

## E-BUSINESS STRATEGIES FOR ENTERPRISES DEVELOPMENT

**BORCOȘI CORINA ANA**

SCIENTIFIC RESEARCHER II, PHD, CONSTANTIN BRÂNCUȘI UNIVERSITY

e-mail: anacorinaborcosi@gmail.com

**BORCOȘI ILIE**

ASSOCIATE PROFESSOR, PHD, CONSTANTIN BRÂNCUȘI UNIVERSITY

e-mail: ilieborcosi@gmail.com

### **Abstract**

*Businesses are reshaping. Business models adapted to today's digital environment, which is dominated by increasingly advanced digital technologies, are emerging. E-business are digitalized businesses, i.e. those that have business processes that are carried out online, on the internet, on the extranet. These businesses are conducted through electronic data exchange. Digitized business includes not only the digital sale and purchase of goods and services, but also other activities related to digital business such as: digital services offered to customers, digital communication with employees, customers and partners. SMEs carry out digitized businesses are increasingly turning to electronic tools to provide them with security against data theft. They are increasingly, used by which companies: electronic signature, digital identity, cyber security.*

*The paper presents a digital business development strategy model, both to transform a classic business into a digitized business (to include as many digital processes as possible), and to develop an already digitized business.*

**Keywords:** e-business, digital signature, digitalization, SMES, digitized processes

**Clasificare JEL:** M40, M41

### **1. Introduction**

Romanian SMEs must take advantage of the opportunities offered by the European Digital Single Market [5] and the implementation of European strategies in the field of digitization [14], [15]. The development of an e-business strategy [6] contributes to the internationalization [7] of Romanian SMEs, brings added value to businesses [8], but also contributes to the development of sustainable businesses [13].

Romanian SMEs must be inspired [16] in the implementation of development strategies, and from the good practices offered by more developed countries [10], [12].

E-business has at least all basic activities carry out through electronic media. We distinguish two categories of e-business: businesses that only have a digital, electronic existence and businesses that exist both online, electronically, and physically. Physically existing businesses, in order to also gain an online market segment, have digitized many of their previously physical activities [17].

In general, developing the strategy of an enterprise, an SME, means acting to create the future of that enterprise [2].

Transforming a business into an e-business means [3]:

- ✚ choosing the right strategy;
- ✚ ensuring the necessary resources;
- ✚ establishing the processes that can be digitized;
- ✚ important changes that can facilitate the digitization of the business.

There is a direct link between the development of the IT component and the entrepreneurial performance of SMEs. Thus, companies that apply e-business development strategies, are oriented towards digital markets, have business partnerships created and developed in the electronic environment, will have improved performance due to the development of the e-business component of the business [1].

The e-business strategy for the development of SMEs includes two stages: strategy development and implementation. In the elaboration stage, the following are identified: the purpose of the strategy and the costs necessary for implementation; a vision of what the SME wants to be after the implementation of the strategy; the human resource that will participate in the implementation of the strategy is established. In the implementation stage, the changes provided in the strategy are applied, the changes and the results obtained are monitored, making the necessary adjustments, if the results do not correspond to those provided.

E-business strategies have many elements in common with classic strategies developed by companies. Any strategy is based on the following elements [3]:

- the existing performances of the enterprise;
- the way to achieve the established objectives;
- establishing the resources necessary to achieve the objectives;
- the development of long-term plans for the development of the enterprise;
- identifying the company's competitive advantage.

The factors that contribute to the successful implementation of an e-business strategy within SMEs are [3]:

- ✚ effective presentation of the offer of goods and services offered on the market;
- ✚ use of a website;
- ✚ building individual relationships with clients;
- ✚ creating and maintaining connections with groups of like-minded individuals or organizations;
- ✚ adapting prices to those of competitors, existing on the Internet;
- ✚ creating an e-commerce brand;
- ✚ the motivation to use the internet and to innovate;
- ✚ maintaining and developing links with partners in the IT field, to improve processes.

A model of e-business strategy is presented in figure 1.

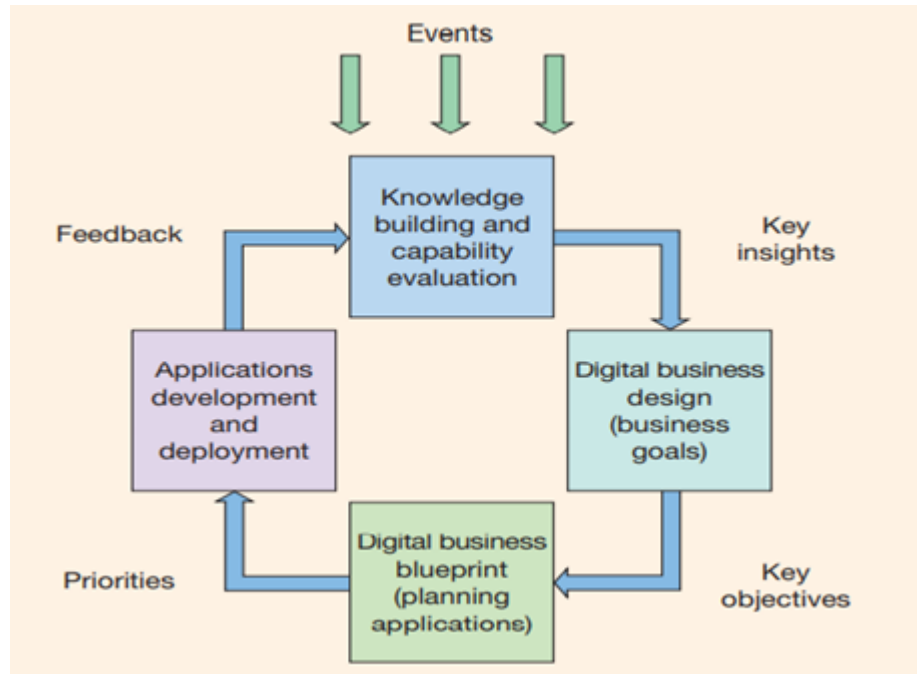


Figure 1 Dynamic model of digital business strategy

Source: Chaffey, D. - Digital business and e-commerce management. Strategy, implementation and practice, Pearson Education Limited, 2015, p. 192

Today, the goal of any enterprise is to adapt to the increasingly digitized environment in which we live. For this reason, SMEs must have a strategy for the development of the e-business component.

## 2. E-business strategies for SMEs

Elaborating a strategy means for any SME, giving a direction of action to that enterprise, towards a well-established target. An SME needs to develop and implement a digital business strategy because [3]:

- in general, there are insufficient resources for digital initiatives;
- there is no SME digital development direction;
- digital development does not only mean implementation of digital technologies.

Next, we present two models of digital development strategies of a classic SME that exists physically and an SME that carries out digital activities.

### A. *The digital development strategy of a classic SME*

A Romanian SME, in order to develop in today's digital age, needs to develop an e-business component. For a classic SME (which exists physically and does not yet have any digitalized business component) we present below a strategy for the development of its e-business component.

We will consider as an SME, an enterprise whose main object of activity is the manufacture of wooden products. It is a medium-sized company with 120 employees. It has high-performance machines for the manufacture of wooden windows and doors (numerically controlled machining centers, multiple circulars, etc.). The products made are of high quality and are physically sold to customers in Germany, Austria, etc. As this SME set out to develop over the next 5 years, wanting to access new markets and develop new products, it developed a strategy for the development of its e-business component, which we present below [2].

The first step in strategy development is: establishing the *mission* of the SME, which is to increase the company's performance in today's digital age.

The *fundamental objectives* of the digital strategy are: increasing market share, increasing the quality of products and services offered on the market, diversifying the offer of products and services, increasing profit, increasing labor productivity.

As *strategic options*, the SME has established entering on new markets, specializing in new fields, redesigning the management system, developing the digital component of the business.

Resources are needed to implement a strategy [11]. *The resources* needed to finance this strategy are the SME's own resources but also resources attracted by accessing loans and non-refundable financing offered by the National Recovery and Resilience Plan and European Union funds.

*The deadlines* for implementing the strategy are:

- in the first year - accessing of non-reimbursable funds, for the digitization of the SME, needed for:
  - the purchase of ICT hardware equipment;
  - creation of the LAN network;
  - purchase and / or development of software applications for configuring databases, etc.;
  - creation of a company presentation website;
  - implementation of the electronic signature;
  - IT solutions for the implementation of electronic commerce;
  - training of personnel who will work in the e-business area;

- in the second year - the penetration on new, digital markets, the implementation of online marketing, the implementation of the digital signature (in the relationship with public institutions, in the relationship with customers, suppliers, banks, etc.), the increase in the number of IT employees, the development of digital services to third parties are foreseen;
- in the third, fourth and fifth year – maintaining the development trend of the digital component of the SME and increasing the turnover and profit of the enterprise, due to the digitization of the SME.

*The advantages* obtained of the implementation of the e-business strategy for the development of the IMM in today's digital world are:

- ✚ attracting new customers and suppliers from the online environment;
- ✚ obtaining new digital goods and services, obtained using the digital equipment purchased with the non-refundable financing;
- ✚ human resource with digital skills;
- ✚ implementation of the digital signature;
- ✚ increasing the visibility of the SME at the national level, but especially at the international level;
- ✚ implementation of digital solutions to improve production, sales and management processes.

### *B. Digital business development strategy*

Digital businesses that do not implement development strategies may lose opportunities such as: increasing the number of customers, increasing profits, entering new markets. SMEs that do digital business already have experience in e-business, they are digital enterprises. We consider an SME that offers digital signature, IT services on the market. The number of employees is 30 people. A development strategy for this SME is presented below.

The first stage in the development of the strategy, represents: establishing the *mission* of the SME, which is to increase the performance of the digital enterprise.

The *fundamental objectives* of the digital strategy are: increasing market share, increasing the quality of digital products and services offered on the market, diversifying the offer of products and services, increasing profit, increasing labor productivity.

As *strategic options*, the SME has established: entering new markets, specializing in new fields, redesigning the management system, developing the digital component of the business.

The *resources needed* to finance this strategy are: the SME's own resources but also resources attracted by accessing: loans, non-refundable financing offered by the National Recovery and Resilience Plan and European Union funds.

*The deadlines* for implementing the strategy are:

- in the first year - accessing of non-refundable funds to expand the offer of digital products and services through the purchase of:
  - IT equipment for high-performance, quantum computing;
  - Artificial Intelligence systems;
  - Machine learning;
  - virtual reality;
  - IT equipment for cyber security;
  - invention patents in the IT field;
- in the second year - the increase in the number of IT employees, the increase in the number of digital products and services offered on the market, the penetration the new digital markets, the expansion of digital signature services using the

token but also the use of digital signature in the cloud;

- in the third, fourth and fifth year – maintaining the development trend of the digital SME and increasing the turnover and profit of the company, due to the expansion of the digital products and services offered.

*The advantages* obtained following the implementation of the e-business strategy for the development of a digital SME are:

- ✚ attracting new customers and suppliers from the online environment;
- ✚ obtaining new high-performance digital equipment, purchased with non-refundable financing;
- ✚ the development of human resources in the field of IT;
- ✚ implementation of new digital products and services;
- ✚ increasing the online visibility of the SME, at the national level but especially internationally;
- ✚ implementation of digital solutions to improve digital processes: production, sales, management.

### 3. Conclusions

E-business strategies for the development of SMEs contribute to the success of the organization, to adapting to the digital environment in which we all operate today, to the internationalization of business, to increasing the number of customers, to the sustainable development of enterprises, to protecting the environment.

To prove its effectiveness, the digital development strategy must include several strategic directions regarding the products and services offered, processes that can be digitized, building relationships with online customers, building a brand in the online environment, improving processes by using IT systems.

The implementation of a digital development strategy by a classic SME, which only exists physically, contributes to its adaptation to the digital world in which we live, to increasing the visibility of the SME at the national level, but especially internationally.

For SMEs running digital businesses, digital development strategies contribute to strengthening their position on the digital market, provide them with greater international visibility, provide them with a higher level of digital development, allow them access to everything that is new in the field of digital signature, artificial intelligence, quantum computing, invention patents in the IT field.

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