

Usage of electronic communications by young entrepreneurs business in Nepal

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Abstract

Organizations and technology cannot be separated in today's world. There has been an excessive use of technologies based on the Internet, the World Wide Web and wireless communications to transform businesses since the creation of the first web site. Applying these technologies has offered many opportunities for innovative e-businesses with new business approaches. The technologies are so fast driven that the gadgets we use now will be obsolete next year. Thus, e-business and e-commerce, offer new opportunities with many challenges at the same time. Innovation is the continuous process. So, the entrepreneurs are concerned more about applying new electronic communications technologies in their businesses because e-business has completely changed the pattern of doing business traditionally. Innovation in e-business is inevitable so all organizations have to keep them up-to-date about new electronic and Internet-based communications approaches to make their business more competitive and also to manage ongoing risks such as security and performance. This study in Nepal will look into existing businesses and their approaches to e-business modeling by entrepreneurs in Nepal. For this, questionnaire methodology was used to 15 young entrepreneurs businesses of the nation.

Keywords: e-business, electronic communication, entrepreneurs, Internet, innovation

1. Introduction

Business and technology are two inseparable buzz words in 21st Century. Innovation and technology has completely changed the way of doing business traditionally. There has been an excessive use of technologies based on the Internet (being focal revolutionary technology), the World Wide Web and wireless communications to transform businesses since the creation of the first web site. E-commerce, among them, which includes almost everything, such as retail shopping, banking, stocks and bonds trading has totally changed the traditional business. Many traditional companies these days have achieved success with the help of e-business. E commerce business such as e-sewa, sastodeal.com is some of popular online sites in the market. One of the reasons why e-business is grooming is because of its cost saving factor such as labor costs. Also, it doesn't require many staff which helps in cost cutting. Thus, electronic usage may help the traditional companies to

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make a high profit by cutting cost (Moodley, 2003). Secondly, as compared to the traditional business which requires excessive efforts to create market, e-business can make the customers from around the world through the website easily. Third, it increases sales through a new distribution channel for existing products. The customers do not have to go to the company to buy the product because they can do it from home. Also, e-commerce allows online trading and online payment, which will attract many potential customers. Thus, the traditional companies can expand the local market to the global market through the use of online portals (Saeidipour, Vatandost and Akbari, 2012).

Electronic technology like internet can be used exclusively as marketing tool. The concept like digital marketing can boost sales, make consumer inform, aware and persuaded about products and increase branding at a same time with just the use of one technology, internet. Entrepreneurs can use electronic communication to enhance their operations internationally, for example, KFC and other chain restaurants are using concept of central kitchen through the use of internet globally. Other ICT enabled technology like video conferencing can be used to deal, order or to know someone personally as it doesn't require companies to present physically. The latest trend of using sponsored ad over internet is enormously growing, making it one of the best options for advertisement reaching worldwide access within no time. The entrepreneurs can only rely on technology to boost their sales and business and also can devise a business model from the database they get from usage of technology. Thus, database allows an access to information which has considerable impact on businesses.

Entrepreneurs can use electronic technology to enhance their operations internationally. The digital age offers opportunities to both consumers and businesses. The internet has become more than a simple and effective way to exchange email and documents; it is emerging as a critical backbone of commerce (Venkatraman, 2000). In fact, the Internet and other technology, provides an easy access to a market worldwide irrespective of the size of the company.

2. Objective

Electronic technologies such as mobile, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, and electronic data interchange (EDI), inventory management systems, and automated data collection system have change the way company used to do business with. The objective of this study is to look into the usage of electronic devices as communications techniques by young entrepreneurs in Nepal. The huge popularity of e-commerce and e-business has made exponential increase in exchange of goods and services both regionally and globally.

3. Literature review

Dating from the early 1990s, e-business (electronic business) has not only introduced a new way of doing business, but has become a vital part of peoples' lives. Individuals, practitioners, and even politicians are paying increasing attention to e-business and using it as a strategic tool for communication. According to data from the Organization for Economic Cooperation and Development (OECD), on average, 96% of its sample firms in selected countries used the Internet and 69% had their own websites in 2011 (OECD, 2012). Additionally, an increasingly high percentage of individuals are using the Internet for communicating, shopping, learning, social networking, banking, and many other functions (OECD 2012). Many businesses are reviewing opportunities related to benefits, costs and risks of implementing ICT. The growth of social networks such as Bebo, Facebook

and MySpace has created enormous opportunity for business (Manyika and Roxburgh, 2011). Likewise, rich media such as online video and interactive applications into their web sites and the selection of mobile commerce services which enhance the usage of mobile phone and other portable wireless devices such as laptop have also created numerous scopes.

In the context of Nepal, internet subscribers in Nepal reached 38.78% of whole population (CBS, 2012). More than two dozen e-commerce sites are active where Metrotarkari, Chizbiz, Agromart, Kaymu are some existing online groceries from Kathmandu valley (NEPSOL, 2016). Many companies in Nepal started using electronic communication technology decades ago with only few gradual changes with it. Payment gateways have their limitation due to legal and security issues in Nepal. However, due to education the usage of internet as communication has increased substantially.

Castells and others have also recognized IT as the most important factor separating the developing and developed countries (Castells, 1996). Countries are being encouraged to attract economic growth by entering the 'information age', and being able to supply or compete at the multinational level. Therefore, there is no wonder that many developing countries are trying to bridge the development gap by means of technology acquisition. However, as Madon (2000) points out, the rapid diffusion of IT in developing countries has not been accompanied by substantial developmental benefits. This does not mean that this technology has to be discarded as a tool of communication. There is no question as to whether IT is appropriate or not; it is a technology which cannot be ignored (NTA, 2015).

In Nepal, e-commerce was started as sending gifts and money online and some websites promoting "Send Gifts to Nepal" a decade ago. It was targeted to Nepalese residing in USA, UK, Australia and Europe. But now there is substantial growth of electronic technology as the means of communication by many Nepalese entrepreneurs.

4. Methodology

The research was carried out with semi-structured interview, conducted to entrepreneurs or highest official of the company which lasted for 30 minutes, and two visits per firm were made. 15 different entrepreneurs businesses from Kathmandu were selected for information collection. The semi-structured interview was conducted to understand the electronic usage by entrepreneurs in their business. The modality of the questionnaire was on three important headings:

1. General questions about technology, electronic devices and their usage in a company.
2. Understand if internet has been an innovative communications technique in their business?
3. Understand marketing technique, principles, strategies and their application in internet

5. Results and discussion

The demographic structure provides the necessary information about enterprises. Table 1 provides information about usage of electronic communication by 15 firms. 14 Firms were in business for more than one year and nearly 80% of them were locally run, most of them in the capital city. All (100%) of the companies have a website, 93.33% of them have not had difficulties with spending for internet and online services.

The focus of the enterprises was mainly on marketing the products/services. The biggest shares of products

are related to online trading business. Other companies were related with selling products. Services related companies were basically concerned with information dissemination relying heavily on websites. 14 firms stated they were entirely concerned with the latest trends in technology including up-to-date software, offering digital services equipment and websites. The priorities were on technological innovations, especially IT and its enhancement. Some companies were least concerned on electronic usage because they already had their certain market share in the market but were using some form of technology like email and internet though. Thus, those firms that were not using technology exclusively but on limited form have loyal customers or were using traditional way of doing business like face to face communication. However, entrepreneurs admitted that technology used so far has influence the business in a considerable way. Almost 90% of the interviewees acknowledged that usage of electronics has rapidly raised the quality of their services as internet technology being the way to understand customers' needs, wants, preferences and choices.

Table 1. Demographic information of sampled firms

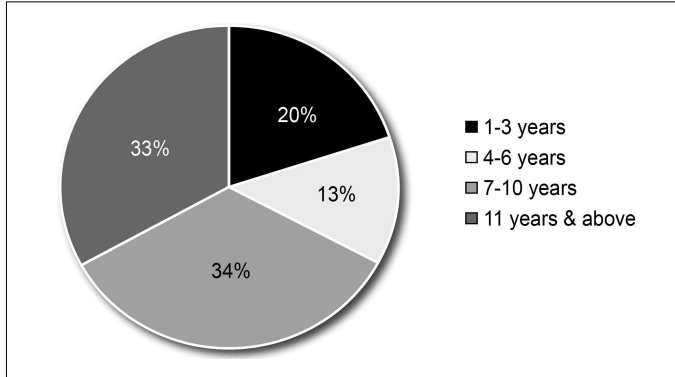
Features of firm	Industry type	No. of employee/year since ICT usage	Type of IT system	Type of business transaction	Product focus	Reach
Firm 1	e-commerce	4-2008	B2C shopping cart	Purchase order, Shipping notices	Clothing, electronics	National
Firm 2	Transport Freight	15-2010	Internet, e-mail, tracking	Purchase order, invoices, shipping notices, bills of landing payments	Cargo	National/ Global
Firm 3	Real Estate	5-2016	Internet, e-mail	Agreements	Land and building	National
Firm 4	Restaurant	10-2016	Internet, email, delivery, GPS, phone call	Order, invoices, bills, location details	Local food Mo: mo, pizza	National
Firm 5	Hotel	20-2017	Internet, e-mail, online booking, alert messages, chips, biometric	Order, reservation, invoices, itinerary	Accommodation, restaurant, free information	National
Firm 6	Manufacturing	50-2007	Internet, e-mail, e-supply chain, inventory	Order, receive slip, invoices, delivery details	FMCG	National
Firm 7	Packaging	8-2008	Internet, email	Packaging style, design	Local pickle (Acchar)	National
Firm 8	Advertising Agency	7-2007	Internet, email, voice message	Add design, TVCs, consulting	Add and consulting	National
Firm 9	Retail marketing	10-2010	Online sales, internet, e-mail, order	Invoice, sales slip, product display	FMCG	National
Firm 10	Online trading	4-2015	Online market place for B2B	Invoices, delivery slip, sales return, accounting	Electronics	National/ Global

Features of firm	Industry type	No. of employee/year since ICT usage	Type of IT system	Type of business transaction	Product focus	Reach
Firm 11	C2C site	7-2013	e-exchange, online trading	Invoices, delivery slip, sales return, accounting	Used books, furniture etc	National
Firm 12	Distillery	50-2007	Internet, email, e-procurement, biometric	Order, receive slip, Invoices, delivery details	Alcohol	National
Firm 13	Mineral water	8-2010	N/A	Order slip	Drinking water	National
Firm 14	Mobile Apps	8-2010	Add on Google	Design, coding	Application	National/ Global
Firm 15	Mobile Trading	14-2012	Internet, email, SMS	Sales, order, display	Mobile sales	National

Interestingly, 13 firms stated that changes in business activities resulting from IT solutions had an affirmative impact on sales. As a result, post sale services have become easier and comfortable. Other respondents stated that there were no significant impacts of electronic usage in their companies as their belief was on their network and their loyal customers.

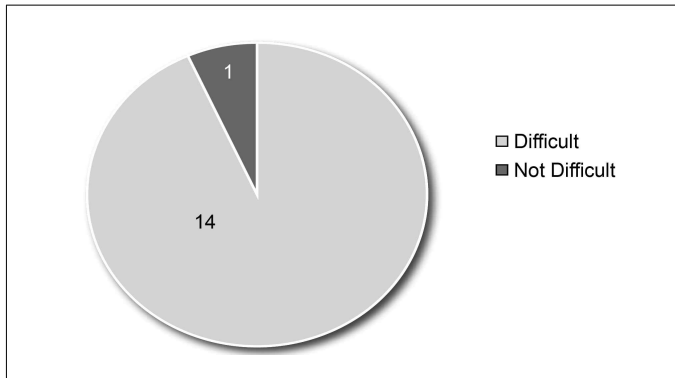
About an internet usage as communications technology, all of the firms have an official website, and some offering online sales services. The medium of the language for website was exclusively in English. No native language was used for website. Only 1 firm has not conducted research regarding customers' ability to surf. Almost 87% of the firms used the website as a marketing tool. The intranet and extranet services helped them in sharing information and using software for procurement, supply chain and customer relationship management. For those who were using a system as an integral part of business found electronic usage productive and efficient. About 80% of the firms have decided to increase additional funding over electronics usage and internet services. Firms found electronic devices highly beneficial for decision making and believed that customers use internet service to find their product, information about companies and online services. The questions on marketing technique, principles, strategies and their application in internet were discussed with entrepreneurs. Every firm uses some 1~3% investment out of total revenues for research & development (R&D) towards creating new products and improving existing ones. Many companies' websites were for information about products, services and the advertisements they showed. Online sales for every firm (below 20%) in Nepal are at primitive stage. However, online orders and online assistance over supply chain is at a satisfactory level. Some companies mainly use their websites for promoting products and sharing information about products and services. All firms uses nearly 25% of their feedback from websites regarding their activity and products. Most of the firms achieved online sales i.e. below 20% out of total sales. This shows there is still so much to do with advertising their products online. Around 86% of the firms (13) indicated increasing their entire sales through the usage of electronic.

Figure 1. Number of years in operation



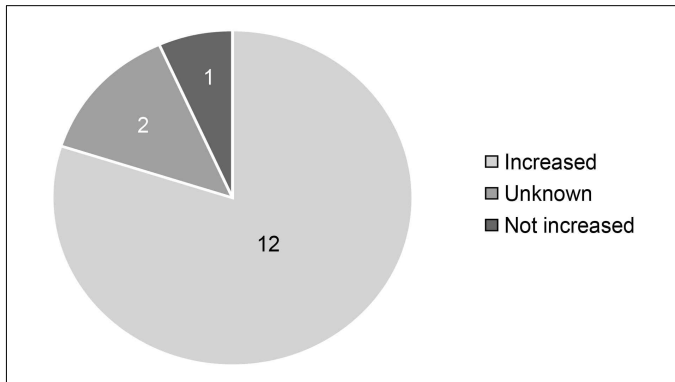
Source: Survey of Feb. 2018.

Figure 2. Spending over internet & online services



Source: Survey of Feb. 2018.

Figure 3. Electronic usage and quality enhancement



Source: Survey of Feb. 2018.

6. Conclusions

The results indicated a majority of entrepreneurs are aware of digital world, putting an extra pressure on them to initiate electronic usage to enhance their productivity. The Internet is the focal point for the usage for electronic device as it can access the market of 3.5 billion plus internet users. Entrepreneurs have to find a way to this market with new and innovative product or idea. Entrepreneurs encounter several barriers and challenges while using electronic devices, for example, it could be costly affairs, system failure, security, etc. Thus, ICT poses both opportunities and challenges imposed by the use of ICT services. The results from research finding indicate IT and electronic usage are growing tremendously in Nepalese industry. Categorically, the results show high trending for online trading site (widely popular in Nepal nowadays) despite the other usage of e-business. So, opportunities for firms are still prevailing to customize the user friendly sites and software.

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