A Study of Sustainable Business Practices for Online Business

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ABSTRACT

Starting a business is difficult. More difficult is sustaining it over the long-run. In the absence of a good strategy, businesses can fail very quickly. Online businesses have ushered in big numbers in India in recent times. Governments' strong pushes to Digital India, Start-up India, and Digital Commerce, etc. have encouraged businesses to comeup in an online mode. They are no more a trend. Rather they have become the need of the hour. In such circumstances, many people may jump into the online business domain. But sustaining these businesses requires a clear strategic path. This article tries to identify key factors that can lead to sustainability for online businesses. Both primary and secondary data has been used for this purpose. Respondents widely agree to the sustainable business practices stated for the online business. At the same time, they deny much of the visibility of these factors in the current business framework of online business firms.

Keywords: Sustainability, Online business, Long-term, Strategy.

1. INTRODUCTION

The importance of adopting sustainable business practices has been emphasized worldwide very strongly. Often sustainable business practices are taken in the context of environmental issues. This article looks at the concept of sustainability in a very generic sense. The focus is on business strategy leading to sustainability. The definition of sustainability that this article reflects is "Sustainability may be understood as a strategic tool to achieve competitive advantages and help companies successfully operate internationally" (Cambra-Fierro and Rocio, 2011).

On the other hand definitions like "sustainable business is environmentally and socially aware business strategiesand operating practices that both guide firms to a cleaner and healthier world and offer an avenue to improved profitability" (Larson *et* al., 2000) are not within the scope of discussion in this work.

A study by (Hogevold*et* al., 2015) provides approval in a service industry of an assessed sustainable business model derived from a merchandise industry and other industries also. The findings indicate that the model appears to be universally applicable across sources and stakeholders in the service sector beyond the organization and industry-specific characteristics in services. Online business is a relatively new concept in India. Hence it is important to understand sustainability practices for these operations so that they can survive in the long-run as well.

Evolution of online business
The first e-Commerce company CompuServe was found way back in 1969. Evolution of e-commerce business can be summarized as under:

Table 1: History of online and e-Commerce business

Year	Major Ecommerce Event
1969	First major ecommerce company, CompuServe, is founded.
1979	Michael Aldrich invents electronic shopping.
1982	Boston Computer Exchange launches as one of the first ecommerce platforms.
1992	Book Stacks Unlimited launches as one of the first online marketplaces for books.
1994	Netscape launches Netscape Navigator, an early web browser, making it easier for users to browse online.
1995	Amazon and eBay launch.
1998	PayPal launches as an online payment system.
1999	Alibaba.com launches.
2000	Google launches AdWords as an online search advertising tool.
2005	Amazon launches Amazon Prime with expedited, flat-fee shipping for members.
2005	Esty, an online marketplace for handmade and vintage goods launches.
2009	BigCommerce launches as an online storefront platform.
2009	Square, Inc. is founded.
2011	Google Wallet launches as an online payment system.
2011	Facebook launches sponsored stories as a form of early advertising.
2011	Stripe launches.
2014	Apple Pay launches as a form of mobile payment.
2014	Jet.com launches.
2017	Instagram shoppable posts are introduced.
2017	Cyber Monday sales exceed $6.5B.

Source: www.bigcommerce.com

Over the previous few years, India has been experiencing an advanced revolution of sorts. Over half of the nation's populace, presently approaches internet abled devices, and attributable to our massive populace, it translates to a user base of over a large portion of a billion people. These staggering numbers have made India a hotbed for internet-based businesses, the largest gainer of which has been the e-commerce industry. A report by the India Brand Equity Foundation (IBEF), projects that the revenue generated from the e-commerce industry in the nation is well on its course to breach the US$100 billion imprint constantly 2020. However, this was not generally the situation with online businesses in India. There was practically some sort of reluctance among the masses, in accepting everything advanced. The concept of e-commerce first officially came forward in 1991, a time when the internet (for all intents and purposes) didn't even exist in India. Even worldwide, very few could comprehend that the demonstration of purchasing and selling products and enterprises over the internet would be as widely accepted as a practice, as it is today. By the late '90s, people became aware of this thing called the internet, yet for a dominant part of them, it remained an extravagance they didn't especially need. In a genuinely Indian manner, it was distinctly in 2002, when the IRCTC introduced an online reservation system that people in general widely accepted the internet as something productive, by which time an organization named Amazon, was already beginning to create a few mumbles in the US.

The main real stepping stone towards setting off the e-commerce juggernaut, was perhaps the creation of Flipkart, when two engineers from IIT Delhi decided to sell books online from an apartment in the Koramangala area of Bengaluru - a business idea that was not at all like that of Amazon. Little did they realize that a decade later, US retail mammoths, Walmart, would acquire their business in a US$ 16 billion-dollar deal, after a fierce offering war with none other than Amazon?

However, even when Flipkart came into being, the internet despite everything didn't have the accessibility it needed for such businesses to explode. Reliance Industries, MukeshAmbani, corrected that in one stroke when he announced the appearance of Reliance Jio. If there is one thing Indians, or anyone of any nationality unabashedly likes, it is free stuff. Perhaps, in what was one of the greatest marketing strategies ever, Mr. Ambani handed out free SIM cards as though he had stumbled onto a secret dungeon with an endless flexibly of them, or possibly a few months' worth. He was offering data services at a small amount of the expense compared to what his competitors were charging.

Normally, this move of Ambanis' had several ramifications. For starters, all other network operators were forced to cut down their prices to a fundamentally more affordable range. The entirety of this together culminated in the aforementioned truth, wherein the user base in the nation simply exploded. As of now, the e-commerce industry was already doing quite well in India. However, they were going to receive a massive push. 'Data is the new oil', screamed columnists and newspapers.

Of course, this likewise birthed a whole new set of cyber security risks, however as we have witnessed, it's a hazard people will take if they can have anything from milk to even a new mobile phone delivered right to their doorstep. What followed was a large group of new policies, constructed by Prime Minister Narendra Modi. He allowed for a 100% FDI top, in B2B e-commerce businesses. Suddenly pretty much every business had an online projection of itself. The existing e-commerce businesses were presently extremely valuable. India emerged as an e-commerce powerhouse, which will just develop in stature in the times to come.

Key features of online business:

- There are no geographical boundaries
- It is easy to set up
- There are flexible business hours
- Much cheaper than traditional business
- There are a few security and integrity issues
- Marketing strategies cost less
- Buyer and seller don't meet
- There is no personal touch
- There is a transaction risk
- Delivery of products takes time
- The transaction risk is higher than traditional business
- Anyone can buy anything from anywhere at anytime
- Now there are many types of e-Businesses. It all depends on who the final consumer is.

Some of the types of online businesses
Business-to-Business (B2B)
Transactions taking place between two organizations fall under the Business to the Business category of online business. Producers and customary commerce wholesalers ordinarily operate with this type of electronic commerce. Likewise, it greatly improves the efficiency of companies.

Business-to-Consumer (B2C)
When a consumer purchases items from a seller then it is business to consumer exchange. People shopping from Flipkart, Amazon, etc. is an example of business to consumer exchange. In such an exchange the last consumer himself is directly purchasing from the seller.

Consumer-to-Consumer (C2C)
A consumer selling item or service to another consumer is a consumer to consumer exchange. For example, people set up promotions on OLX of the items that they need to sell. C2C type of exchanges generally happens for second-hand items. The website is just the facilitator not the provider of the products or the service.

Consumer-to-Business (C2B)
In C2B there is a complete reversal of the customary sense of exchanging products. This type of e-commerce is very basic in publicly supporting based projects. A large number of people make their services or items available for purchase for companies seeking precisely these types of services or items.
This article, however, looks a little forward and checks the sustainability of these enterprises in the long-run. Starting a business is difficult. More difficult is sustaining it over the long-run. In the absence of a good strategy, businesses can fail very quickly.

Objectives of the study
1. To study the evolution of online business,
2. To understand the factors that can lead to sustainability for online business
3. To sense the presence of these factors in the current online businesses in India.

The research questions to be addressed
- RQ1 – What are the factors that can lead to sustainability for an online business?
- RQ2 –Are these factors visible in the current online businesses in India?

2. REVIEW OF LITERATURE

Big data analytics is becoming a very popular concept in academia just as in industry. It has come up with new decision tools to design data-driven supply chains. The manufacturing business is under huge pressure to integrate sustainable practices into their overall business for sustainable operations management. The purpose of this investigation is to

analyze the predictors of sustainable business performance through big data analytics in the context of developing countries. The findings show that management and leadership style, state and central-government strategy as the two most significant predictors of big data analytics and supportability practices. The results provide unique experiences into manufacturing firms to improve their sustainable business performance from an operations management viewpoint (Raut*et* al., 2019).

The objective of this research is to identify the role of Industry 4.0 to promote sustainable business performance in SMEs in Thailand. Discoveries reveal that Industry 4.0 is key to the development of sustainable business performance among SMEs. Elements of Industry 4.0, for example, big data, Internet of Things and shrewd production line have a positive role in advancing data technology (IT) implementation, which contributes to sustainable business performance. Moreover, association structure and process strengthen the positive relationship between Industry 4.0 and IT implementation (Haseeb*et* al., 2019a).

The findings of another study revealed that social and technological challenges played significant roles in boosting sustainable competitive advantage and sustainable business performance. Moreover, strategic alignment was key in reflecting the positive roles of social and technological factors on sustainable competitive advantage. Discoveries of the investigation are beneficial for practitioners and will permit their strategies to reflect sustainable competitive advantages and sustainable business performance (Haseeb*et* al., 2019b).

Secondary data on 83 worldwide, large enterprises examining sustainable procurement practices are analyzed utilizing hierarchical multiple regression examination. Dynamic capabilities view and stakeholder theory are utilized to develop the hypotheses. The results show that sustainable procurement performance for large enterprises varies across supply chain tiers and increases in the direction of the end customer. Due to the normalization of regulations and dynamic capabilities of worldwide, large enterprises, no critical difference is observed across geographic regions (Ghadge*et* al., 2019).

Digitalization is revolutionizing how business is conducted inside modern value chains using Internet of Things (IoT) technologies, intensive data exchange and predictive analytics. However, technological application all alone isn't enough; benefitting from digitalization requires business model development, for example, making the change to advanced service business models (Parida*et* al., 2019).

Not much literature is seen on the sustainability of the online business. Most of the research is concentrated on manufacturing and advocates things like lean manufacturing, automation, etc. However, a special study in the context of online business has not been conducted.

3. METHODS

Data collection

The following methodology was designed for the study to collect primary data.
a. Identify a sample of 100 online business entrepreneurs as per convenience sampling.
b. Design and validate a 10-point each questionnaire for sustainable business practices and about their visibility
c. Seek responses on a 5-point agree-disagree scale
d. Conduct the survey
e. Summarize the responses
f. Apply a t-test at 95% confidence level
g. Analyze the results

3.2 Hypotheses

The hypotheses set in this regard were as under –
- **H_{o1}:** There are no sustainable business practices for online business
- **H_{a1}:** There are sustainable business practices for online business
- **H_{o2}:** The identified sustainable business practices are seen in Indian online businesses
- **H_{a2}:** The identified sustainable business practices are not seen in Indian online businesses

The study was conducted across India.The 10 opportunities identified based onthe literature review were as under:

Table 2: The 10 identified sustainable business practices for online businesses	
Sr. No.	Business practices for sustainability
1	Regular technology forecasting
2	Strategic planning
3	Regular SWOT analysis
4	Major thrust on innovation

5	Financial discipline
6	Strong enterprise control systems
7	Rolling plans to adopt to environmental changes
8	Environmental scanners
9	Employee talent management
10	Strategies for diversification

Scheme formed for testing of hypotheses

a. Responses would be collected under 2 sections (business practices for sustainability and their visibility) of the questionnaire on a 5-point agree-disagree scale (Completely agree, Somewhat agree, Neutral, Somewhat disagree and Completely disagree),

b. Under each of the sections, the responses would be aggregated under two groups of agreeing and disagree,

c. In doing so for each of the extreme responses, a weight of 2 would be to distinguish them from the non-extreme responses,

d. For each of the question, an average count will be calculated in the two opposites,

e. Percentages to questions under a particular section of the questionnaire will be averaged to get a single score for that section,

f. The section-wise average score percentage will be compared with a hypothesized mean of the population of 50% score connoting an event by chance and not due to statistical significance,

g. P-values will be calculated and the null hypotheses will be checked for rejection or non-rejection. These calculations would be done at a 95% confidence level using a t-test since the standard deviation (SD) of the population is not known.

4. RESULTS AND DISCUSSION

Descriptive analysis of the sample (Table set 5)
Head office of respondents

Sr. No.	Area	Number of respondents-online business entrepreneurs	Percentage
1	Delhi	10	10%
2	Mumbai	15	15%
3	Chennai	11	11%
4	Kolkatta	8	8%
5	Pune	6	6%
6	Bengaluru	8	8%
7	Hyderabad	10	10%
8	Nagpur	12	12%
9	Bhopal	10	10%
10	Others	10	10%
	Total	100	100%

Gender

Sr. No.	Gender	Number of respondents-online business entrepreneurs	Percentage
1	Male	71	71%
2	Female	29	29%
	Total	100	100%

Age

Sr. No.	Age-group	Number of respondents-online business entrepreneurs	Percentage
1	20-29 years	42	42%
2	30-39 years	31	31%
3	40-49 years	18	18%
4	>=50 years	9	9%
	Total	100	100%

Type of online business

Sr. No.	Type	Number of respondents-online business entrepreneurs	Percentage
1	B2B	26	26%
2	B2C	54	54%
3	Mix	20	20%
	Total	100	100%

Experience in online business

Sr. No.	Experience	Number of respondents-online business entrepreneurs	Percentage
1	< 5 years	69	69%
2	5-10 years	19	19%
3	>10 years	12	12%
	Total	100	100%

Inferential analysis

Agreement Percentages to Opportunities

Table 4: Agreements for opportunities and testing of H_1 at 95% confidence level		
Sr. No.	**Business Practice for Sustainability**	**% Agreement**
1	Regular technology forecasting	74%
2	Strategic planning	79%
3	Regular SWOT analysis	81%
4	Major thrust on innovation	86%
5	Financial discipline	85%
6	Strong enterprise control systems	82%
7	Rolling plans to adopt to environmental changes	89%
8	Environmental scanners	91%
9	Employee talent management	74%
10	Strategies for diversification	79%
Average		82%
SD (Standard Deviation)		0.05793
H1 (Hypothesized Mean)		50%
Ho (Sample Mean)		0.82
n (Sample size)		100
t-value		55.24
p-value		0

Given the p-value of <0.0001, the null hypothesis that there are no sustainable business practices for online business stands rejected.

Disagreement Percentages to the visibility of sustainable business practices in Indian online businesses

Table 5: Disagreement for visibility and testing of H_2 at 95% confidence level		
Sr. No.	**Business Practice for Sustainability**	**% Disagreement**
1	Regular technology forecasting	86%
2	Strategic planning	85%
3	Regular SWOT analysis	92%
4	Major thrust on innovation	89%
5	Financial discipline	74%

6	Strong enterprise control systems	74%
7	Rolling plans to adopt to environmental changes	89%
8	Environmental scanners	87%
9	Employee talent management	76%
10	Strategies for diversification	72%
Average		82%
SD (Standard Deviation)		0.07530678
H1 (Hypothesized Mean)		50%
Ho (Sample Mean)		0.82
n (Sample size)		100
t-value		43.02
p-value		0.0000

Given the p-value of <0.0001, the null hypothesis that the identified sustainable business practices are seen in Indian online businesses stands rejected.

DISCUSSION

The average agreement of the respondents forthe identified business practices leading to sustainability was 82%. The maximum agreement 91% was recorded for the factor Environmental scanners while the minimum agreement 74% was recorded for the factor Employee talent management. The standard deviation of the agreement percentages for the 10 practices was 0.06. Thus, there was an overwhelming agreement in favor of the 10 identified business practices leading to sustainability for online businesses. The visibility of these practices in Indian online businesses was strongly denied. The average disagreement of the respondents forthe identified business practices leading to sustainability was 82%. The maximum disagreement 92% was recorded for the factor Regular SWOT analysis while the minimum disagreement 74% was recorded for the factor Strategies for diversification. The standard deviation of the disagreement percentages for the 10 practices was 0.08. This implies that the online businesses in India are missing the strategic touch that can sustain them over the long-run.

CONCLUSION

Going by the wide agreement of the respondent online business entrepreneurs, the identified business practices can be considered as those leading to sustainability in the long-term. The factors agreed to were Regular technology forecasting, Strategic planning, Regular SWOT analysis, Major thrust on innovation, Financial discipline, Strong enterprise control systems, Rolling plans to adopt to environmental changes, Environmental scanners, Employee talent management and Strategies for diversification. At the same time, there was a big disagreement withthe visibility of these factors in the existing online businesses in India. This implies that online businesses are operating more on tactical planning and do not have strategies for long-term sustainability. In the absence of business practices leading to sustainability, they may not survive over a longer period. If they are to survive over the long-run then they must adopt a strategic approach to business and carry activities that will ensure success and survival even if there are major ups and downs in the businesses.

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