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## ANALYSIS OF MANAGEMENT AND IMPORTANCE OF E-COMMERCE

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### ABSTRACT

The profitability of sole companies is based on price, quality, reliability, and services. However, the impact of corporate value capture strategies on the overall sustainability of the value creation process is rarely discussed in the existing literature. This review article is aimed to develop a model to relate the effectiveness and efficiency of managerial processes with the quality of service delivery, employment, and customer retention. Extensive literature review establishes that Advancement in E-commerce Infrastructure strengthens the relationship of good management and customer retention. The present article further explains the mediation of automation in supply chain management in our model. This article has a theoretical contribution to the extant literature on e-commerce and supply chain management along with practical implication for taking care of contemporary techniques to automate the processes for success in Private Express Enterprise business, particularly for the managers, responsible for corporate performance.

### 1. INTRODUCTION

China remains indispensable in economic development since China's reform and opening-up. The economy has developed rapidly, and many industries began to show vigorous vitality. With the emergence of the Internet and e-commerce, logistics industry particularly starts to appear as a new field in the world of business to foster private economies. Small companies focus on specialized customer service whereas large companies compete on the basis of a large range of services. The express industry is segmented in larger networked couriers and smaller local services (Zhu, 2014). With the rapid development of economic globalization, product competition has become a symbol of brand performance—Brand competitiveness is the manifestation of comprehensive strength. It is true for Chinese auto companies because the brand value is directly reflected from the brand

performance. However, the construction of Chinese auto brands is still at the stage of exploration and research. There is still a big gap between the competitiveness of Chinese auto brands and foreign brands because the level of industry brand development needs to be improved. Therefore, the role of the automobile industry is also of paramount interest in the research of logistics and private express enterprises. Previous studies broadened the perspective of brand competence research and enriched the industry connotation of brand competition. In this connection, the Chinese economy emphasizes the development of heavy industry to support interconnected business sectors by escalating the impressibility for developing commerce to entrust the private merchants. The optimal management of private enterprises for the good of the country may ensure the overall benefit to the growing sector (Brink, 2012). China Express

Service is a growing industry mostly based on an express delivery of parcels while becoming increasingly fierce on rapid trends of competition. Private companies have the experience of developing the express industry during 1980 and 1990, and they transformed it in the 21st century with a very indispensable economy in China. There are mostly three ways to deliver goods through express or courier—road, rail, or air (Tang & Deng, 2015).

With these ways, China's rapidly evolving e-commerce has placed higher demands on the express delivery industry (EDI): service quality, information modernization, and a nationwide network. This gives room to analyze inadaptability of China's private express delivery companies (EDCs) in the e-commerce environment from the angles of service, information, and network; analyze the difficulties, and finally propose countermeasures. In light of these aspects, the present article is aimed to develop the propositions to further examine the impact of effective and efficient management of variables of customer retention, recruitment, and quality of service delivery. Our work further explores the need for mediating and moderating effects in possible relationships.

## **2. LITERATURE REVIEW**

China's EDI started the express delivery market; it continued to expand, and as a result, EDCs grew and gained significant financial results. This industry is developing quite rapidly. At present, four regional express delivery centers have been formed in the eastern region. At the same time, the four major express industries are developing through the rolling and progressive sectors in the central and western regions. Some large cities and megacities have become regional centers for the development of the EDI. A number of express delivery channels based on underlying transport lines have

been formed nationwide. The express delivery system of China is centered on the more sensitive transportation demand at the time. For most EDCs, managers should strive to strengthen enterprise information construction and professional personnel training, unify the management ideas of outlets throughout the country, vigorously promote the standardization of work processes, increase the technological content of equipment, improve the business skills of employees, and provide better customer service (Xiao-Hui, 2014). They should create a private express brand, create more employment opportunities, change people's lifestyle, improve living standards, and promote national economic development.

For EDCs, the commerce of any business has a key indirect impact, which is a way of buying and selling goods through an electronic network. This new technology encounters certain problems, especially in the logistics areas. Simultaneously, it has helped the development of opportunities in the logistics business, together with the unmanageable development in the logistics. Without e-commerce, we could not be able to reach this emancipation that we all observe today. However, e-commerce logistics are not well developed enough even in thickly populated China. With the regional variation, delivery time also varies, and it is difficult to accomplish on-time delivery in specific areas. The reason behind this is the construction of logistics infrastructures, which are not unified perhaps because of too low efficiency of logistics (Hou, 2014).

## **3. COMMUNICATION AND MANAGEMENT**

To contribute to extant literature, we have to examine the progress of modern communications and communication tools. With this, we find the historical background



of the express industry, the factors that promote the development of Chinese express industry, and the role of the express industry in social development. The knowledge evolved from the express industry also contributed in the first industrial revolution in the past, and the present reform reflects its ability to grasp the knowledge to open further revolutionary processes. Big express companies have more than 10,000 employees, and their development can create a large number of jobs (Tang & Deng, 2015). This is why good management of private express enterprises can work for the elimination of unemployment and providing the opportunities of internships, especially in developing countries. It is also acknowledged in terms of corporate social responsibility (CSR) when the aim of management is effectiveness and efficiency. Recent research highlights the need of firms to pay attention toward unattended wants of people residing in the community as the social and managerial solution (Hao, Farooq, & Zhang, 2018); hence, we define good management as the process of getting things done effectively and efficiently. China's EDI is in a new era, wherein this market has continued to expand, and EDCs have grown and achieved significant targets. The Chinese EDI is developing quite rapidly and presently contains four zones. Some major cities and big cities have become regional centers for the development of this industry. The system of the China Express is based on the more sensitive transportation needs at the time (Xiao- Hui, 2014). The impact of human resources on service performance is positive but not significant. It is probably because human resources play a regulatory role and will reduce their influence, or because employees engaged in foreign affairs do not have enough time to

participate in services (Liao & Huang, 2016).

Good management theories are mandatory for good management practices because bad management theories can demolish good management practices (Ghoshal, 2005). The potential class analysis reveals the existence of two different strategic resource management (SRM) competency strategies; the current optimization strategy depends on the characteristics of the supply base and business environment (Mitrega & Pfajfar, 2015). Suppliers can control their own strategies, which can help them develop their ability to correct imbalance power between themselves and buyers (Sinkovics, Hoque, & Sinkovics, 2018). The private express enterprises in China are not fully meeting the development requirement of the economy in aspects of service, information, and network. This is because it has encountered many problems at the present stage, like lack of funds, low management level, declined recruitment capacity, and weak human resources. We propose that good management and managerial expansions in the private sector involved in express delivery can cause a large number of skill-based and skill-developing employment opportunities.

**Proposition 1:** Good management through managerial expansion in Private Express Enterprises in China will increase the number of intern recruitments.

The Myth of Express Enterprises in China  
Lack of funds is the main reason behind the backward information technology (IT) of private courier companies, and at the same time, it is difficult to form a delivery network across the country, which ultimately affects the quality of service. It can be said that capital is the key to the development of private express enterprises in China, and the lack of funds is the biggest



bottleneck for its growth. Low management level leads to poor service quality. For example, due to the lack of unified management, resulting in an increase of error rate, lost parts rate, breakage rate, nontimely information feedback, express delay, and the number and quality of employees are the prominent problems in this sector in China (Tang & Deng, 2015).

Most of the private Chinese companies operating outside of China are having a direct or indirect influence on e-commerce implementation within and outside of China. They may have more focus on the acquisition and exploitation of technological resources to achieve the competitive advantage. Moreover, private companies mostly focus on long-term investment. Their focus is on R&D and human capital, which is the key to manage the entity relationship in supply chain management. Due to their stable infrastructures, certain private enterprises can articulate good management through effectiveness and efficiency of the processes (Al-Obadian & Scully, 1992; Amighini, Rabellotti, & Sanfilippo, 2013). Analysis of the business volume of express services for China to explore the influencing factors through the Grey correlation shows the need for the development of the EDI. Grey system is between white and black system. The white system is related to internal characteristics of the fully known and the black system is the outside world of nothing known. This theory is an extension of the cybernetic, and the method is about known information and unknown information. The express services and influencing factors have been observed to develop the relationship between service and system through the grey correlation analysis method. The grey forecasting model is a good way to run a business to develop various performance dimensions, and it

strengthens the construction of express delivery business (Tang & Deng, 2015).

Economic development is inseparable from the support and supervision of policies, so enterprises will generally get in good contact with the government and be supervised by it. This relation aims to help them have access to legal and economic support, which can improve their fast and efficient development (Song, Ai, & Li, 2015). Previous studies examined the relationship between online performance quality and subsequent customer retention. Customer retention refers to the number of customers a company is keeping-in for a long time. This may depend on connections, personal business data, and level of management not only at customer service level but also across various stakeholders. Innovation performance can turn into an effective channel (Hao, Zhang, & Farooq, 2018) useful for the important determinant of CSR. In contrast with Europe and America, Chinese managers and executives are regarded as successful due to strong connections and relationships (Chen, 2001). The Internet retail industry continues to grow rapidly. However, some Internet retailers are trying hard to retain customers because of the fierce competition. They believe that customer satisfaction with the order fulfillment process is an important determinant of the overall customer satisfaction with the retailer (Zhongcheng & Shiyong, 2017). The result of the structural equation model of research conducted by Zhongcheng and Shiyong (2017) shows that the satisfaction of logistics quality and cost is positively correlated with the customer's purchase satisfaction and customer retention rate. In addition, the results of their research show that although purchase satisfaction is a strong indicator of customer retention, the potential drivers of purchase satisfaction do

not directly affect customer retention as purchase satisfaction.

Factors affecting Chinese auto companies through the recognition system have already been studied. This helps Chinese auto companies understand and enhance the competitiveness of their industry brands. To measure and evaluate competitiveness, some of the discussed domestic scholars put forward the comparison of factor analysis, content analysis, fuzzy comprehensive evaluation, gray evaluation, and comprehensive index analysis.

#### **4. AUTOMATION IN SUPPLY CHAIN MANAGEMENT**

The underground logistics system (ULS) is one of the important freight transportation methods in many cities, especially metropolises, and will become a new way to solve the problem of urban traffic congestion. The development and implementation of the urban ULS have attracted the attention of some developed countries. Many foreign scholars have studied the construction of urban underground pipelines and the development of vehicles. The operation of ULS rarely addresses the vital issues such as cargo transportation, node location issues, and capacity determination issues, which can be addressed using an integrated optimization model that eliminates the limitations of a single optimization model (Jianjun, Yun, Ke, & Jin, 2007).

ULS is an important means to solve urban traffic problems with unique advantages. China's freight needs new modes of transportation. Therefore, ULS is receiving more and more attention. However, so far, few scholars and practitioners have studied ULS in China. Although ULS shows good opportunities for development, it also faces enormous challenges, providing a comprehensive and novel perspective for

China's ULS research (Chen, Dong, & Ren, 2017).

Therefore, the improvement of urban intelligence has bright prospects in China. The horizon of good governance management is wider and open for private express enterprises. It is not limited to human resource management rather it needs extension to efficiency in terms of implementation of e-commerce in supply chain management. Managerial success is regarded in various countries of globe where managers are assumed successful broadly on basis of transactions and wealth, or their links with key entities (Chen, 2001; Hitt, Lee, & Yucel, 2002; Xin, 2002). The macro-environment of China's industrialization and urbanization are conducive to the development of urban big data. The successful management and use of open city big data will promote the development of urban knowledge services, create new markets and business opportunities, and further promote the development of urban intelligence. Therefore, it is imperative for China to use the data of large cities to give full play to its unique advantages and enhance the intelligence (Pan, Tian, Liu, Gu, & Hua, 2016). It seems that positive supply chain possibly producing strong social connections can be benefitted through good management, and may put a direct impact rather in the visible mediating way between good management and customer's loyalty in Chinese express industry.

China's manufacturing companies have entered in more complex and higher value-added industries. The longstanding problems in China's manufacturing industry are quality of suppliers and suspicious products. The evidence that more and more companies are adopting advanced logistics solutions is increasingly using the Chinese hub to bring products from multiple suppliers or origins



to center, where they can handle a large number of goods. Supply chain visibility is a top priority for all companies, especially those operating in China. To achieve a high level of transparency, companies need on-site intelligence, stringent information requirements, and close collaboration with everyone involved in the product supply chain (Masabo, 2013). Timely procurement and delivery of goods provide good experiences to customers, and their retention tends to proliferate with good supply chain management.

**Proposition 2:** Automated supply chain management mediates the relationship between good management and its customer retention.

#### IT and E-Commerce

The key to letting IT operations better meet the needs of developers is to break existing silos of IT infrastructure. The hyper-converged platform is not an isolated computing, storage, and networking professional team; rather, it integrates these functions under a common control plan. Regardless of the approach taken, IT organizations are becoming more flexible by several orders of magnitude. The IT operations team is still responsible for setting up barriers to ensure the effective use of IT resources. The well-designed super-steering architecture enables IT organizations to implement cultural changes at their own pace and speed. Although hyper-converged platforms can significantly reduce IT operational costs, IT staff can add more value to the business through other means, but most importantly, before everyone realizes that their daily work will become better, there is the time to make adjustments (Celsi & Wolfenbarger, 2001). The formation of an e-commerce system through professionals is also important.

It should start from the professional aspect with some good theories and practices to make them understand the concepts of logistic efficiency through e-commerce. The use of modern technology can help ameliorate all the procedures needed for a better implementation of the e-commerce logistics services (Hou, 2014). Since the late 1990s, China has been committed to fostering the logistics industry and improving its logistics management skills, because China's large-scale manufacturing industry has promoted the rapid development of the logistics industry in recent years. The ratio of total logistics cost to GDP represents the efficiency of logistics operations in the economy, that is, the productivity of the logistics industry in an era of IT. The cost to GDP is also used as an indicator of the level of development of the logistics industry. In general, the higher the percentage, the lower is the efficiency of the logistics industry. The trend of mergers and acquisitions is one of the most important factors in the development of the global logistics industry. This acquisition and logistics company's ability to establish its own infrastructure and service scale is the key to maintaining competitiveness.

#### **CONCLUSION**

In the success of any sort of business, customer retention is necessary. This article has shown that companies need to overcome obstacles, ensure trust, and encourage customers to take out the wallet (at least digitally) and actually pay the money. This is a difficult process. Existing customers almost always spend more than new customers. However, despite the huge benefits of customer loyalty, marketers are trying to make it a reality in their business. To keep customers long, enterprises need to be part of them by outperforming through

good management. This needs to have a deep understanding of e-commerce used to attract image and identity. Despite certain literary contributions and policy implication for the managers of private express industry, present work has indicated the need to conduct an empirical research for testing the prescribed model.

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