

Designing Work Organization
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Lecture-38
E-business Organization Design

E-Business Organization Design in this particular session, we will talk about E-Business Organization in this particular session, we will talk about what is E-Business, the strategies for the integrating the bricks and the clicks, IT impact on the organization and design, then as usual the case study, research papers, book recommendations and the references are there. So, good design is a good business is there which all of us know that is the nowadays when we are talking about the competition, in the competition it is the innovation is there. So, E-Business can be defined as any business that takes place by the digital processes over a computer network rather than in physical space. However, a business most commonly refers to electronic linkages over the internet with the customers, partners, suppliers, employees or other key constituents are there. E-commerce is a more limited term that refers specifically to business exchange or the transaction that occur electronically. Today, E-commerce transforming into E-commerce which is simply means the ability to conduct business transaction through a mobile device.

The world has gone the mobile for many people, their cell phone is always within reach and they use for the everything from ordering a pizza to accessing their bank account. Many traditional organizations have set up internet operations, but managers have to make a decision about how best to integrate bricks and clicks and that is how to blend their traditional operations with the internet initiatives. In the early days of E-business many companies set up dot com initiative with the little understanding of how those activities could and should be integrated with the overall business. Let the reality of the E-business has evolved, companies have gained the valuable lessons in how to merge online and offline activities.

The range of the basic strategies for the setting up an internet operation is illustrated in the further figure. Here we find that is the how this particular this spin off that is the separate E-business company in house division is there that is company A division 1, division 2 and E-business division. Now fully integrated company is the E-business division 1 and division 2. Now the separation benefits to the integration benefits are there. So separation benefits are there is a focus, autonomy, responsiveness, entrepreneur culture is there.

While integration business we talk about the broad recognition, coordination, shared information and the customer efficiencies are there. When we talk about the strategies for the integrating then this particular separate business to give the internet operations autonomy and flexibility. Some organizations choose to create a separate company using either a spin off or the joint venture. A separate business is a freestanding internet business and that compete with the other internet companies are there. Advantages of a separate business include faster decision making in increased flexibility and responsiveness to changing the market conditions.

The enterprise entrepreneurial culture and the management and that is totally focused on the success of the online operation. Now potential disadvantages are the loss of the brand recognition and the marketing opportunities, higher startup cost and the loss of the leverage with the suppliers is there. In house division in a in house division offers the that integration between the internet operations and the organization's traditional operations. The organization creates a separate unit within the company that functions within the structure guidance to the traditional organization. For example, disney.

com is a division is under the guidance and control of the Walt Disney company. The in-house approach gives the new division several advantages by piggybacking on the established company is there. This includes brand recognition, purchasing leverage with the suppliers, shared customer information and the marketing opportunities and the distribution efficiencies are concerned. But the new operations does not have the flexibility needed to move quickly in the internet world is there. This integrated design a third option is a total integrated design with this approach there is a no separation between the traditional part and the e-business part is there.

So e-business is incorporated into the every employees worker and that is what might have the started out as in house division in broken up and the assigned to the various departments and the business units as part of the everyday way of operating. Virtually every employee is involved in the both traditional and e-business activities. The magazine in game therefore, India today provide a good example at the internet matures as a place for doing business more companies are shifting towards a totally integrated design. Walmart for example, is recruiting restructuring its e-commerce operations as it faces the growing pressure to compete with the web rivals such as the Amazon is there. For now an e-business operates at a greater speed than a traditional business prior to the popularization of the digital technology and commercialization of the internet.

Brick and mortar business transactions are characterized by the customer traveling to the store entering the store talking with a salesperson and if the desired item is in stock

purchasing it and then traveling back to his home or office. Then e-business transaction takes much less time as the customer simply finds an online retailer selects the product pays with a debit or credit card and awards the delivery in a day or two. Before the customer exists the website the money is already paid and then the goods ordered out for the shipping. The rapid transaction time requires a quick operational response and often present the problems of a question that must be settled immediately. A flat decentralized structure is better suited to the rapid response requirement of the e-commerce is there.

Flexible, many e-commerce companies maintain the inventory at warehouse locations far from their transaction centers. These transaction centers may also be located at different places around the globe. The rapid interplay of the financial transactions, fulfillment and the customer service across distance center in different business cultures require flexibility in an organizational structure. These transactions must be made at the point where a problem arise or not delayed until the top management gets around to them for this reason a tail hierarchy structure is still suited to the e-business needs. So therefore, if you want to be the innovative then e-business is also characterized by the innovation.

A characteristic that drives in a flat or the horizontal organizational structure because of the wide distribution of the decision making authority. And at all organizational structure rules and standardization processes and the procedures control operations. So, innovation must be approved at the top of the hierarchy before the application in operations. This takes time and discourages the personal initiative that results in innovation. IT impact on organization design.

Managers and organization theorists have been studying the relationship between the technology and the organization's design and functioning for more than half a century. In recent years advances in information technology have had the greatest impact in most organizations. Some specific implications of these advances for organizational design are smaller organizations decentralized structures, improved internal and external coordination and a new network organization structures are there. The smaller organizations are the internet-based business that exists almost entirely in cyberspace. There is no formal organization in terms of a building with offices, desks, and so forth.

One of a few people may maintain the site from their homes or the rented work space. Even for traditional businesses new IT enables the organization to do more work with the fewer people. Customers can buy insurance, clothing, tools and equipment and practically anything else over the internet without over the speaking to and agent or the salesperson. In addition, ERP and other IT systems automatically handle many

administrative duties within the organizations reducing the need for clerical staff. Decentralized organization structures, although management philosophy and the corporate culture have a substantial impact on whether IT is used to decentralize information and authority or to reinforce a centralized authority structure.

Most organizations today use the technology to further decentralization. With IT information that may have previously been available only to the top managers of the headquarters can be quickly shared throughout the organization even across the great geographical distances are there. IT impact on organization design, managers in the varied business divisions or the offices have the information they need to make important decisions quickly rather than waiting for the decisions from the headquarters. Technologies that enable people to meet coordinate and collaborate online facilitate the communication and decision-making among the distributed groups of the workers such as in the virtual teams. In addition, technology allows the telecommuting where the individuals workers can person work that was the once done in the office from the computers at home or the other remote locations are concerned.

They improved horizontal coordination. Perhaps one of the greatest outcomes of the IT is its potential to improve coordination and the communication within the firm is there. As we always see that is whenever we are talking about the organizational practices or the processes, then including this planning, organizing, staffing, directing and coordinating and then control is there. So therefore, this particular coordination function and with the help of these horizontal coordination with the IT it becomes a very smooth is there. Now we always see that is the one department is having the input for the other department or section is there.

Whenever from the one section to the another section, this particular work has to be done, this is work will be done with the help of a team. So this team will be structured. Now the difference between a team and a group is and that is about the coordination is there. Now this coordination can be done either by the person or either by the IT. And therefore, in that case, when we talking about that is when in their offices, they talk about improving the coordination and communication, then this IT tool becomes very, very helpful.

Because the communication you know that is it reaches within a fraction of seconds to the another person and as far as the coordination are concerned, so like a simple example is that is in the horizontal coordination and the meeting is to be there. And in that case of the meeting and nowadays that is online meetings are there, the person is available or not physically available in the premises, but then he can make these coordination with the help of the technology. So here the role of technology especially IT, becomes very,

very important because whenever we are talking about this particular aspect of IT, then here these application can connect the people even when their offices, factories or stores are scattered around the world. And the most important function and that is about as a tool, as a mechanism of the IT is what I feel that is a coordination is there. Now the another aspect, now if the person is doing the coordination, then it becomes very difficult to do the coordination physically as it is mentioned in the next point also that is whenever we are talking about this particular aspect, then here these coordination that is becoming a very, very important.

Now here if we are talking about these aspects, then the physically, especially here when we talk about that is when they are at the scattered places are there, scattered means what, scattered means even the across the globe is concerned or when geographically the when we are talking about the boundary less organizations. So IT impact on these horizontal coordination is a such a high impact and that we have seen in the COVID time also and in the end it is so helpful that is even the post COVID era we are using the same the IT mechanisms most of the times to make the work more efficiently and using the IT tools as a coordinating tool is there. Now IBM for example, make extensive use of the virtual teams, which I was giving the example in this coordination whose members use a wide variety of IT tools to easily communicate and the collaborate is there. So one team made up of the members in the United States, Germany and the United Kingdom use the collaboration software as a virtual meeting room to solve a client's technical problem resulting from the hurricane Katrina is within the space of the just a few days. So Siemens uses a global intranet that connects the 450,000 employees around the world to share the knowledge and collaborate on the projects are there.

These improved organizational relationship IT can also improve the horizontal coordination and the collaboration with the external parties such as suppliers, customer and the partners. The further figure shows differences between the traditional inter organizational relationship characteristics and the emerging relationship characteristics are there. Traditional organizations had an arms length relationship with the suppliers. These have shown that the inter organizational information network tend to heighten the integration, blur organizational boundaries and create the shared strategic contingencies among the firms are there. Now here we will see that IT impact on the organization design is there.

The key characteristics of the traditional versus the emerging inter organizational relationships are there. Then the traditional organizational relationships are there, the suppliers that is the arms length relationships, use of the telephone, mail for ordering, invoicing and the payments are there and whenever we are talking about the emerging or

inter organizational relationships. So that is becoming the interactive electronic relationships, electronic ordering, invoicing payments are there. So here for the customers are concerned traditional inter organizational relationships were limited communication with the manufacturers were there, a mix of the phone responses, mail, hard copy information was there. Now when you are talking about the emerging inter organizational relationships, so direct access to manufacturer, real time information exchange, electronic access to product information, consumer ratings, customer service data is there.

So therefore, here it is becoming the emerging inter organizational relationship is much faster and there is a direct access also. So enhance network structures, the high level of inter organizational collaboration needed in a network organization structure would not be possible without the use of the advanced IT. In the business world, these are also sometimes called modular structures or the virtual organizations. Clothing has become a major trend thanks to computer technology that can tie companies together into a seamless information flow. For example, the Hong Kong's Lee and Fung is one of the biggest providers of the clothing for the retailer such as the Avro Combi and the Fitch Gas and Taylor, the Limited and Disney, but the company does not own any factories or the machines or the fabrics are there.

So therefore, these, so such a biggest, these are clothing company is not having the any the physical, any factories or the machines or assets are there. So this is the Lee and Fung specializes in managing information, relying on and electronically connected we have 7500 partners in the 37 countries to provide the raw materials and they assemble the cloths. Using the extranet allows Lee and Fung to stay in touch with the worldwide partners and the move items quickly from the factories to retailers. It also lets the retailers track orders as they move through production and make the last minute changes and additions are there. With a network structure most activities are the outsource so that the different companies perform the functions as per the organization.

The speed and the ease of the electronic communication makes the network structure a viable option for the company that want to keep costs low, but the expander activities are the market presence. Now, we will go through this particular case study of the ICICI bank. The constant challenges that a rapidly changing business environment processes to organization and the businesses make it imperative to constantly enhance knowledge and skill sets. If you remember, I also mentioned in the previous session also that is the capturing these intellectual capital or the human capital in the enhancement of human capital. Now one thing is very clear that is if you are having the strong human capital, then your IT users will be there will be more and if the IT users are more than in the modern technologies time when we have talked about these emerging inter

organizational relationships that is a direct access to the manufacturers real time information, electronic access to product information and consumers.

So this is becoming a very, very important and therefore, it is a if you have to create your human capital that is to the next level. So this through the enhancing their training into the knowledge and skill sets in order for it to the compete successfully with the other organizations from its industry and meet the expectations of its customers. ICICI bank believes that it is important to build a learning organization and we have also talked in the previous session about the learning organization and the organizations with a period of time they have to keep a continuous learning culture. So the need to create a culture of knowledge sharing gave rise to the creation of the ICICI portal and it is a wise guy and this need was ignited as a result of the mass mitigation of employees migration from their treasury towards the greener postures of the dot com era. Now, it would be the new incumbent who would have to suffer as a result of this migration as the old employees would not leave behind any documented information about the clients that he or she were associated with or the work done by them.

So therefore, here this is a big challenge that is the old employees would not leave behind any documented information. Now that is why in which we are emphasizing on this particular issue where the horizontal coordination and vertical coordination even and when there are no documents are there what is required? The capture of the tacit knowledge is required. Dear friends, in the today's the competitive era it is becoming very important that you are having this capturing of the knowledge about the clients and with the whole work done by them. So therefore, that capturing of knowledge and specially the tacit knowledge and keeping the repository that is becoming the best practices as a result of which the new incumbent would end up wasting a lot of their time in trying to lay a foundation and begin their work because there is no he is not getting the any information which the earlier already has been practiced by the old employee, maybe through the customers, maybe through the suppliers and all. So another reason behind the birth of the wise guy portal was the merger of ICICI and ICICI bank that was likely to happen soon.

The wise guy was seen as a common threader that would blend it to blend it to different cultures and would assist in enabling a smooth transition. ICICI has the branches and over the country with several employees having never met each other in the person having the integrated only via emails. So they functioned as a virtual team is there and this wise guy which has been helping to making this integration between the maybe the different culture or different offices at the different places. So ICICI branches all over the country and with the several employees having the never met each other. So therefore, in that case, this wise guy that is making them bringing them closer together

because then though they are at the different places, but with the help of IT they functioned as a virtual team.

So however, the existing intranet was not successful in fostering a sense of unity and belonging and therefore, a need to bring about a common platform was felt. So here it is becoming very, very necessary that is the when we are talking about the another aspect, HR aspects in IT is concerned. So IT is a tool, so coordination I was talking about, so that coordination will be faster, the flow of communication will be faster, but it cannot have the human touch and that is a limitation of this IT is there. So wise guy is there, so a sense of unity which will be created belonging that will be created, but there is a need about a common platform of the communication to each other physically. So that is why we are taking the help of the virtual meetings and all.

There also IT helping to connect with the one employee to the another employee is there. So therefore, you cannot only rely on these portals and without having the human touch. So therefore, a human touch is required on this particular the IT initiatives. So initiating the knowledge management at ICICI once the need for the knowledge management has been recognized that is knowledge creation, knowledge storage and knowledge sharing.

The next step is to put into the practice. In case of ICICI this step was taken having a coordination group of the concept of the employees are there. The wise guy banner was the flotate of the company's internet and all employees were sent emails regarding the features and functions interested parties could then get in touch with the system administrators in order to gain access to the login password is there. Now one thing we have to understand that is the this type of the initiatives they are the making the changes into the organization. So the employee should be trained and they should have that acceptance for this particular change because the challenge with this type of the practices in the many organization is that is the people feel that is the it might be a threat for them because they do not know. But if you give them the proper training understanding and then the vision the leader is able to create that vision and communicate that is the how this is beneficial for all.

This is not only beneficial for the young employees, it is not beneficial for the employees those who are IT conversion, but this is the beneficial for the overall organization and therefore to gain the access to the to their and login password that will be given. The members of this the coordination group consisted of the employees from the research group HRD, ICISA, Infotech and the library staff. Intellect resides in the firms these human brains. The organization systems or the operating technologies also store elements of the knowledge, skills and understanding. So intellect a both forms what makes the power that properly can be a great.

An employee may possess the knowledge by the sheer virtue of their being associated with it. Because of this implicit in nature knowledge becomes explicit when the employee is aware about the fact that they possess the knowledge about a particular thing. KM systems aim into capture and qualify with implicit knowledge and make it available in a common platform so that the members of the organization that can access it and use it for their benefits. However this process seems easier said than done the most likely the first feedback to arise in the process is the unwillingness of an employee to part with the knowledge they possess.

Now here two things are very important. One side that employee is there who does not want to share his tacit knowledge because he thinks that is a it is his assets and the sharing of this tacit knowledge that will be a threat for him and nobody will ask him further. But what is the solution? The solution is that that this employee is required to enhance and develop his tacit knowledge continuously. And when he will be having this continuous process of enhancing his knowledge so the old knowledge that will be shared and the new knowledge that will be created. So this way the whole process that will work. Now it is important that is whenever we are talking about this process these challenges the employee's mindsets that has to be trained.

Second which I mentioned earlier acceptance. For this process that is the which is to be implemented into the organization IT process that data is to be required to be accepted. The next road line could be the unwillingness of the other employees to absorb this particular knowledge and second is one is the creation of that knowledge. But the another big challenge is that is how to absorb this particular knowledge is there. So during the initial days no employees was asked to share and their implicit knowledge was there. So that they should not feel that is the this is an attack on their the knowledge bank.

Thus the information that was made available on the wise guy portal was of the explicit nature in general and so did not threaten any one knowledge quotient or the personal power which were derived by the virtue of the processing knowledge. The content of the portal thereof the comprised of the discussions, queries, edited contribution, books, training, calendar, vendors, external and internal reports, event and the captured offline lectures other presentations are there. So this wise guy at ICICI awareness about the wise guy portal was spread through email sent to the all employees and the vendors put on the internet site in order to maintain the people's interest and keep them the engaged contribution made by the users or the acknowledged. Every month the top three contributors are selected on the basis of this contribution made by them to the portal in the last three months and this the way the rest of the employees were there encouraged

and motivated. Thus for the example contribution made in the months of the January, February and March are judged for the awards of the month of April.

Awards are decided to on the basis of the number of the contributions made by an employees number of people who read his or her article and the number of responses given to the different queries. As part of the award the photograph of the top three contributions is showcased on the portal's websites and they are given cash prize. So therefore as well, so here that encouragement, that motivation was done to the photograph of the top three contributors. So therefore recognition was there and everybody was getting a feeling of job satisfaction and highly motivated. So this type of these on the website portals this type of the issues are there.

So emails both congratulating and creating and the portal was uploaded for everyone to see and discuss the advantages and disadvantages of the system. The portal provides everyone a personal corner wherein they can save their searches, track their level of involvement or the portal count their knowledge cash points or they update their personal profile. The area of expertise mentioned by the employees in their profile helps in the tracking people expertise wise. And the tracker also helps track people based on their names and the departments are there. So one can access the various sections of the portals only if they have a login ID and password confidential sections and they are restricted by the administrators and are not available in the public view.

So here they will find that is the, this helps in their maintaining the privacy where necessary such as in case of the sections that contain information related to the clients. The learning matrix allows us to upgrade their knowledge at their own pace. Currently it offers 83 plans out of which an employee can select those that they would help to do in the year. So while some modules are the compulsory for the some departments others are the optional the employees can keep a track of the modules that help he is registered for and monitor which and once out of them have been compiled. So here this site also provides links to the other usual databases as the MIT knowledge base ICRA database, banking rules and etcetera is there.

And this KM group which is helping with the help of the wise guy that is has become the human face as well as. So that the challenge in the here by the ICCI for the that is employees belonging to the younger group support that the senior management provided that lead to the development at the idea of the knowledge management was there. And this is a as a result of which there is wise guy portal that has become the successful and objectives in the coming year or else that will be there. This is a research paper which you can refer later on the role of the organizational capabilities in the successful e-business implementation. This paper will give you the insight about the how you can use

the

IT.

This is a book e-business organization and technical foundations which you can use for your further study purposes and you can refer these are the references so that you can get an idea that is the how these IT and e-businesses and they are helping as compared to the traditional business styles are there. Thank you.