A COMPARISON OF E-COMMERCE BUSINESS MANAGEMENT AND ORDINARY BUSINESSES FROM THE ASPECTS OF STRATEGIC THINKING

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ABSTRACT

Strategic thinking is merely thinking about strategy. The need for strategic thinking has never been greater. This means continuing improvement in strategic planning has profoundly changed the character of strategic planning so that it is now more appropriate to refer to it as strategic management or strategic thinking. This attempt to define strategic thinking as some kind of new and improved version of strategic planning leads to considerable confusion in attempting to elucidate the full implications of strategic thinking in its purest sense.

Strategic thinking is not merely alternative nomenclature for everything falling under the umbrella of strategic management. It is a particular way of thinking with specific and clearly discernible characteristics.

There is a lack of clear understanding of just what is meant by the term strategic thinking and this, in turn, has lead to considerable confusion in the strategic management arena. Thus there exists a clear need to precisely define strategic thinking so that this management paradigm can be objectively embraced and appropriately situated within the strategic management context

THE ESSENCE OF STRATEGIC THINKING

How did Bill Gates guide Microsoft to its dominant position in the software industry? Is its position sustainable? Or will it go the way other well-known companies have in the past and succumb in the next wave of brutal global competition? Will Lou Gerstner's remake of IBM have staying power or will its recent competitive resurgence prove temporary? Is the vision of the Internet as a major avenue for business realistic? Or is this much a much-hyped idea that prudent executives should be wary of? These kinds of questions lie at the heart of strategic thinking? It is hard to imagine a business conversation today that does not include the world strategy. We talk about Microsoft's strategy in software, Coca-Cola's strategy in China, McDonald's human resource strategies.

Strategic thinking involves analyzing the situation, avoiding a hand-on collision, focusing on key factors, building on relative superiority, pursuing aggressive, initiatives, exploiting strategic degrees of freedom and must come out with a successful formula in order to build competitive advantage (Ansoff et al., 1990).

According to Kluvyver (2000), the ultimate goal of strategic thinking can only be realized if a company can preserve meaningful differences with rivals. Strategic thinking, instead focuses on taking different approaches to delivering customer value on choosing different sets of activities that cannot easily be imitated and thereby provide a basis for sustainable competitive advantage
The speed by which technology is changing our lives is nothing short of astonishing. Ten years ago the Internet was still a dream. Today, customers routinely tap into

Federal Express's package tracking database to check on the status of their shipment. Meanwhile, other companies are putting together Intranets for their competitive advantages so that employees can reallocate investment in their plans, work together with corporate offices around the globe and connect to their homes.

E-Commerce

E-commerce begins with how the human race started amassing wealth. In reality, an entrepreneur sells a dream and turns into a reality. Commerce has gone electronic and on-line, creating a new model for creating wealth in the on-line world. According to Wen (2001), e-commerce refers to commercial activities being carried out using electronic media. There are many types of electronics devices and closing a business deal over the telephone is a type of e-commerce. The e-commerce we refer to these days commonly refers to the commercial activities carried out over the Internet. Indeed, e-commerce will be the future century. The speed, low cost and accessibility of the Internet make e-commerce a possibility for all future enterprises. E-commerce will reduce overheads considerably, speed up the development of retail sales, and ensure easier cash receipts and reduce the risk inherent in investments. These are the objectives of every enterprise. This is what people at the turn of century should be aware of. We are standing at the threshold of a new era, a turning point of civilization.

E-commerce is an electronic shop, which are sophisticated web applications. Being database-driven, they rely on technologies that have been deployed mainly on Intranets. Much of the technical know-how acquired from building Intranet applications can be replicated for electronic shops. As we'll see, Netscape and other companies offer merchant toolkits that greatly simplify the development of electronic shops, just as they offer products for Intranet development. (Marchal, 2001)

" Okay, the easy money was a mirage. But unrivaled prosperity may still lie ahead. So listen up business leaders of tomorrow. Get it right and you're golden. Anyone out there who thought you could become a millionaire by selling shoes over the Internet, well now you know better. It is E-commerce." (Powell, 2001).

Strategic Thinking in E-Commerce

According to KPMG Team (2001), it is essential that companies recognize and adopt the critical factors to be successful in the digital age. There are few but significant factors that need to be questioned and followed through in commanding the essence of e-commerce integration. E-commerce strategies must enable an organization to protect brand, optimize shareholder value and maximize the opportunities for enhancing revenues and reducing costs. Experience shows that any failure in one of these areas would result in the erosion of shareholder and consumer confidence. It is, therefore, imperative that organizations embrace and align their strategies for flexibility in an ever-changing business environment.

According to Siti Maimon (2001), critical success factors such as web site, advertisement, extensive marketing for customers, low cost, attractive price and discounts, quality or value service and high sensitivity to competition will determine the successful competitive position and competitive advantage. Critical success factors have always been known as specific skill or resources of high performance for competitive purpose e.g. marketing, information technology and leadership skills. Critical Success factors may contain critical competence, resources or even moves of functional strategies so closely akin to competencies. An example of competencies

in e-commerce is information technology expertise, loyal suppliers and manufactures and for moves intensive advertisement and extensive marketing of products.

E-Retailing

Colvin (2001) outlines how the e-retailing has played a significant drivers towards e-commerce businesses in building their competitive advantage. The e-commerce revolution is transforming selling and big retailers will get reordered automatically. In this way as in many others, the e-commerce puts everything out in open.

Strategic thinking in e-commerce consists of transform existing business resources into virtual enterprises, build organizational capability to maximize opportunities in the fast-paced, high-speed business environment of the Internet, protect and capitalize on valuable brand assets in virtual enterprises, appraise costs and benefits of electronic trade and commerce, evaluate various e-commerce systems for selling products and services and strengthen user competencies in the technology needed to support electronic commerce. (Glazer, 2001).

SWOT Analysis

Some authors, Siti Maimon (2001) for one, have suggested that SWOT analysis in e-commerce need to incorporate the auditing of comprehensive functional area strengths in information technology. Strength in advertisement both to the lure e-customers to Web sites or to place advertisement on them is a fundamental functional strength required. Marketing to please customers is another highly required functional strength. A very well trained human resource in vital, written, technical, mechanical and communication abilities have been shown to be one of the successful secret weapons of an e-commerce company. This is required since in the e-commerce, a company is not only competitively pleasing customers but also serving others e.g. suppliers' competitors, bankers' government individuals who are geographically dispersed.

A COMPARISON OF E-COMMERCE BUSINESS AND ORDINARY BUSINESS FROM THE ASPECT OF STRATEGIC THINKING.

Flexibility

There are many entrepreneurs online, but even established businesses are joining the Internet revolution of electronic commerce. Mintzberg (1994) suggested that each embraces e-commerce with the same desire to leverage new markets, but their approaches differ in several practical aspects. Startups enjoy no shortage of enthusiasm and a great deal of flexibility, while ordinary businesses are typically more cautious, since they have a reputation to preserve. The flexibility of startups is also technical: they can tailor their technical infrastructure for electronic shops, whereas ordinary businesses must preserve past investments.

Organizational Challenges

Mintzberg (1994) founded that traditional businesses crossed departmental borders: specialists from the IT department, marketers, and graphic designers have all worked together on sites. In practice, they've often had to learn to work together. In this respect, e-commerce proves even more challenging because it adds the sales, quality assurance, and technical support teams into the picture. Furthermore, e-commerce is more demanding for IT departments that have to link the electronic

shop with the accounting, stock, and billing systems. Building an electronic shop site is a demanding activity and, ideally, members of the e-commerce team should be dedicated to the task. (Marchal, 1999)

E-Commerce and Virtual Knowledge Workers

Every knowledge workers in the modern organization is an "Executive" if by virtue of his possession of knowledge, he is responsible for a contribution that materially affects the capacity of the organization to perform and to obtain results

The Effective Executive, Peter F. Drucker.[1]

The term "Knowledge Worker" has replaced 'Information Workers" as the sobriquet of today's most valued members of the workforce. In e-commerce business, knowledge workers exhibit both benchmark competencies in their areas of specialization and the "lateral" competencies required sustaining e-commerce operations. Some of the issues concerning the knowledge workers the most are as follows:

Rewards or benefits

Crandall et al., (1997) suggested that unlike in the traditional organizations, benefits or rewards for the knowledge workers are no longer the responsibility of the single employer. The blended workforce has created new challenges for work and rewards due to the mixture of employees on-site. These employees are engaged in working together for the same objectives on the same equipment in common processes. However, because they are working for different companies, their pay and benefits will be differed. This will require common base pay and pay progression programs supporting skills development and individual performances for a common process, not withstanding the fact that the on-site employees work for diverse employers.

Variable pay program should have common set of measurement, universal participation, and common payouts (Crandall et al., 1997). According to Werther Jr. (1999), the benefits may be provided by professional, fraternal or other affinity groups. Total compensation is driven primarily by the direct economic impact of the use of skills on core business processes. The more impact an individual has on critical processes and the more that individual can do to increase speed and productivity, quality, and financial results of these processes, the more the individual will make (primarily through variable pay) and the more secure his or her employment will be. (Crandall et al., 1997).

As a result, the tendency of being less motivated among the knowledge workers may arise because of uncertainty in getting rewards or benefits. Finding ways to motivate temporary employees will become a key issue. When organizations fail to address this issue, problems can occur in performance and morale (Barner, 1996).

Recruitment

Since the virtual team develops on the ad hoc basis, there is no time allowed for the recruitment of the knowledge workers. The team are develop based on the existing

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[1] Peter Drucker, *The Effective Executive* (New York: Harper & Row, 1966), p.5.

skills, abilities and expertise of the team members, with the help of the new technologies, the possibilities of failing do occurs as mentioned by Pinkala, (1999).

Furthermore, not every member of the team has something to contribute because of the different level of expertise (Dunn, 1999). Employees are responsible for developing, maintaining, and mastering basic skills. Companies will be much more likely to make longer-term commitments to people who obtain 'core' skills than those with ancillary skills (Crandall et al., 1997).

Facing an enormous gap between current capabilities in foundation skills and those required in the future, the companies determined that many current employees would not be able to operate in the new environment. So, all employees were required to undergo testing at an assessment center. Only those who met the basic requirements in the new work will be offered positions and the opportunities to obtain training and development.

Absenteeism

Does absenteeism exist in a virtual organization for a virtual knowledge worker? It is hard to say, but what is known is those virtual knowledge workers usually work in their own appropriate environment. For example, in the convenience of there homes with all the necessary equipment's needed such as the personal computer, fax machine, printer and most importantly the modem. Sensibly absenteeism frequently occurs when a worker does not appear physically at the work place or failure to report to the certain superior maybe even supervisor. (Terez, 2000)

In addition to this main factor, virtual knowledge workers can be absent from work while not going online when supposed to do s meaning when duty calls to do so. But this can't not stand in virtual reality because there are procedures and rules that must be maintained such as reporting online to supervisors who then maintain the virtual workers for the benefit of the organization. So there must be an online operator or supervisor to monitor certain workers virtually to minimized absenteeism.

According to Robbins (1998) changing working conditions is vital because the employees in a company probably work in a well-lighted climate controlled building. The working conditions referred to relate to coworker relationships. Not only does relationship stress occur between the employee and manager, but it also exists between employees. Some employees say they did not go to work because they are fearful of or angry with another employee. These employees usually report they just could not deal with "so and so" today, so they called in ill. Companies that adopted policies and values that promote employee respect and professionalism, and promote an internal conflict resolution procedure, are companies that reduce employee stress. According to Jenner (1994), a reduction in employee stress reduces employee absenteeism. In addition to these matters, problem as these can be reduced in virtual organization.

Job Satisfaction

Consequently with the above matter in perspective, is job satisfaction co-existing with a virtual knowledge worker. Furthermore, does it appear even though the a virtual knowledge worker never meets their colleagues face to face or come There is certain work place where every worker interacts literally. According to Jensen (1995), some people change jobs every two years as religiously as they put on new steel-belted radials. To avoid those changes, it is important to recognize how dissatisfaction begins and learn how to prevent it.

> *Seibert et al., (2001) suggested that any worker should experience job satisfaction depending on certain criteria's such as the level salary and wages, bonuses, work incentives, promotion and other influential factors. In the viewpoint of a virtual knowledge worker, these workers have the talent and proper skills to operate virtually. Virtual knowledge workers usually are given salaries based on their basic skills and qualifications. Besides that, they shall be promoted based on the performance evaluation. Besides fair wages, there are many working incentives such as flexible hours online and working in their own homes.*

These privileges given shall increase job satisfaction and redundantly increases performance of work. Anyway, according to Jamal (1985), jobs like these sometimes become routine and maybe boredom may arise but virtual knowledge workers are workers who are most interested in these certain jobs alike hackers and computer experts. This task increases their expertise and to them they have the best job on earth.

E-Commerce and Human Relationship

"Human relationships are declining in the selling game"? In the e-commerce products become commodities and buyers compare prices and features continually, maybe human relationship would become one of the new differentiators that could command significant margins. (Colvin, 2001). The answer is not true. For example Amazon creates a more human relationship than most person realize. Customers love Amazon not because it offers the lowest prices but because the experienced has been crafted so carefully that most of us actually enjoy it. That is not primarily a technological achievement. It results from many people of headquarters obsessing over what customers want in a fundamentally new kind of relationship, the online experience. No matter what becomes Amazon, it has taught us something new.

CONCLUSION

As traditional business transforms into e-business, strategic thinking in the context of globalization and e-commerce is taking center stage. In the context of this new economy, the sheer velocity of change that we are all experiencing can be directly related to two major shifts in the perception of value, rapid globalization and the instant communications. Facility managers who understand this value shift and respond to new ways of learning and thinking will find an unlimited future before them. Facility managers, who do not, will not survive.

Due to entrenched consumer habits, the next ten years won't be just about e-commerce. There will be an overlap between industrial and on-line societies. Some department stores will even set up Web sites so those customers can shop for their products on line. With on-line service, a person can visit hundreds of Web sites in one night. But it will quite impossible for them to check out the same number of stores in person. Time and energy are not on their side. Instead, consumers in an industrialized society will gradually develop shopping habits that are time saving and energy saving. Over time, this will lead the consumer society towards one that is purely based on e-commerce. In truth, e-commerce is commerce. Many firms have recently jumped on the bandwagon to become dot.com companies. This move seems to increase the value of the company.

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