Emerging Modes of Business Class 11 Notes

Emerging modes of business is an essential chapter of business studies class 11 syllabus. A thorough study of the chapter will enlighten the budding entrepreneurs with a core understanding of how the world of business has seen exponential advancements and reshaping over the century. Hence, it is vital to be familiar with this chapter to ace scholastic exams as well as to develop a sound understanding of the latest modes to carry out a business plan. So, let us go through this blog containing simplified notes on the topic.

Emerging Modes of Business

The transformation in the business world can be traced back to the evolution of the Internet. The worldwide web has revolutionized how businesses function today, keeping pace with a mammoth rise in internet usage and fast-changing consumer behaviour. Hence, as per the 5th chapter of business studies, the emerging modes of business are e-business, e-commerce, and outsourcing. All the modes have their own features and advantages, let us study them in detail.

e-Business

E-business is one of the biggest examples of how the business world has evolved in modern times. The conduct of trade, commerce, and industry via the computer network using the internet is called e-business or electronic business. It is a broad term that encapsulates all business functions and transactions that are conducted electronically, and not merely sales. From e-commerce to digitally-conducted product development, production, inventory management, finance, human resource management, and accounting – all come under the purview of e-business.

Features of e-Business

Discussed here are the key features of e-business that students will learn in class 11 emerging modes of the business chapter:

- No geographical boundaries; opportunity to conduct business digitally across the world
- Easy to set up; minimal infrastructure setup cost involved
- Cost-effective
- Consumers can purchase your products and services at any time and from anywhere in the world

- Flexible business hours, tailored to fit consumers' GMT position and online shopping behavior
- No direct communication between the business and its consumers
- More prone to cyber threats and security breaches than traditional business

Benefits of e-Business

As mentioned in the chapter, students will also gain knowledge of the reasons why the e-business model has surfaced and achieved popularity. Here are some benefits of e-business-

- Easy and Fast to Set Up: Mostly, setting up an electronic business requires high-speed internet connectivity, computer devices, and an advanced software system
- Not Limited by Geographical Boundaries: There are no geographical barriers in an e-business. Anyone can buy things from anywhere, provided the business has services in that region
- Government Subsidies: To promote digitalisation, the government often provides subsidies and other advantages to e-businesses
- The movement towards a paperless Society: The use of the internet has significantly decreased reliance on paperwork.
- Easy to launch new products: Any firm may use e-business to bring a new product into the market. On the Internet, you may get detailed information on the product. As a result, consumers and other business people may learn about the new product while sitting at home.
- Easy Distribution Process: Through e-business, many different sorts of information and services may be obtained on a computer. This has streamlined and reduced the cost of the distribution system.
- Lower Investment required: Business owners and business people do not need a large showroom or a large investment to run an e-business. All you need is a computer and access to the Internet.
- Elimination of Middlemen: Wholesalers and merchants have been vanishing since the advent of e-Commerce. The majority of manufacturers have now begun to have direct contact with clients. As a consequence, consumers pay less for items.

Limitation of e-Business

Despite being one of the fastest emerging modes of business, e-business has some drawbacks as well. The limitations of e-business according to emerging modes of business are:

- Lack of Trust: The disadvantage of e-business is it lacks direct communication between the seller and the buyer. The consumer is unable to touch and feel the product in real-time. This can result in distrust and apprehensions
- Security Threats: The personal and financial data of consumers are always on stake if the e-business does not have proper security measures. It is easier for scammers to lure online buyers into a lucrative deal and do fraud
- Delivery Issues: Longer delivery times than traditional business is another limitation of this model

Successful e-Business Implementation

The resources that are required and are essential for the successful implementation of e-business are listed down below:

- Access to the internet
- Computer system
- Webpage
- Effective telecommunication system
- Social presence
- Online payment mechanism

Online Transactions

Receiving information about items, placing an order, receiving delivery, and making payment through the internet are all examples of online transactions. This method allows for the purchase of any sort of product, information, or service.

Payment Mechanism

Payment for purchases made through online shopping may be made in the following ways:

- Cash on delivery (COD): Payment in cash is possible at the moment of physical delivery of goods.
- Net-banking transfer: A consumer can use the internet to make an electronic funds transfer (EFT) to an online vendor's account.
- Credit/debit cards: The client can pay for any online purchases with a debit or credit card by providing the card's number and the name of the issuing bank.

What is e-Commerce?

Another important topic in class 11 emerging modes of business is e-commerce or electronic commerce that refers to the process of trading over the internet and encompasses diverse concepts like online shopping, digital banking, online ticket booking, social networking, etc. Setting up an e-commerce business requires a website (e-commerce store) where products are displayed with descriptions, and buyers can purchase through payment gateways like Razor Pay, CC Avenue, Authorize.net, etc.

Types of e-Commerce Business

According to this chapter, mentioned below are the types of e-commerce businesses that students will learn. Let us have a look at them-

- Business-to-Consumer (B2C): In this e-commerce model, business transactions are conducted directly between the company and customers who are the end-users of the products and services. For Example Amazon, Wal-Mart, Flipkart, etc.
- Business-to-Business (B2B): When digital transactions or trading happens between two businesses, it is termed as B2B e-commerce business. For Example: inviting tenders, commercial negotiations, collaborations, etc.
- Consumer-to-Consumer (C2C): When both the parties to e-commerce trading are customers – with no established marketplace – it is called C2C commerce. For Example Quikr, OLX, etc.
- Consumer-to-Business (C2B): In this type of e-commerce business, the business transaction happens between the customer to the business. Customers can even make use of call centers to make toll-free calls to make queries and lodge complaints.
- Intra-B Commerce or Within Business Commerce: The parties involved in the computerized transaction are two sections of the same firm, according to it. For example, using the internet, the marketing department may continually communicate with the manufacturing department and have personalized items created to meet the needs of clients.

Difference between Traditional and e-Business

The chapter of class 11 on Emerging Modes of Business is incomplete without mentioning the differences between the two forms of business. Hence, the salient differences between traditional business and e-business are listed down below in a tabular format.

Basis of distinction	**Traditional business**	**e-business**
Ease of formation	Difficult	Simple

Physical presence	Required	Not required
Locational requirements	Proximity to the source of raw materials and/or the market for the products	None
Cost of establishment	High	Low
Operating cost	High due to fixed charges associated with investments in procurement, storage, production, distribution, sales, etc.	It is comparatively low
Nature of contact with the suppliers or any other third party	indirect	Direct
Response time for meeting customer's requirements	long	Instant
Opportunity for interpersonal touch	Much more	Less
Ease of going global	Less	More via the help of internet
Government patronage	Shrinking	More, as IT sector is among the topmost priorities of the government.
Nature of human capital	Semi-skilled and unskilled	Technically and professionally qualified

Transactional risks	Low	High

Outsourcing

Once you are familiar with e-commerce and e-business, the 5th chapter based on emerging modes of business brings on the discussion on outsourcing. On average, 4 out of 5 top 500 companies in the world outsource their operations to India. Understanding the concept of 'outsourcing' is important as an emerging model of business, and therefore, it is a vital topic of business studies. Outsourcing is the process of contracting a specific business function or operations to specialized agencies. Typically, non-core areas like software development, content writing, client communication, etc. are outsourced to a company that holds more expertise and resources. This enables the company to focus better on its core business and improve the bottom line.

Advantages of Outsourcing

To understand better the concept of outsourcing, you must study in-depth the advantages of outsourcing as mentioned in the chapter.

- Cost Advantage: By outsourcing, companies can save their cost, time, and effort in hiring and training a permanent in-house skill.
- High-Quality Services: Only a skilled expert with in-depth knowledge in the respective field is assigned the task to ensure improved quality and fewer errors
- No Setup Cost: In an offshore model, where the company outsources to an overseas agency, there is typically no cost involved in setting up the infrastructure or owning the latest software.
- Reduced Labour Cost: Companies outsource because the labor cost is cheaper in the outsourcing country.
- Encourage Entrepreneurship, Employment, and Exports: the concept of outsourcing promotes entrepreneurship, employment, and exports in the country where the outsourcing is performed.
- Passage to High-Quality Services: Only skilled individuals are assigned to specific tasks, resulting in better service and fewer mistakes.

Disadvantages of Outsourcing

In the Business Studies class 11 chapter, students also have to learn the limitations of the outsourcing model:

- Poor Quality: Not hiring the right outsourcing company can often result in inferior-quality services and extension of project delivery deadlines
- Lack of Communication & Control: In an offshore model, poor communication and lack of control over business operations are major impediments
- Security Threats: Business-critical data is often under the threat of security breaches
- Less Customer-Centric: Because an outsourced merchant serves numerous firms, they lack focus on the duties of a single company.
- Ethical Issues: Outsourcing provides jobs and wealth for another country rather than the founding country.

Business Process Outsourcing

As a company grows, the complexities and scope of its business also increase. As such, it becomes cumbersome and costly to manage diverse functions and operations efficiently. To overcome the challenges of the scale of business and leverage the potential of specialization, many companies choose Business Process Outsourcing (BPO). The scope of BPO is broad and can range from financial services to customer support, advertising, courier, software solutions, etc.

Knowledge Process Outsourcing

An important field of learning in emerging modes of business class 11 chapter, Knowledge Process Outsourcing (KPO) is the conduct of acquiring high-end knowledge & skills from outside the company to help run the business successfully and profitably. Unlike the BPO model, in KPO, the primary focus is to outsource “knowledge” and “expertise.”