NCERT SOLUTIONS

CLASS - 11th



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Class :11th

Subject : Business Studies

Chapter : 5

Chapter Name : Emerging modes of business

Q1 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

Answer. (c) Interactions among the various departments within the business

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Q2 Outsourcing

a. Restricts only to the contracting out of Information Technology Enabled Services (ITES)

b. Restricts only to the contracting out of non-core business processes

c. Includes contracting out of manufacturing and R&D as well as service processes — both core and non-core — but restricts only to domestic territory

d. Includes off-shoring

Answer. (b) Restricts only to the contracting out of non-core business processes

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Q3 The payment mechanism typical to e-business

a. Cash on Delivery (CoD)

b. Cheques

c. Credit and Debit Cards

d. e-Cash

Answer. (d) e-Cash

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Q4 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

Answer. (c) Both voice based and non-voice based business

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Q5 It is not an application of e-business

a. Online bidding

b. Online procurement

c. Online trading

d. Contract R&D

Answer. (d) Contract R&D

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Q1 State any three differences between e-business and traditional business.

Answer.

Basic of distinction	Traditional business	e-business
Ease of Formation	Difficult	Simple
Physical presence	Required	Not required
Location requirement	Proximity to the source of row material or the market for the product	No location required for conducting the business.

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Q2 How does outsourcing represent a new mode of business?

Answer. Outsourcing refers to the process of long term contracting out the non core activities of the business enterprise to the third party individuals or enterprises to gain from their experience, expertise, efficiency and investment. In the latest trends, some companies are outsourcing even some of their core activities as well to achieve specialisation in them. For example, most companies have so far appointed their own sanitation staff for maintaining neatness, cleanliness and overall housekeeping of their premises.

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Q3 Describe briefly any two applications of e-business.

Answer. The two applications of e-business are as follows - (i) e-procurement - It refers to the process of procuring goods through an online trading platform by the buyers. The sellers may get registered on an online platform and then the buyers may interact with the sellers to fulfill their needs. The trading can be done between one or more sellers and one or more buyers.

e-delivery - The process of online delivery of movies, electronic software, or games etc. through an online trading platform. It is directly transferred from the computer system of the sellers to the consumer's system. The payment for such services is made through net banking or debit or credit cards.

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Q4 What are the ethical concerns involved in outsourcing?

Answer. Outsourcing is beneficial for many companies but many times, it is done at the cost of suppression of weaker sections of the society. Generally the developed countries outsource their activities to developing countries or underdeveloped countries. In these countries, people hire women labour or child labour in order to cut costs. These workers are tortured and exploited and are paid low wages for their job. They are forced to work for long and continuous working hours and aren't provided good working conditions. Hence it neglects the ethical, social and moral well-being of the workers in these less developing countries.

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Q5 Describe briefly the data storage and transmission risks in e-business.

Answer. The following are the data transmission and storage risks in e-business -

i) Data storage risk - The data stored in a computer system is prone to malicious software or pirated data storage devices. If data gets transmitted in wrong hands then it may misuse the data to cause loss to the business. The data may also get corrupted if some viruses attach the computer system.

ii) Transaction risk - It involves risk in order taking, delivery or payment. When the consumer places an order or pays money or the company actually makes delivery, then it may happen that

the transaction details may get transmitted to malicious computer systems. This may result in loss of secrecy in the transaction and the data can be used in wrong way.

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Q1 Why are e-business and outsourcing referred to as the emerging modes of business? Discuss the factors responsible for the growing importance of these trends.

Answer. The traditional modes of conducting businesses are slowly replaced by the new and fast modes. These include e-business and outsourcing. They are considered the emerging modes of business.

e-business refers to the process of conducting industrial activities, trade or commerce through an online platform using a computer system or mobile phones. In this type of business, the firm caters to the needs of the consumers and suppliers over the Internet and also manages the activities of the firm like production, inventory management etc. online.

Outsourcing refers to the process of long term contracting out the non core activities of the business enterprise to the third party individuals or enterprises to gain from their experience, expertise, efficiency and investment. In the latest trends, some companies are outsourcing even some of their core activities as well to achieve specialisation in them. Outsourcing comprises four key segments: contract manufacturing, contract research, contract sales and informatics.

These various factor are responsible for growing of these trend :

1.Business managers and thinkers keep evolving newer and better ways of doing things in an effort to improve the business processes.
2.Business firms have to strengthen their capabilities of creating utilities and delivering value to successfully meet the competitive pressures.
3.Consumers have become far more demanding than ever in terms of higher quality, lower prices, speedier deliveries and better customer care.
4.Business as an activity to keep evolving by adopting new trends in order to benefit from emerging technologies.

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Q2 Elaborate the steps involved in on-line trading.

Answer. These are the following steps in online trading :

(i) Registration : Before online shopping, one has to register with the online vendor by filling-up a registration form. Registration means that you have an 'account' with the online vendor. Among various details that need to be filled in is a 'password' as the sections relating to your 'account', and 'shopping cart' are password protected. Otherwise, anyone can login using your name and shop in your name. This can put you in trouble.

(ii) Placing an order : You can pick and drop the items in the shopping cart. Shopping cart is an online record of what you have picked up while browsing the online store. Just as in a physical store you can put in and take items out of your cart, likewise, you can do so even while shopping online. After being sure of what you want to buy, you can 'checkout' and choose your payment options.

(iii) Payment mechanism : Payment for the purchases through online shopping may be done in a number of ways:

Cash-on Delivery (CoD) : As is clear from the name, payment for the goods ordered online may be made in cash at the time of physical delivery of goods.

Cheque : Alternatively, the online vendor may arrange for the pickup of the cheque from the customers end. Upon realisation, the delivery of goods may be made.

Net-banking Transfer : Modern banks provide to their customers the facility of electronic transfer of funds over the Internet using Immediate Payment Services (IMPS), NEFT and RTGS. In this case, therefore, the buyer may transfer the amount for the agreed price of the transaction to the account of the online vendor who may, then, proceed to arrange for the delivery of goods.

Credit or Debit Cards : Popularly referred to as 'plastic money,' these cards are the most widely used medium for online transactions. In fact, about 95 per cent of online consumer transactions are executed with a credit card. Credit card allows its holder to make purchase on credit. The amount due from the card holder to the online seller is assumed by the card issuing bank, who later transfers the amount involved in the transaction to the credit of the seller. Buyer's account is debited, who often enjoys the freedom to deposit the amount in instalments and at his convenience. Debit card allows its holder to make purchases through it to the extent of the amount lying in the corresponding account. The moment any transaction is made, the amount due as payment is deducted electronically from the card.

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Q3 Evaluate the need for outsourcing and discuss its limitations.

Answer. Today outsourcing is being resorted to not out of compulsion, but also out of choice. Some of the major reasons of outsourcing are discussed below.

(i) Focusing of attention: You may be good at doing so many things in academics and Extra-curricular activities, yet you would be better off by focusing your limited time and money on just a few things for better efficiency and effectiveness. Likewise, business firms are realising the usefulness of focusing on just a few areas where they have distinct capability or core competence, and contracting out the rest of the activities to their outsourcing partners.

(ii) Quest for excellence: You are aware of the benefits of division of labour and specialisation. Outsourcing enables the firms to pursue excellence in two ways. One, they excel themselves in the activities that they can do the best by virtue of limited focus. And, they excel by extending their capabilities through contracting out the remaining activities to those who excel in performing them. In the quest for excellence, it is necessary not only to know what you would like to focus on, but also what you would like others to do for you.

(iii) Cost reduction: Global competitiveness necessitates not only global quality, but also global competitive pricing. As the prices turn southwards due to competitive pressures, the only way to survival and profitability is cost reduction. Division of labour and specialisation, besides improving quality, reduces cost too.

It will not be out of place to be aware of some of the concerns that outsourcing is besieged with.

(i) Confidentiality: Outsourcing depends on sharing a lot of vital information and knowledge. If the outsourcing partner does not preserve the confidentiality, and, say, for example, passes it on to competitors, it can harm the interest of the party that outsources its processes. If outsourcing involves complete processes/products, there is a further risk of the outsourcing partner starting up a competitive business.

(ii) Sweat-shopping: As the firms that outsource seek to lower their costs, they try to get maximum benefit from the low-cost manpower of the host countries. Moreover, it is observed that whether in the manufacturing sector or the IT-sector, what is outsourced is the kind of components or work that does not much build the competency and capability of the outsourcing partner beyond the skills needed to comply with a rigidly prescribed procedure/ method. So, what the firm that go in for outsourcing look for is the ‘doing’ skills rather than development of the ‘thinking’ skills.

(iii) Ethical concerns: Think of a shoe company that, in order to cut costs, outsources manufacturing to a developing country where they use child labour/women in the factories. Back home, the company cannot do so due to stringent laws forbidding use of child labour.

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Q4 Discuss the salient aspects of B2C commerce.

Answer. B2C (business-to-customers) transactions have business firms at one end and its customers on the other end. Although, what comes to one's mind instantaneously is online shopping, it must be appreciated that 'selling' is the outcome of the marketing process. And, marketing begins well before a product is offered for sale and continues even after the product has been sold. B2C commerce, therefore, entails a wide gamut of marketing activities such as identifying activities, promotion and sometimes even delivery of products (e.g., music or films) that are carried out online. E-commerce permits conduct of these activities at a much lower cost but high speed. For example, ATM speeds up withdrawal of money.

Customers these days are becoming very choosy and desire individual attention to be given to them. Not only do they require the product features to be tailor-made to suit their requirements, but also the convenience of delivery and payment at their pleasure. With the onset of E-commerce, all this has become a reality. Further, B2C variant of e-commerce enables a business to be in touch with its customers on round-the-clock basis. Companies can conduct online surveys to ascertain as to who is buying what and what the customer satisfaction level is. By now, you might have formed the opinion that B2C is a one-way traffic, i.e., from business-to-customers. But do remember that its corollary, C2B commerce is very much a reality which provides the consumers with the freedom of shopping-at-will. Customers can also make use of call centres set up by companies to make toll free calls to make queries and lodge complaints round the clock at no extra cost to them. The beauty of the process is that one need not set up these call centres or help lines; they may be outsourced. We shall discuss this aspect later in the section devoted to Business Process Outsourcing (BPO).

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Q5 Discuss the limitations of electronic mode of doing business. Are these limitations severe enough to restrict its scope? Give reasons for your answer.

Answer. e-business has its own limitations as discussed below

1. Low Personal Touch a-business lacks the warmth of interpersonal interactions and personal touch for satisfaction of customer. Thus, it is relatively less suitable mode of business for product categories requiring personal touch for convincing the customers such as garments, etc.

2. Incongruence between Order Taking/Giving and Order Fulfilment Speed In e-business orders can be placed at the click of a mouse, but the physical delivery of the product takes time. Customers are sometimes not patient enough to bear with this Incongruence. At times the users even get frustrated due to technical reasons when web sites take unusually long time to open.

3. Need for Technology Capability and Competence of Parties to e-buslness e-business requires the parties to be fairly familiar with computers and internet. The digital divide has thus limited the use of e-business

4. Increased Transaction Risk Internet transactions occur between cyber personalities and it is difficult to establish the identity of the parties or know the location from where the parties may be operating. e-business is also risky due to additional hazards of Impersonation and leakage of confidential information such as credit card details. Problems of 'virus' attacks and 'hacking' also pose security concerns in e- business.

5. Resistance to Change The process of adjustment to new technology and new way of doing things causes stress and a sense of insecurity due to change. As a result, people may resist a change from traditional business to e-business.

6. Ethical Fallouts Companies use an 'electric eye' to keep track of the computer files. e-mail account and the websites visited by the their employees or others who use their network systems which is not considered right on ethical grounds.

But most of the limitations of e-business discussed above are In the process of being overcome. Websites are becoming more and more interactive to overcome the problem of 'low touch.' Speed and quality of communication through internet is being Improved through communication technology innovations.

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