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ELECTRONIC COMMERCE, JOBS AND SKILLS

Dr. Arun Kumar*

Electronic Commerce is the process of buying and selling goods and services electronically with computerised business transactions using the Internet, networks and other digital technologies. By replacing manual and paper-based procedures with electronic alternatives, and by using information flows in new and dynamic ways, electronic commerce can accelerate ordering, delivery, and payment for goods and 'services while reducing companies' operating and inventory costs.

It also encompasses activities supporting those market transactions, such as advertising, marketing, customer support, delivery and payment.

Laudon and Laudon

Example : Odense Steel Shipyards

Odense Steel Shipyards in Denmark is not one of the world's larger shipyards, but it specialises in building the world's biggest ships.

Today, only 15 people run its main steel-construction facility, a gigantic shed the size of 12 football fields. A less automated facility would require 300 people to do the same job.

Odense can generate various different designs that meet the speed and size requirements of the customer.

When the model for a ship is complete, the system generates a complete list of the 4,00,000 parts needed, ranging from steel plates to butterfly valves. The system breaks down the list according to supplier and required delivery date and monitors shipment schedule. Only the smallest and largest-quantity items, such as rivets, are kept in inventory.

Example : Inventory Replenishment System

The "continuous replenishment system" of Wal-Mart sends orders for new merchandise directly to suppliers as soon as consumers pay for their purchases at the cash register.

Point-of-sale terminals record the bar code of each item passing the checkout counter and send a purchase transaction directly to a central computer at Wal-Mart headquarters.

The central computer collects the orders from all of the Wal-Mart stores

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and transmits them to suppliers. Wal-Mart does not need to spend much money on maintaining large inventories of goods in its own warehouses.

Competitors such as Sears spend nearly 30 percent of each dollar in sales to pay for overhead (that is, expenses for salaries, advertising, warehousing, and building upkeep). Kmart spends 21 percent of sales on overhead. But by using systems to keep operating costs low, Wal-Mart pays only 15 percent of sales revenue for overhead.

Today the impact of electronic commerce on employment may be very small and insignificant, but, in the long run, it is going to cover all of us and effect may be felt more strongly. It is going to effect trade balances of countries. Drastic changes may take place in process of skill matching process between employment opportunities and available work force. It may allow economies to reap the benefits of increased productivity at the micro level and sectoral level.

The overall effect of electronic commerce on employment will be the net balance, positive or negative, of new jobs, direct and indirect created by increased demand and job losses, due to workers, e.g. retailers or other intermediaries, being replaced by it. Gains and losses may differ by industry, by geographic area, by skill group etc.

To assess the impact of electronic commerce, it is essential to understand for which industries it is generating or will generate new demand and growth, which types of jobs will be destroyed and which created, and what the overall needs are in terms of skills. These skill requirements place new demands on schools and vocational training facilities.

These changes in the labour force caused by e-commerce under score the need for flexible labour markets and active labour policies that help workers to adjust to changes in these markets.

The future of existing products

1. Telephony, fax, video conferencing and the Internet
2. Entertainment
3. Education
4. Health services
5. Other professional services
6. Publishing
7. Financial services
8. Letter delivery

Disintermediation : The process of cutting out the middleman.

Re-intermediation

1. Advertising/branding
2. Directories
3. Search services
4. Malls
5. Publishers
6. Virtual resellers
7. Web site evaluators
8. Financial intermediaries
9. Spot market makers and barter networks
10. Intelligent agents

Job gains and losses in e-commerce related industries

1. The "copyright" industry
2. The Internet industry
3. Travel agencies
4. Post offices
5. Retail
6. Finance and banking

Ten new e-commerce Jobs

1. Entrepreneurial consultant
2. Application developer
3. Fulfilment specialist
4. Consumer behaviour consultant
5. Broker
6. Network security specialist
7. E-commerce business analyst
8. Internet architect
9. Product manager
10. Core programmers

Career in a system of No Careers

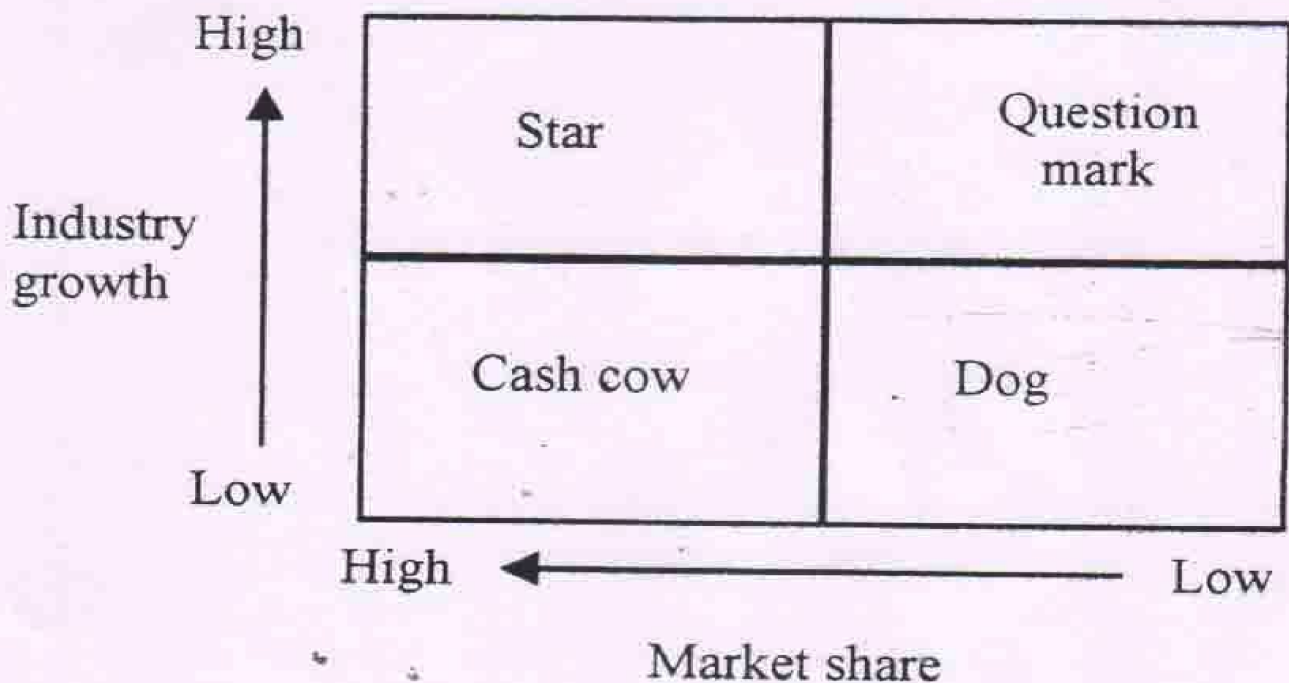
The biggest unknown for the individual in a knowledge-based economy is how to have a career in a system where there are no careers.

How do you manage to have a career ?

Individuals need to manage their own skill portfolio. The question is "Do I manage my skills in such a way that I always have marketable skill ?" or do I sit

back and say, "My company will make some investments in me and ensure that I have relevant skills and rising wages over the course of my career." Beyond having the portfolio of skills, you need to ask how you can make a greater contribution and help create wealth to sustain your employment by using your skills and creativity. And at some point, you may need to take the risk and try something entrepreneurial.

Management of Portfolio of Skills
Boston Consulting Group growth/share matrix



Your economic security does not lie in your job; it lies in your own power to produce—to think, to learn, to create, to adapt. That is true financial independence. It is not having wealth; it is having the power to produce wealth.

Stephen R. Covey