

## Chapter 29

# Leading the Organizational Dynamics of E-Business Firms

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### ABSTRACT

*As a result of globalization and continuously changing environmental conditions, new business models emerge in the new era of management. E-business firms also have been formed during this era and took attention of management scholars as they show a wide variety of new organizational dynamics in terms of certain structural characteristics. Leading these dynamics requires special leadership traits that constitute a base for the harmonic functioning of e-business firms. In this context, the main aim of this study is to conceptually discuss the important organizational aspects in e-business firms and support them with the needed leadership traits.*

### INTRODUCTION

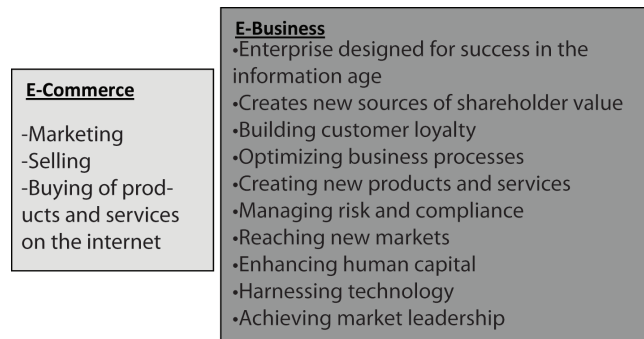
With the launch of internet and wide usage of technology in our daily and business lives, the way of doing business has dramatically changed. In accordance with this, one of the most important dimensions that made globalization so effective in business life turned out to be; with Thomas Friedman's (2000) words; the "democratization of technology", which represent the above mentioned easy and wide-usage of technological opportuni-

ties. This change in daily life made it inevitable for companies to change themselves in a way to meet new expectations of customers living in a strongly connected global village.

Consistent with these, companies developed new ways of doing business by taking advantage of technology in the business world. As we enter the twenty-first century, business conducted over the internet with its dynamic, rapidly growing and highly competitive characteristics promises new avenues for the creation of wealth. Established firms are creating new online businesses; while new ventures are exploiting the opportunities the

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*Figure 1. The concepts of e-commerce and e-business*



internet provides (Amit and Zott, 2001, 493). According to many authors, this new age of business characterized with the increasing globalization of hyper-competitive knowledge economies requires a new mindset necessary for creating self adaptive systems (Nadeem, 2006). The attempts to constitute such a mindset led to the emergence of the concept of “e-business” as a fresh new perspective to business models.

However, this “new business model” and its certain features have not been widely discussed in the management literature. Especially the issues of structural and managerial dimensions of e-business firms are still among the “to-be-explored areas in the contemporary management field.

With the intent of shedding light to this undiscovered area of literature, this article will attempt to discuss the change in the organization structures and organizational relations caused by transformation of businesses in the new e-business world. This change will be thought and discussed in an integrative way with the desired leadership skills in those e-business firms which aim to be proactive in their complex environment.

## **BACKGROUND**

When we look at the definition of e-business (or *e-commerce*), we see that there is no consensus in literature. To some, e-business is just commerce

using computers while to others it is the more encompassing definition of business activities carried out over computer-mediated channels (Davis, 2003).

Basing on Turban et. al. (2002), Gottschalk (2006) differentiated between the terms “e-commerce” and “e-business” by claiming that e-business is a more comprehensive concept. According to him, “Electronic Commerce” is a concept that describes the process of buying, selling or exchanging, products, services and information, via computer networks, including the Internet; while, e-business refers to a broader definition of E-Commerce, not just buying and selling of goods and services, but also, servicing customers, collaborating with business partners, and conducting electronic transactions within an organization. Gottschalk (2006) further clarifies these conceptual definitions with the following illustration (p.16);

No matter what the definition is, it is for sure that, usage of web-based technology created important opportunities for companies. These companies make attempts to redefine traditional value chains and develop complex knowledge sharing systems that connect pricing, product and design information with suppliers and customers (Neilson et. al., 2000). For example, when effectively used, it helps the technological infrastructure of the company to evolve and certain business processes to get automated. As a consequence,

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