

## Chapter 9

# What is New with Organization of E-Business:

### Organizational Viewpoint of the Relationships in E-Business

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#### ABSTRACT

*In modern working relations, a company can improve its business dramatically, especially with formation and performance of suitable management. An important role in the whole management of a company belongs also to management of e-business. A broad definition defines e-business as a business process that uses Internet (and/or any other electronic medium) as a channel to complete business transactions. One of the main concerns about management of e-business is how much of each e-business should be owned by each e-business participants. This is called the extent of vertical integration. But in the modern business environment, vertical integrations alone are not enough. The alternative to vertical integration is some other form of relationship, not necessarily ownership. In the authors' contribution, they will examine the relationship between the links of the e-business in terms of the flows between the operations involved. The authors use term link for all the different types of flow in exchange. This contribution discusses two issues: (1) How different relationships in e-business impact organization of e-business, and (2) How different organizational forms impact of e-business.*

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## INTRODUCTION

Many factors importantly influence the way in which organizations conduct their business nowadays (e.g., see Etzioni, 1997; Daft, 2003; Potocan, Kuralt, 2007; Robins, 2007; etc.). In the last decade a special attention has been focused on advancement in information-communication technology (i.e., ICT), since it has made a tremendous impact on the contemporary business practice in various ways (e.g., see Rodgers et al., 2002; Hartley, 2007; McLeod, Schell, 2007; Schermerhorn, 2009; etc.). In that frame, electronic business (e-business) has become an inescapable fact and also a powerful initiator for different kinds of improvements within organizations (e.g., see Amor, 1999; Amit, Zott, 2001; Eckersley et al., 2004; Laudon, Laudon, 2005; Laudon, Traver, 2008; etc.). E-business means different things to different people. This contribution attempts to fill in the perceived theoretical gap by developing an organizational model for understanding, defining and management of relations (and/or relationships) between entities involved in e-business. But to do that, we must first define the contents of e-business and relationships in e-business.

In theory and in business practice there is no general agreement on definition of e-business (e.g., see Timmers, 2000; Culler, Webster, 2007; Pavic et al., 2007; Turban et al., 2008; etc.). A prevailing definition defines e-business as a business process that uses Internet (and/or any other electronic medium) as a channel to complete business transactions (Swaminathan, Tayur, 2003). In literature one often sees the definition by Wu (see Wu et al., 2003), that defines e-business as the use of the Internet technologies to link customers, suppliers, business partners, and employees, employing at least one of the following: e-commerce websites that offer sales transactions, extranets and supply chains, intranets and enterprise information portals, and electronic data interchange.

For contents-related understanding of e-business it is also important to emphasize that

the concept of e-business is often mixed with the concept of electronic commerce (e-commerce). In reality they are completely different concepts (e.g., see Afuah, Tucci, 2000, Rodgers et al., 2002; Beynon-Davies, 2004; Li, 2006; etc.). E-commerce focuses primarily on transaction with organization's customers (e.g. see Savole, Raisinghani, 1999; Amor, 1999; Anderson, 2000; Laudon, Traver, 2008; etc.). On the other hand e-business expands the concept of e-commerce and also includes connections of organizations with their suppliers, employees and business partners (e.g., see Rodgers et al., 2002; Budd, Harris, 2004; Li, 2006; Pavic et al., 2007; etc.). We look at the e-commerce in a broader sense, therefore we use terms e-business and e-commerce interchangeably.

E-business has some important and distinguishing characteristics (e.g., see Anderson, 2000; Laudon, Laudon, 2005; Chaffey, 2006; Daft, 2006; etc.). Laudon and Traver (2008) defined the following:

- Ubiquity – Internet (and web technology) is available everywhere (at work, at home, at official/public institutions),
- Global reach – reach of technology is boundariless, and it reaches across national boundaries, around the globe,
- Universal standards – internet standards enable interoperability among different users,
- Richness – communication channels are very rich,
- Interactivity – since the technology works by interacting with the users,
- Information density – use of technology reduces information costs and raises quality of information,
- Customization – since technology enables delivering of personalized messages to individuals as well as groups.

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