

The Role of E-Commerce to Reduce Costs and its Impact on Small & Medium-Sized Companies

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Abstract

After the tremendous advances that have occurred in the areas of trade and traffic markets, companies and products, multiple and diverse and the intensification of competition among these companies to achieve profits emerged e-commerce as a means of modern trade, which contributed significantly to change the future of business and contributed by facilitating the process of buying and selling electronic in increasing the efficiency of companies and strengthen its competitive position and contributed through its role in the marketing of electronic products company to facilitate access to the products and services by customers at the time and the speed limit and reduce the cost of the company's products to a minimum. So will highlight in this research on electronic commerce and its benefits and challenges it faces and its role in reducing costs, which are suffering the majority of companies from high whether depleted or non-depleted and even people who own capital are few and want to enter the world of commerce, has opened an e-commerce field in front of them not only the owners of huge money only. Therefore, the vast contribution in reducing costs has become the main theme in this research.

Introduction

The spread of the Internet is widely used in the world easy a lot of things and it seems the world has become very small. Not limited to communication and information exchange, but beyond that where it appeared the so-called electronic commerce, which is the process of buying and selling over the Internet and this is the narrow sense of the term, and has provided a lot of things, including the costs that have been plaguing a lot of companies and was their biggest concern. Where it was possible for the owners of capital too small to enter the world of commerce with ease and invest their money. Where provided in costs depleting and non-depleting.

Where she was the most popular applications in that time is the application of electronic transfers of funds, but the extent of this application is limited to institutions and corporate giants. After that, he appeared in another type of applications, namely, electronic data interchange, which contributed to the expansion of the application of e-commerce than just financial transactions to other transactions and contributed to the increase in the contribution slides this technique from financial institutions, factories, and retailers.

These technological advances in communications media have the latest (information revolution), some have called the third industrial revolution where it became a quantum leap in communications media and the speed of information has contributed to expand the circle of the volume of trade between the countries of the world.

However, e-commerce has raised problems, including the inability of the current system to keep up with the special nature of this trade, which require new laws serve as a suitable climate. This has raised the trade doctrinal disagreements about income caused by the tax system and the position of those entering. It provoked tax systems in this trade, prompting some states to modernize their systems with this development with regard to income tax and subject to tax or not to subject and has taken effective steps in this area.

That development in information and communication technology has led to changing patterns of social behavior and pictures of economic activity and has become a means of communication capable of transmitting information, services and money and goods day and night, the most direct route and the efforts of a few and the cost is not expensive, it has cleared the computer and communication networks of different area and wide to cross into the network and take advantage of the information and get it smooth and employ them and take advantage of the software. Mar today we live in a world behaviors technological and electronic, which is now interfering in every part of our lives and our trade is eventually become e-commerce and business have become acts of "electronic education tends to be educated" electronically "and governments are working to be the governments of electronic and began to shift in the world of assets economy to the information economy and the economy of assets to the digital economy, advanced technology is becoming a key element in a production processes and to provide diversified services in all parts of the world.

Problem Statement

The research problem is that all the companies are trying to search and find a way to reduce costs is not a minimum as possible with the presence of the ways and means to reduce the cost may be sometimes is not

effective if suffer more companies under certain circumstances, up all the costs and many spread of e-commerce in the world and proved to be successful as a result of technological progress.

Significance of the Research

The study draws its importance from the variables that dealt with power sought to highlight the nature and essence of the relationship among the variables of the study two main electronic commerce and all costs.

Research Objectives

Interpret and determine the nature of the relationship between the use of electronic commerce and the costs and impact of each statement and one on the other and the extent of the impact of electronic commerce on the total costs and the level of the company's profits.

Hypothesis

Assuming that the search in the use of electronic commerce will help to reduce the total costs.

Research Methodology

Has been taking the theoretical side, which represents the analysis to reduce costs while taking the practical side metadata.

Method of data collection and information

Adopted the theoretical side on books, magazines, research and the Internet. While the practical side relied on personal interviews and by asking questions directly to the staff and employees in companies, as well as the use of the questionnaire.

The concept of e-commerce

Start working in e-commerce in the early nineties of the last century and include several key components to be provided in the application of e-commerce, such as the use of computer and communications technology and information systems. So can the definition of e-commerce at the present time as the process of buying or selling or exchange of products, services and information through the web site.

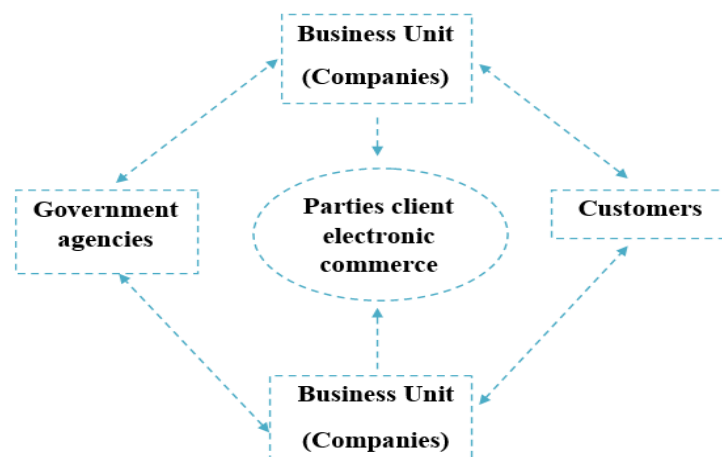
Clients electronic e-commerce

E-commerce requires dealing in the commercial market coverage of different parties to handle the different parties for clients in the corporate sector in the same society is linked through the electronic network in different sectors in the same community or beyond either the government sector or sector individuals (consumers) as well as the government sector can be linked to another state.

E-commerce can be found new markets, in terms of time, space, and information, where the transaction costs and regulation in the past made expensive degree hindering For example :

A. Bank of Brazil (Banco 1) presents its banking services throughout the (24 hours / day) through the Internet directly, while in the past and before the advent of e-commerce was not able to achieve that .

B. Website (esteel.com) brings together producers of steel and the buyer the adults all over the world within the Market Square and one on the network directly, while it was a matter of putting them in this picture is almost impossible, and even if they were, they would require substantial costs to make connections among them. As explained in Figure (1).



Form (1) Parties client electronic commerce

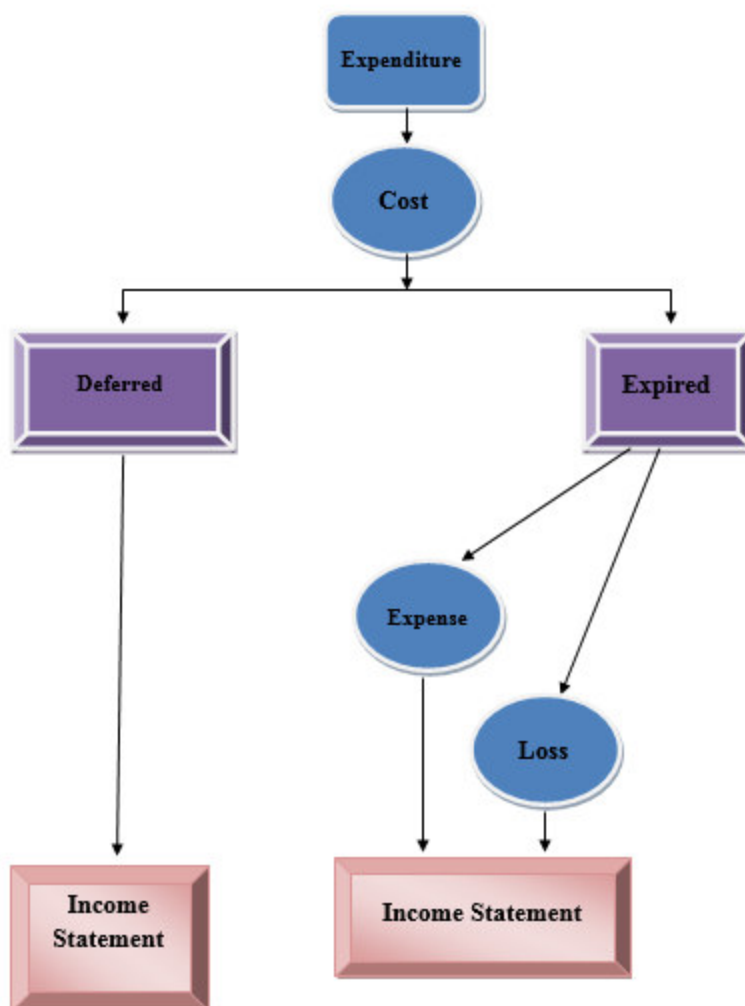
The benefits of e-commerce

Of the benefits of e-commerce provides speed access to customers and opens the buyer field to compare and choose between various products, as well as the appropriate method of payment and shipping methods, and so on, as well as facilitate the exchange operations; because it works on the link between production and distribution, as well as make it easier to deal with competition openly and widely on developments art also helps to develop technical innovations as open question global marketing outlet works (24) hours a day, and provides full information about its products, as well as reduce the importance of the link between time and space and also help accelerate hastily human progress and create employment opportunities and provide the expenses.

The concept of cost

That the concept of cost is not limited to the cost of goods sold and operating expenses and taxes, but there are accountants, economists and engineers interested in cost to achieve their desires where the accounting log costs the books on the basis of the value of sacrificing the actual incurred by the company for goods and services are divided costs into two types: -

It costs to have depleted the costs incurred in order to get revenue for the current period and turn these costs to expenses such as depreciation, rent, maintenance and taxes. It is cost-depleting costs that have future benefits and therefore be worthless at the end of the current year and represent (assets) and goods such as furniture, buildings and prepayments. As explained in the form (2).



Form (2) Costs in the financial statements

The challenges of e-commerce

The proliferation of e-commerce is widely useful and which led to the emergence of obstacles and challenges affecting on e-commerce, including:-

- Represent some of the security issues such as authenticity and security of the site on the Web, privacy,

encryption and audit identities are real problems plague many people, whether they are individuals and institutions. Indeed, that such concerns will continue for years to come, and it is certainly true constraint to the use and spread of the Internet on a very large scale for the purpose of shopping or business dealings for example. And strenuous efforts being made today by information technology companies, institutions, associations and governments ensure the security of the Internet and by taking precautionary measures to make use of the Internet safer .

- Lack of trust and user resistance: some of the customers do not trust anonymous sellers who do not see them and do not trust non-paper transactions and electronic cash. In addition to the lack of touchscreen products. Some customers would like to touch products before buying them. As well as in the case of a balance transfer to the mobile phone via the Internet, there is no full confidence in the present time in the country.
- Doing business via the Internet generates problems and obstacles through piracy, who broke into the sites or spreading viruses .
- The main problems of the lack of the rule or authority to prosecute the perpetrators of these crimes vary where the crime scene and the location point of the accused and the victim site .
- Lack of awareness of the application of e-commerce when buying and selling price and the payment of cash through credit cards .
 - Lack of trust companies Arabic culture of the Internet site which stands, AC fearful in dealing unusual and far from traditional means.
- Twice the speed of the means of communication and transfer of information (e-Infrastructures) compared with the countries in the world .
- Lack of qualified human resources in the field of application of information technology and e-commerce application .
- Lack of commercial and technical expertise in developing countries to transform the business into e-business .
- The inability of government strategies to support national businesses to compete with global projects .
- That the common language used in the Internet is English any rate to 80% and this is one of the most important obstacles that affect the e-commerce in the Arab countries where the predominant language is Arabic.

The importance of e-commerce to reduce costs

The importance of e-commerce to reduce costs accrue to the manufacturers or vendors in speed in the processing of electronic stores and low cost inception compared to the processing of traditional stores, which leads to a reduction in the cost of business performance, and increase the scope of supply markets, including beyond the limits of space and time, and thereby to increase competition which results from the high quality products and low prices. (Anati, 2000, 36).

That the lower costs of business processes represent a trade transaction costs of gathering information, negotiation and brokerage fees and sales commissions, administrative procedures and other important part of the price of the product. And e-commerce play a prominent role in reducing these costs by improving information flow and increase the coordination of the business, as well as lower costs of searching for information relating to potential buyers and sellers in the market. (Samarrai 1999.15-14).

Contribute to e-commerce to reduce administrative costs to the businesses in distribution, archiving and retrieval of information paper, may end up reducing the administrative costs of procurement operations to 85% of what eventually lead to lower product prices. Good management of inventory as contributing to e-commerce to reduce inventory through the use of a drug in the supply chain management system, where the process begins with obtaining commercial demand from the buyer and provide him with his application through industrialization temporary manner, and this would work to reduce business cycle significantly; where the product is shipped directly from the factory to the final buyer. This is shown dramatically in digital products, any goods and services that are delivered electronically. Thus making e-commerce is an important tool in the management of inventory and lower storage costs, and this has economic implications at the macro level if we know that 10% of the volatility in the quarterly growth rates of production as a result of the volatility of returns in investment in inventory. If e-commerce is working to reduce inventory to a minimum, it is expected to be one of the effects of e-commerce is to mitigate the effects of the business cycle resulting from the change in inventory. With the development of information and communication technology and better information flow, it is expected to decrease the impact of the stock of the business cycle to a minimum and perhaps even non-existent.

The practical side of the study

Addressed in this section show the data shown by the questionnaire and analyzed with regard to costs and electronic commerce Mar was rated those costs in the form of three key variables in line with the problem and the hypothesis of the study and to achieve the desired goal of this study has used, the researchers for this purpose Likert scale quintet, which is distributed among the top Weight has a paragraph Agreed completely given 5

degrees (to lower the weight of a paragraph (I do not agree completely "and given a 1 degree), and their three other weights are (agreed given 4 degrees, agreed to a certain extent given 3 degrees, I do not agree given 2 degrees) to represent the fields other responses were subsequently work schedule Frequency distributions for the variables of the study for the adoption of this type of tables for practical purposes of statistical analysis to get the circles arithmetic weighted, and standard deviations, and adopted the researchers also "on the arithmetic mean premise of (3) as a standard for measuring and evaluating the degree obtained in respect to the study variables. after conducting processing and statistical analysis were obtained circles weighted arithmetic and standard deviations as follows:

First: The salary costs: -

The table indicates (1) to the statistical analysis of the responses of the sample of the study on the impact of electronic commerce on the role of payroll costs Mar includes the table circles weighted arithmetic and standard deviations and relative importance.

Statistical Indicators			Answers of respondents					T. paragraphs	Variable
Standard deviation	The relative importance	Weighted arithmetic mean	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree		
0.81273	87%	4.34	0	1	1	8	10	X1	
0.60481	91%	4.55	0	0	1	7	12	X2	
1.12390	%80	4.00	1	1	3	7	8	X3	
1.21395	%80	4.00	1	2	2	6	9	X4	
0.88704	%81	4.05	0	1	4	8	7	X5	
0.92848	%84	4.19	Weighted arithmetic mean, standard deviation and relative importance						

Table (1) payroll costs

It is clear from the results listed in Table (1) as follows :

- 1- The mean weighted variable payroll costs amounted to (4.19) with a standard deviation was (0.92), and found that the mean weighted greater than the standard test (i.e. the arithmetic mean premise) of (3), this means that this variable is a variable and clear the sample study .
- 2- reached the relative importance of this variable (84%) from the viewpoint of respondents, and due to the strength of owning the study sample of the perception about the importance of variable salary costs in the study population, which means the adoption of the study population for this variable.

Second: The costs of storage and distribution: -

The table indicates (2) to the statistical analysis of the responses of the sample of the study on the impact of the use of electronic commerce on the costs of storage and distribution, as shown in Table mentioned circles weighted arithmetic and standard deviations and relative importance.

Statistical Indicators			Answers of respondents					T. paragraphs	riable
Standard deviation	The relative importance%	Weighted arithmetic mean	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree		
0.82558	%89	4.45	0	1	1	6	12	X6	
0.82078	%88	4.40	0	1	1	7	11	X7	
1.10501	%84	4.20	1	1	1	7	10	X8	
0.82078	%92	4.60	0	1	1	3	15	X9	
1.59852	%73	3.65	3	3	2	2	10	X10	
1.03413	%87	4.36	Weighted arithmetic mean and standard deviation and relative importance						

Table (2) the costs of storage and distribution

That's the arithmetic mean weighted variable costs of storage and distribution amounted to (4.36) with a standard deviation was (1.03), and found that the mean weighted more than the standard test (i.e. the arithmetic mean premise) of (3), this means the power to adopt variable by the student population, and reached The relative importance of this variable from the viewpoint of members of the study sample (87%).

Third: The maintenance costs: -

The table indicates (3) statistical analysis of responses to the members of the sample of the study on the impact of the use of electronic commerce on maintenance costs, as mentioned in the table circles weighted arithmetic

and standard deviations and relative importance.

Statistical Indicators			Answers of respondents					T. paragraphs	Variable costs
Standard deviation	The relative importance%	Weighted arithmetic mean	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree		
0.68633	%91	4.55	0	0	2	5	13	X11	
1.33278	%75	3.75	2	2	2	7	7	X12	
0.68056	%92	4.60	0	0	2	4	14	X13	
1.42441	%77	3.85	2	2	3	3	10	X14	
0.88258	%88	4.40	0	1	2	5	12	X15	
1.00133	%85	4.23	Weighted arithmetic mean and standard deviation and relative importance						

Table (3) maintenance costs

It is clear from the results contained in the table (3) as follows:

- 1- The results indicate that the mean weighted variable maintenance costs amounted to (4.23) with a standard deviation amounted to (1.001), showing that the arithmetic mean weighted more than the arithmetic mean premise of (3), this means that the variable is a significant covariate for the study sample.
- 2- reached the relative importance of this variable amount (85%) from their point of view, due to the high level of awareness of the study sample of the importance of changing the level of the work of the study population, and due to the strength of the adoption of the paragraphs of the variable before the study population.

Conclusions

Showed the results of statistical analysis on the variable costs of storage and distribution that the company is seeking to benefit from the advantages of using e-commerce to reduce the stock of the company and the salaries and wages of employees in stores and reduce the costs of traveling to the target markets and lower insurance expenses on stores and expenses stationery and consumption of machinery and equipment used in the stores. It also showed that the company is interested and allow the exchange of experiences and views with customers through the use of electronic commerce and access to any inquiry or consulted by them. It also showed that the company is interested through the use of electronic commerce to meet the needs and requirements of customers and achieve the highest degree of satisfaction to have. It also showed the results of statistical analysis on the variable salary costs that the company studied is seeking through the use of electronic commerce in marketing their products to reduce the costs of salaries and wages and reward staff and employees in the Department of Advertising and reduce the cost of training programs and courses that are held in the Department of Advertising and the rest of the sections.

Recommendations

Enable e-commerce companies and businesses to coordinate strategy and resources and skill composition of long-term relationships, particularly those institutions or dense information technology companies, and through electronic networks that allow the sharing of information. Some researchers believe that the images of these networks that regulate e-commerce will prevail in the near future; where they become the organizational structure of each social interaction between people. The company benefits from the results of the application of e-commerce in reducing the salaries and wages of men and reward salespeople and sales and reduce expenses, sales and administrative expenses of travel and the movement of salesmen. The need for the company to measure the effectiveness of advertising on a regular basis by comparing the results obtained from the use of electronic commerce in the announcement of its products with the amounts spent for this purpose. Well advised to take into consideration the company to reduce maintenance costs through the application of e-commerce in dealing with maintenance problems. As well as the company seeks through the use of electronic commerce to reduce the cost of studies and marketing research and reduce the salaries and wages and reward experts and consultants working in the field of marketing and the need for the company to measure the effectiveness of advertising on a regular basis by comparing the results obtained from the use of electronic commerce in the announcement of its products with the amounts spent for this purpose.

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