Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2026): 8.748 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 4 | April 2026 -Peer-Reviewed Journal

EFFECTS OF E-COMMERCE ON ORGANIZATION

Mr. Sunil Naik S.
Faculty Member, Department of Commerce, Sahyadri Commerce and Management College, Constituent College of Kuvempu University, Shivamogga 577203

ABSTRACT
The introduction of E-Commerce over the past 20 to 25 years has had a major impact on business consumers. Society and the way business is done on a global scale. This has had many positive effects on both the business and on consumers. Additionally, there are risks that have had a negative impact on both the customer and businesses. This article discusses the impact and risks associated with e-commerce to the organization and the benefits to the organization.
KEY WORDS: *E-Commerce, Positive and Negative effects, Challenges.*

INTRODUCTION
E-commerce is a very popular mode of trade these days. E-commerce refers to the purchasing and selling of goods and services through the Internet. E-commerce trade is accessible to anybody with an internet connection. It has a significant influence on many aspects of business, not simply selling and marketing. Since its introduction, the impact of e-commerce on business and society has risen to a global level. Everyone now uses the internet more frequently in daily life. Because of the increasingly profound influence, it has on people's lives, the Internet has integrated itself into the lives of the majority of people. Instead of going to the bank, people prefer to rather stay at home and make online transactions to buy things online as they are too lazy to go. The internet is expanding rapidly. Every year, e-commerce sales rise in anticipation of human purchasing patterns.

Objectives
1. To understand the various impact of e-commerce on organization
2. To study the various challenges faced by E-commerce in India.

RESEARCH METHODOLOGY
The process used to collect information & data for the purpose of making business decisions. The researcher has used only secondary data that has been collected from various articles, journals, books, websites etc. This has been used to study the conceptual framework, present trends and some of the challenges of E-commerce in India. All the data included is the secondary base and proper references have been given wherever necessary.

THE IMPACT OF ELECTRONIC COMMERCE
E-commerce and e-commerce are not solely the Internet, websites or dot com companies. It is about a new business concept that incorporates all previous business management and economic concepts. As such, e business and e-commerce impact on many areas of business and disciplines of business management studies.
For example:
1. **Marketing –** issues of on-line advertising, marketing strategies and consumer behaviour and cultures. One of the areas on which it impacts particularly is direct marketing. In the past this was mainly door-to-door, home parties (like the Tupperware parties) and mail order using catalogues or leaflets. This moved to telemarketing and TV selling with the advances in telephone and television technology and finally developed into e-marketing spawning' 'E-CRM' (customer relationship management) data mining and the like by creating new channels for direct sales and promotion.
2. **Computer sciences** – development of different network and computing technologies and languages to support e-commerce and e-business, for example linking front and back-office legacy systems with the 'web based' technology
3. **Finance and accounting** – on-line banking; issues of transaction costs; accounting and auditing implications where 'intangible' assets and human capital must be tangibly valued in an increasingly knowledge-based

economy.

4. **Economics-** the impact of e-commerce on local and global economies; understanding the concepts of a digital and knowledge-based economy and how these fits into economic theory
5. **Production and operations management** – the impact of on-line processing has led to reduced cycle times. It takes seconds to deliver digitized products and services electronically; similarly, the time for processing orders can be reduced by more than 90 per cent from days to minutes. Production systems are integrated with finance marketing and other functional systems as well as with business partners and customers.

POSITIVE EFFECTS OF E COMMERCE ON ORGANIZATION

1. Users and firms can do their business online through wired or wireless device and will be able to increase their sale by using e-commerce.
2. Companies will be able to offer their products or services at lower prices.
3. It increases the business both at the local and global level markets.
4. The cost of manufacturing products, processing items, distributing goods, stora data or information and accessing information can be reduced.
5. The business organization will be able to reduce paperwork.
6. Drop-down processing permits customization of products and services who provides competitive advantage to its implementers.
7. It decreases the time between the cost of funds; and between the products services.
8. It supports the efforts for Business Process Re-engineering (BPR).
9. It decreases the product cost over the Internet, which is much cheaper the Value Added Networks (VANs).
10. It enables to build more collaborative and stronger relationships with suppliers This includes streamlining and automating the underlying business processes enabling areas, such as:
    - Direct marketing selling
    - Customer services (call centres)
    - Fulfilment
    - Procurement
    - Replenishment and information management

NEGATIVE EFFECTS OF ECOMMERCE ON ORGANIZATION

1. Unable to Personally Examine Products: Customers can't physically inspect items, leading to high return rates (often 20-30% higher than in-store), inventory management issues, extra reverse logistics costs, and cash flow disruptions for organizations handling unwanted returns.
2. Privacy and Security in Online Purchases: Organizations must invest heavily in data encryption, compliance (e.g., GDPR), and cybersecurity tools to protect customer data, facing breach liabilities, legal fines, and trust erosion from incidents like data theft.
3. Fraud with Credit Cards: Online payments can expose users to credit card fraud. Hackers or scammers may steal card details and use them for unauthorized transactions without the owner's knowledge.
4. Delays in Receiving Products: Shipping delays from logistics bottlenecks cause customer complaints, negative reviews, abandoned carts, and demands for refunds or faster options, straining supply chains and increasing customer service workloads.
5. Inability to Identify Fraud: Limited verification tools make fraud detection hard, leading to revenue losses, false positives rejecting valid sales, and the need for AI monitoring systems, which add ongoing tech expenses.
6. Guarantee/Warranty Issues: Customers question product guarantees, resulting in dispute volumes, warranty claim processing costs, and policy tightening that may deter sales, while poor handling damages brand loyalty.
7. Quality Concerns: Perceived quality mismatches (e.g., via photos vs. reality) fuel returns, refunds, and reputation hits from reviews, requiring organizations to enhance QA processes and imaging tech at extra cost.
8. Hidden Costs: Organizations bear unseen expenses like payment processing fees, currency conversions, packaging, insurance, and fraud prevention, often overlooked and squeezing profitability.
9. Lack of Personal Interaction: No face-to-face engagement leads to poor customer service perceptions, higher churn, and needs for chatbots/live support investments, amplifying isolation-related dissatisfaction.
10. Website Fraud: Fake sites or phishing mimicking legitimate stores diverts traffic, causes competitive losses, and forces organizations to combat via SEO/branding efforts and legal actions.

Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2026): 8.748 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 4 | April 2026 -Peer-Reviewed Journal

CHALLENGES IN E-COMMERCE

Despite its growth, e-commerce faces several challenges:

1. **Cyber security**: With the increase in online transactions, cyber security threats have also risen. Protecting customer data and maintaining secure payment systems are ongoing challenges for e-commerce businesses.
2. **Logistics and Supply Chain**: Ensuring timely delivery and managing returns can be complex, especially for international shipments. Efficient supply chain management is crucial for maintaining customer satisfaction.
3. **Competition**: The low barrier to entry in e-commerce means that competition is fierce. Businesses must continually innovate and adapt to stand out in a crowded marketplace.
4. **Customer Trust**: Building and maintaining customer trust is essential, especially for new and smaller e-commerce businesses. This involves transparent practices, reliable service, and quality customer support.
5. **Tax System-** Tax structure of Indian Economy is an additional barrier for lower progress of E Commerce. In India, tax rates are differing for all sectors. Thus tax system makes accounting difficulties for the E-Business companies.
6. **Connectivity Issue**- As compared to many countries such as France, United States of America (USA) internet access is very low in India.
7. **Fear of Online Transactions**- Fear of online transactions is a bigger challenge of E-Commerce. Most of people are not familiar of online payment mode & its safety. People often not interested to reveal their debit card or bank account information. Hence they avoid online shopping.
8. **Lack of skill-** Lack of skill & training for doing e-commerce dealings is a major obstacle for the moving towards digital platforms.
9. **Cash on Delivery-** Many companies in India are providing cash on delivery method as payment option for the customers. Many customers are getting benefits of this payment option during buy of any goods & services online. But this payment mode becomes costly for companies many times. It is observed that most of consumers refused to give the payment at the point of delivery of the good. Thus, the companies lose the product sale along with its product transportation cost.

CONCLUSION

E-commerce is no longer just an alternative to traditional retail; it is an essential component of the modern business landscape. As technology continues to evolve, e-commerce will likely become even more integral to how we conduct business, offering endless opportunities for innovation and growth. Businesses that can adapt to the changing e-commerce environment will be well-positioned to thrive in the future.

REFERENCES

1. *Hariharaputhiran, S. (2012). Challenges and opportunities of E-commerce,*
2. *International Journal of Marketing, Financial, Services & Management Research, Vol. 1(3), pp. 98-108*
3. *Jain, S., &Kapoor, B. (2012). Ecommerce in India-Boom and the Real Challenges, VSRD International Journal of Business & Management, 2(2), pp. 47-53*
4. *David Whitley, 'E-Commerce', Tata Mcgraw Hill Publication, New Delhi (2004).*
5. *E. Turban, J. Lee, D. King and H. M. Chung, 'Electronic Commerce: A Managerial Perspective'.*
6. *Shahjee, Rahneesh. "THE IMPACT OF ELECTRONIC COMMERCE ON BUSINESS ORGANIZATION." 2017*
7. *Ann L. Fruhling, Lester A. Digman. "THE IMPACT OF ELECTRONIC COMMERCE ON BUSINESS LEVEL STRATEGIES." Journal of Electronic Commerce Research, 2000: 13-22*
8. *https://www.raijmr.com/ijrhs/wpcontent/uploads/2017/11/IJRHS_2016_vol04_issue_08_04.pdf*
9. *https://brandshark.com/impact-of-e-commerce-on-business/*
10. *https://www.linkedin.com/pulse/evolution-impact-e-commerce-modern-business-jothi-b-s4yic*