Chapter VII

Human Factors and e-Commerce

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INTRODUCTION

This chapter addresses the lack of attention paid to what is commonly referred to as an organization’s greatest asset, its people, in an increasingly Internet-connected business environment. The literature suggests that Internet usage is growing exponentially and is likely to have a huge impact on the way businesses are run and how they interact with their customers, their suppliers and their business partners.

While there has been a range of research done on the profile of online users, types of sites, number of hits and income generated from Internet sales, there is a distinct lack of research about the impact of the Internet on the functioning of organizations and the impact on their systems and processes. Lack of in-depth information about the effect an integrated Internet presence has on an organization has a number of important implications. We are not yet fully aware of the best processes and practices to implement to ensure effective and efficient online organizations.

This chapter has relevance for business operators and academics who wish to understand how business principles transfer into an online environment, and what new strategies and techniques are required to realize the potential opportunities and benefits of this medium. Special emphasis is placed on the human factors and communication issues involved.

**e-Business**

E-Business is the complex fusion of business processes, enterprise applications and organizational structure necessary to create a high-performance business model (Kalakota and Robinson, 2001). Boddy and Boonstra (2000) define e-Business as the integration, through the Internet, of an organization’s processes from its suppliers through to its customers, commonly referred to as B2B. These authors make the point that without an organization adopting an e-Business foundation, e-Commerce cannot be executed effectively.

The Internet is increasingly being used for commercial purposes by companies that are attracted by the low costs of making information available, the possibilities of reaching a global audience, the opportunity to use the medium’s interactivity to have a direct dialogue with the customer, to use the technology available for automating some customer service functions, to integrate various office systems, for public relations and selling products and services.

Kalakota and Robinson (2001) say that the first phase of e-Commerce (1994-1997) was about presence: making sure that everyone had a Web site and had something on it; often referred to as brochureware. Not all companies knew why they were doing it, but they knew they needed an online presence. Kalakota and Robinson say the second phase (1997-2000) of e-Commerce was about transactions—buying and selling over digital media with the focus on order flow and gross revenue. The third phase of e-Commerce (2000) has a focus on how the Internet can impact profitability by increasing gross margins, and Kalakota and Robinson refer to this phase as e-Business. It includes all the applications and processes enabling a company to service a business transaction. In addition to encompassing e-Commerce, e-Business includes both front- and back-office applications that form the core engine for modern business. Therefore, e-Business is not just about e-Commerce transactions or about buying and selling over the Web; it’s the overall strategy of redefining old business models, with the aid of technology, to maximize customer value and profits.

Hartman, Sifonis and Kador (2000) say companies they have studied go through a series of predictable phases: brochureware, customer interactivity, transaction enabler, one-to-one relationships, real-time organizations and communities of interest (COINs). At the beginning of what they refer to as the Net Readiness era, organizations use the Internet as a bulletin board for brochures, employee telephone directories, and over time, for more critical documents such as catalogues and price lists. For these companies, the Net was a publishing medium and it ensured an online presence but it didn’t exploit interactivity. In the second phase of customer interactivity, companies create a dialogue with customers by empowering the customer to enter, ask, demand and dictate the kind of value that needs to be delivered. The term customer could refer to consumer, end-customer, employee and so on. In the third phase, companies begin to use the Net as a transaction enabler to expand transaction-oriented processes such as selling product, procuring supplies and enabling internal processes such as human resources activities, etc.
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