and ethics.

According to research, the implications of electronic commerce and transactions pertaining to corporate competitiveness and managerial oversight are related to decreasing the costs of transactions by means of underlying technologies and networking [1, 2].

Considering the above, the following aspects of improving the management of electronic commerce and transactions are worth noting:

- optimizing the internal processes and interaction between teams and departments within the organization;
- using the advantages of internal organizational, as well as external market environment. Action plans and strategies developed in pursuit of this goal need to be based on professional SWOT and PEST analysis;
- developing an effective strategy of development, effective sales management;
- optimization of delivery services and methods, careful economic analysis of goods transportation options;
- efficient resource allocation;
- improved warehousing;
- raising personnel qualification;
- taking into consideration social and psychological aspects of human resource management[4], relying on talent management and outsourcing when necessary;
- using international best-practices and know-how pertaining to human resource management [5].

The content of an effective electronic commerce and transactions includes:

- transfer of text, images, audio and video recordings to digital format;
- exchange, database storage and convenient indexing of information;
- evolution of technological underpinning for carrying out and finalizing a transaction;

The content of an effective electronic commerce and transactions includes:

- transfer of text, images, audio and video recordings to digital format;
- exchange, database storage and convenient indexing of information;
- evolution of technological underpinning for carrying out and finalizing a transaction (for instance, distributing an order form digitally to all interested clients may save a lot of administrative overhead);

The speed of service delivery and their associated operation costs for the company should be balanced with economic rationale and meeting client expectations.

Overall, electronic commerce and transactions is associated with the following principles:

- commerce, as the methods and technology for carrying out transactions;
- content, as the information and media used to support the exchange between agents negotiating a transaction;
- consumers and community, as the partners and stakeholders interested in the effects of a firm's operation;
- collaboration, as the collection of institutions and methods for carrying out interaction and conducting and following through with transactions [6, p.36].

The following aspects of adoption of electronic commerce and transactions are noteworthy:

- costs;
- organizational culture [6, p.38].

One of the main goals of implementing ECT is meeting customer requirements and expectations, as well as improving the efficiency of resource allocation [7].

All technological and institutional change in an organization is achieved with the help of personnel. Therefore, human resource development is a key aspect of successful adoption of electronic commerce and transactions and is based in the following requirements:

- a sufficient level of proficiency;
- a personal motivation for adoption of electronic commerce and transactions;
- existing organizational incentives for adoption of electronic commerce and transactions;
- existing hardware and software infrastructure to deploy new business processes and practices;
- appropriate working conditions, productive workspace;
- a creative, innovation organizational culture and working environment.

Adoption of electronic commerce and transactions can be realized in the following stages:

- analysis and forecast of technology adoption;
- development of an effective commercial strategy based in new technological practices;
- determining the type and amount of resources required for the adoption of electronic commerce and transactions;
- development and implementation of chosen technological solutions;
- assessing the need and arranging for additional training or technological know-how, that will generate leads and growth for the business;

Requirements for the growth of e-commerce and transactions:

- taking the peculiarities of a company's internal processes and market environment into careful consideration;
- adopting an organizational and managerial attitude towards change and innovation, as a crucial contribution to surviving in highly competitive markets of the modern economy;
- organizational adaptiveness allowing to adjust operations to market changes and consumer preferences.

- establishing a culture of internal organizational development and improvement of business processes, ensuring sustainable growth in the future);
- a timely optimization and updates of the IT infrastructure;
- improvement of electronic marketing and advertising strategies and techniques;
- implementing socially responsible business practices, including recycling, as well as effective management of return resource flows[7];
- improving warehousing and logistics operations;

Conclusion

Main results of successful adoption of electronic commerce and transactions include:

- effective management of costs and budgeting;
- a more consistent result in meeting project deadlines;
- improvement in market valuation of the company;
- consistent strategic development;
- an improved external and internal communication and more effective human resource development;

Taking these aspects into consideration may exert a positive influence on the efficiency of organizational structure, resulting in improved decision-making ability, motivation and productivity.

References

- [1] O. M. Antonenko, "Creation of e-commerce systems and their logistics: organizational theory and practice" [Formuvannya system elektronnoyi torgivli i logistyka: teoriya i praktyka organizatsiyi], Lviv Polytechnic National University Logistics Bulletin, vol.749, 2012, pp.349-356.
- [2] U. O. Balyk, "Electronic commerce, as part of the global economic system" [Elektronna komertsiya, yak element systemy svitovogo gospodarstva], Lviv Polytechnic National University Logistics Bulletin, vol.811, 2012, pp.11-19.
- [3] M. L. Danylovyh-Kropyvnytska, "Establishing networks as organizational structures" [Stanovlenya merezh yak organizatsiynyh struktur], Lviv Polytechnic National University Logistics Bulletin, vol.811, 2014, pp.91-96.
- [4] G. R. Kopets, "Logistic aspects of human resource development" [Logistychni aspekty rozvytku personalu], Lviv Polytechnic National University Logistics Bulletin, vol.735, 2012, pp.91-96.
- [5] A. Thompson, A. Strickland, "Crafting and Executing Strategy: Text and Reading". New York, 2001.
- [6] K. Peytel, M. MacCartney, "Secrets of success in e-commerce", Saint-Petersburg, 2001.
- [7] K. Dzyubina, "Factors and prerequisites for establishing return material flows" [Fakторы ta peredumovy formuvannya zvoronyah materialnyh potokiv], International Scientific Conference 'Problems of devising and implementing a competitive policy', Lviv, 2011, pp.47-49.