

Study of E-Commerce Business for Socio-Economic Development

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Abstract

E-commerce has become an inevitable part of our lives. We use e-commerce daily, which is why it has become essential for the socio-economic development of our nation and the world as a whole. In this informational era, E-commerce acts as a key for competitiveness, provides access and convenience to customers 24*7, it helps to expand the scope of a business, and provides a lot of options to customers. All of this helps in socio-economic development directly or indirectly. We come across various electronic commerce platforms but a large population is unaware of its impact on the economy. This research study aims to focus on how E-commerce business has helped in social and economic development.

Keywords: *socio-economic, development, e-business, economic growth*

1. Introduction

The Internet has become an inevitable part of all of our lives. We use the internet for almost everything whether it's for shopping, ordering food, listening to music, connecting with friends, making and receiving payments, and much more. E-commerce business, which emerges as a product of the internet, is something that has reached new heights in a period of just a few years. E-commerce is Electronic Commerce that is used for the trading of goods, transactions and other numerous services that take place via internet.

Socioeconomic development emphasizes the social and economic development within a geographical area. It is concerned with the remodeling of the economy concerning various social and economic initiatives and factors such as income levels, which indicates that lower the gap between the standard of living of rich and poor people, more will be the development. Also, the employment rates, which is concerned with the creation of jobs in the economy and improving working conditions of employees. Education, which encourages healthy competition and enables people to get knowledge about various aspects. The Financial sector, which relates to the credit system and investment rates, financial markets and condition of the banking sector in the economy, infrastructure, which comprises of transportation, telecommunication services, water supply and so forth.

E-commerce is also another essential sector that contributes to socio-economic development. For instance, Dharavimarket.com (The Dharavi Market, Mumbai) is an e-commerce website that has more than 100 registered craftsmen selling their handcrafted products like bags, shoes, pottery items and accessories. The people do not have direct access to the international markets yet their e-commerce website is contributing to the economic development by generating employment and improving the standard of living of people.

It has added a lot of value to the economy and helped it to grow. The businesses have flourished and this digital age has set the stage for e-commerce. Socio-economic development takes place through e-commerce as it promotes competition amongst brands, provides wider product choices to customers, that too at lower prices. People can easily find reviews for a commodity online, and compare them to other products to go for the best commodity according to their requirements.

2. Literature Review

According to **Rana Deljavan Anvaria, Davoud Norouzib (2016)**- Information and communication affect both the supply and demand sides. ICT (information and communication technology) has effects on the economic behaviour of consumers through the utility function on the demand side, and it is also influential on the producer treatment on the supply side. The relationship between ICT and economic growth and efficiency on the supply side of the economy is determined by some complementary factors including organisation and management experience, organizational and legislative part, and communications structure as an output on the supply side of the economy, among other factors entering into the capital, thereby leading to the improvement of the production process through capital deepening, advances in technology, and the quality of the labour force. As a result, the value-added to output at three levels of the enterprise, sector, and the country will be increased; ultimately, it will lead to economic growth, labour productivity growth, profitability, and the welfare of the consumer, (**Dedrick, Gurbaxani, & Kraemer, 2003**). Empirical studies and theories show that the relationship between ICT on economic growth can be investigated through factors such as population, capital, and alteration of technology, the effects of these factors have been examined by classical economists.

According to the report of **Price Waterhouse Coopers**- The strong emergence of e-commerce will place enormous pressure on the supporting logistics functions. The proposition of e-commerce to the customer is in offering an almost infinite variety of choices spread over an enormous geographical area. Firms cannot compete solely based on sheer volumes in today's ever-evolving, information symmetric and globalized world of e-

commerce. Instead, the realm of competition has shifted to delivering to ever-shortening delivery timeliness, both consistently and predictably.

Electronic commerce opportunities are valuable for giant corporations and small entrepreneurs alike. In the latter case, however, the technologies and market options available through e-commerce may foster a true revolution in the way business structures and relationships are organised. The prospect of establishing new micro, small, and medium enterprises (SMMEs) is greatly enhanced by the efficiencies available through information and communications technologies. A study by Google India showed that 57% of SME's used the website as a sales channel and got direct leads from their websites. According to the Internet and Mobile Association of India, 73% of MSME's have their websites. Importantly 99% of MSME's use online B2B market places to generate business.

Boateng, R; Heeks, R; Molla, A; Hinson, R(2008)- Drawing from the dimensions of the development agenda, dimensions which espouse development through or alongside capitalism – modernisation (economic growth-oriented) and neoliberalism (market-led) – do emphasise the economic perspective of development outcomes to be achieved through e-commerce. The core focus is to consider e-commerce impact in facilitating trade and other income-generating activities, thus contributing to the gross national product through exports and entrepreneurship and employment opportunities at the local and national level. Other dimensions which relatively support capitalism – human-centred – do emphasise the social perspective of development.

In the words of **Raghunath & Panga (2013)** an analysis of various nuances of e-commerce while accentuating that, at present time every business activity, be it advertising, ordering and payment can be performed in the digital ecosystem. The paper also enlists numerous points on the importance of e-commerce which are responsible for its development as the new convention. It has enabled the creation and exploitation of new business opportunities, at the same time increasing the say of customers in the development of new products and services. E-commerce has not only augmented the performance of internal business management but, has also enabled better customer relationships by promoting a business model that is essentially based on information sharing.

Khosla and Kumar (2017) in their analytical report mentioned that some of the trends expected to come in near future in e-commerce can be growth in Omni channels, niche businesses, mergers and acquisitions, tapping more rural markets, rise in internet marketing, focus on services, rise in digital payment modes, better infrastructure and supply chain management.

3.Objectives of the Study

1. To understand the impact of e-commerce on socio-economic development.
2. To find whether people are aware about e-commerce and its impact on social economic development.
3. To analyze the impact of e-commerce on entrepreneurship by adopting case study analysis method

4.Research Methodology

The present research study uses both the type of data primary and secondary. The sample size used for this study was about 30 respondents, which includes people from various states of India. The sampling technique used is the random sampling method. The data was collected from the respondents through an online survey.

5.Data Analysis, Interpretation and Discussion

Dharavi is a well-known place in Mumbai, where dharavimarket.com operates at a huge level. It is an e-commerce portal that is a workplace for plenty of artisans, craftsmen and manufacturers. It was started by Megha Gupta whose aim was to promote the artisans of Dharavi in a manner that generates employment, and supports them economically and socially. The E-commerce platform has assisted these talented craftsmen to showcase their talent and sell their products in the domestic and international markets. They now have a livelihood and better standard of living which has significantly contributed to the socio-economic development of the country.

According to the survey, all the respondents were aware of e-commerce business websites.

100% of people are aware what e-commerce businesses.

From this data, we can interpret that a significant amount of the population of India is aware of e-commerce businesses and how it has acquired a significant place in people's lives. People use e-commerce businesses daily.

According to Statista, Amazon, an American e-commerce giant, has reached an 89% audience in India. It has around 322.54 million visitors. They provide a wide range of products from fashion to furniture and Prime to Alexa. It is the biggest e-commerce business platform in India. In terms of development, it has helped to employ a huge chunk of the Indian population. Whether it's IT-related work or delivering goods, employment is generated. Flipkart, Myntra, BookMyShow, PayTM are some other extremely popular e-commerce businesses that are flourishing

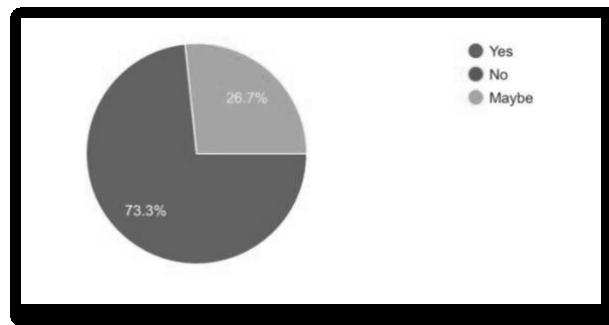
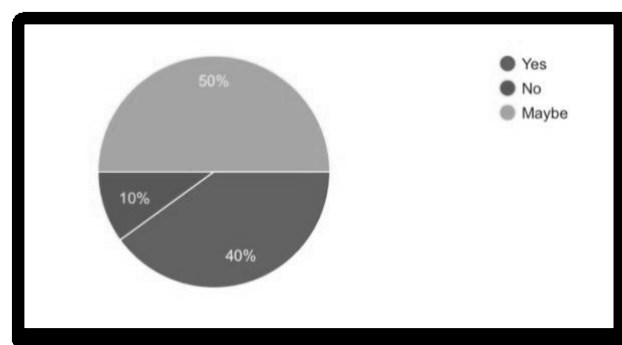


Figure 2: E -commerce enabling socio-economic development

According to this study, a major population of people think that e-commerce has helped in the socio-economic development of the nation. 73.3% of the respondents think that e-commerce has helped in the socio-economic development of the nation. 26.7% of respondents think that there is a possibility that e-commerce has helped in the socio-economic development of the nation.

E-commerce businesses are active for 24 hours, for 7 days a week. This means people buying goods from online stores can save unnecessary costs, time and ensure good quality as well.

To realize its full potential and to bring about the structural changes needed for economic development, it is important to recognize that e-commerce provides an environment for growth and development.



Source: Primary data

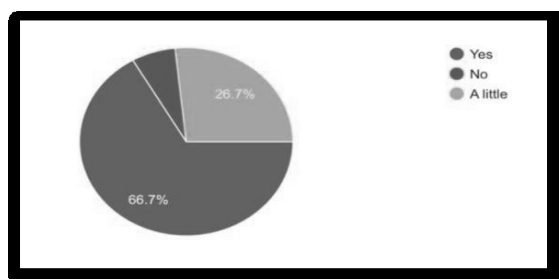
Figure 3: According to the study survey conducted, a majority of the respondents think there is a possibility that e-commerce helps in socio economic development of the Nation.

From the above figure, it is evident that 50% of the respondents think, there is a slight possibility that economic development highly depends on its e-commerce, but they are not sure. 40% of people feel that economic development highly depends on its e-commerce. 10% of the respondents feel that it does not depend on e-commerce in any way. This proves that

citizens feel that e-commerce has helped in the socio-economic development of our nation. E-commerce has mainly helped in the socio-economic development in three major ways, that are improving competitiveness, optimum utilization and better quality of resources and strengthening business links. The study has found out that people believe that strengthening business links is the greatest factor or outcome.

Apart from this, e-commerce businesses have generated new dimensions in economic growth that have helped many countries to attain a higher level of development in recent years, thereby creating an investment climate conducive for further economic development (*Purohit M. And Purohit V., 2005*).

E-commerce has led to ease of doing business in so many ways. Hence, it's very convenient for entrepreneurs to start an electronic business which leads to a lot of competition in the market. This generates healthy competition among firms and constantly work towards improving the quality of products and providing better service quality to consumers. This further leads to the usage of better references quality of resources by firms and optimum utilization by increasing productivity. Hence, leading to economic development.



Source: Primary Data

Figure 4: This study also shows whether e-commerce of a nation helps to mold the perception of other countries towards our country in a better manner.

It has been observed that 66.7% feel it does have an impact on how other countries perceive our nation. And 26.7% feel it has a little impact on how other countries perceive our nation. Whereas 6.6% of people feel it does not have an impact on how other countries perceive our nation.

The perception of other countries towards India will improve because of e-commerce and eventually help in social and economic development. More foreign firms will start investing in our country which will increase FDI. This investment helps in increasing labour productivity. It will also help in lowering the transaction costs and result in rapid innovation, which will help in increasing the efficiency of the economy (Purohit M. And Purohit V., 2005). E-

commerce businesses help in the globalization process and help a nation to reach new heights in terms of education, health and government services. On the other hand, entrepreneurship, e-commerce and the impact of its socio-economic development play a role that is conducive for the firm's growth. The connectivity among the customers and shareholders is maintained by the use of the internet. Entrepreneurs can take advantage of e-commerce as it engages lower costs and can use technology and the internet for coping up with the competition. Entrepreneurship also generates employment in society and creates awareness about electronic commerce and its benefits.

6. Contribution and Conclusion

E-commerce has become an essential part of all of our lives. Apart from this, it helps in the socio-economic development of the nation as well. This development takes place via optimum utilization of resources, improved efficiency, enhanced customer services, and FDI. Since e-commerce is so important, the government should also take measures to improve e-commerce in the country for further growth and development. E-commerce has reached so many people and has impacted their lives in a much better way. People can now choose from a different range of products according to their needs and wants. Better technology and digitization have boosted the competition among firms and have ensured a healthy environment where firms can improve their overall working while contributing to social and economic development. The study concludes that e-commerce impacts small businesses greatly. It helps them provide the needed network. E-commerce also has led to development of entrepreneurship in India through its easy accessibility.

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