QUALITATIVE APPROACH TO BUSINESS STUDY: HOW E-BUSINESS IS PERCEIVED BY YOUTH STUDYING IN LITHUANIA?

Abstract

Purpose – to present how e-business is perceived by youth studying in Lithuania.

Design/methodology/approach – literature review and empirical qualitative study. This is a part of research presented at STICS 2014 conference.

Findings – Most companies and organizations are switching from traditional to e-business. E-business can cause advantages or disadvantages. The main advantages of e-business – it brings a lot of profit and does not need a lot of investments; increases business efficiency. The main disadvantages – hard to ensure security; e-business can cause employee dissatisfaction; low customer satisfaction caused by a large amount of advertising, higher customer expectations, changing customer behavior. Theoretical aspects were compared with findings of interviews.

Research limitations/implications – quantitative study is based on small number of respondents. Deeper insights are made into particular case, though for widely generalized results a quantitative study would be necessary.

Practical implications – understanding youth’s view on e-business might help to drive e-business performance to more effective way by adjusting activities to growing market potential.

Originality/Value – perception of youth studying in Lithuania is presented.

Keywords: e-business, youth, qualitative study, SWOT.

Research type: qualitative study.

JEL classification:
I25 Education and Economic Development
L81 Retail and Wholesale Trade; e-Commerce

Introduction

E-business is an area, which is constantly changing and those changes can cause advantages or disadvantages for organizations and companies. With so much necessity for business to include internet based marketing and applications to support business process and customer expectations, the area of e-business is still under researched (Balaraman and Kosalram, 2012). The purpose of this research is to present how e-business is perceived by youth studying in Lithuania. In order to execute the research following methods: literature review and empirical qualitative study; were used. Understanding youth’s view on e-business

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might help to drive e-business performance to more effective way by adjusting activities to growing market potential.

**E-business concept and e-business SWOT in academic literature**

The adaptation of business models to accommodate the customer’s needs for providing an internet based business transactions is a reality and a compulsion for business. Definition of e-business varies as follows: information, products and services purchasing and selling through computer networks (Kalkota and Whinston, 1996; Koronios, Xu, 2005); business transactions and enterprise business organization using information technology for data transmission network environments (Hedman and Kallinge, 2003; Lunevičiūtė, 2009).

Permanent e-business development shows that the transition to e-business has many advantages. A rare company does not have its own website, do not sell goods or provide services both in real space and the website. It is important to find out what could be the key to e-business advantages and decisions affecting it’s rapid development.

Lopperi and Sengupta (2004) pointed out, that in the United States e-business firms bring one-third of the profits and invest in it is only 5% of revenue. Hsu (2006) by investigating e-business development in the United States also stressed the benefits of it: transmitted to the e-business increase business efficiency, allows to reduce inventory, improves customer relationships, helps to enter into new markets, which ultimately brings financial returns. Zhao et al. (2011) while studying the United States e-business, noted that the internet and information and communication technologies have transformed business behaviour. Business is moving into cyberspace, and it creates a competitive advantage reaching diverse markets. This is especially useful for small businesses, which operate through the online space and can compete with big companies.

In analysing e-business advantages, e-business strategy plays an important role. It plays the most important role in developing e-commerce. Developing e-commerce customer-oriented, be able to gain customers, quality and flexibility to meet their obligations to them and retain customers, is the most difficult of business activities both in the virtual environment of the internet and in the real world. The biggest incentive is the possibility to implement a strategy for future development and need to grow business (Němcová and Dvořák, 2011). E-business strategy includes risks, strengths, opportunities, threats, competition, weaknesses, partners, business objectives (see Figure 1). These all elements should be defined clearly and properly.

It is important to focus attention on the customer’s perspective, highlight the key requirements to ensure customer satisfaction, because customer satisfaction is one of the most important e-business advantages. It is argued that customer satisfaction is based on the following aspects (Mohanty et al., 2007):

- Easy to use (Website Design)
- How does the website look like?
- Customer confidence (How is guaranteed?)
- Direct resources (ability to offer and deliver products and services)
- Bridging services (how is interacting with customers and maintaining their loyalty)

Kromelytė (2012) extensively examined e-business advantages to the user. Based on J. Strauss and Frost, there is submitted such start buying criteria, which gives the most advantages to the customer: the value for the user; price - many pay more for better service or brand; personalization – it increases value; speed - customers want quickly get information
about the product, order it and get the next day; convenience - customers want to buy any time; simplicity - a simple product search and order; personalization - allows the user to feel important.

![Image of E-business strategy diagram]

Source: Němcová and Dvořák, 2011.

**Figure 1. E-business strategy**

With regard to the problems faced by e-business, it can be analysed developing countries. There could be fast changes, clearly could be discerned the problems and identified solutions to them.

Zilber and de Araujo (2012) found out why small businesses in Latin America cannot switch to e-business as fast as large companies, examined and distinguished e-business features of small companies. There were set these e-business features:

- business owners, the shareholders decide whether to go to e-business or not;
- the main value of the transition to e-business - increasing awareness of brand, product, sales expansion over a larger geographical area;
- the biggest challenges in the transition to e-business come from training employees to work online.

Al-Weshah and Al-Zubi (2012) studied the small and medium-sized companies in Jordan and found out, that small and medium-sized enterprises stimulate the biggest economic growth. E-business can lead to the development of this sector, however, the implementation of e-business can face many barriers, it is difficult to ensure the e-business development. There were identified key barriers related to small and medium-sized companies in e-business: insufficient government support; there is not enough training, how to implement e-business; technological barriers: security, the quality of internet.

Waghmare (2012) reported that in recent years, India has made a significant jump in e-business. The greatest difficulty encountered in the development of e-business - security assurance (people are still afraid to buy online).

The leading countries are also facing many problems in e-business area and it is the most important disadvantage. According to the the annual ForeSee American Customer Satisfaction
Index (ACSI) e-business report (2013), customer satisfaction this years is the lowest in a decade - consists of 71.3% (see Figure 2).

![Customer satisfaction index in America](image)

**Figure 2. Customer satisfaction index in America**

The main reason for such a low customer satisfaction - a large amount of advertising, higher customer expectations, changing customer behavior (e-business must always be one step ahead of users, this can not be done without the watchful measured customer behavior and it’s changes) (Annual ForeSee American Customer Satisfaction Index (ACSI) e-business report, 2013).

E-business systems can cause the main disadvantages for e-business activities. There could be defined these issues in e-business systems (Shetty and Sarojadevi, 2012):

- inadequate demand estimation - it is important to determine well the workload and scalability needs of the system and the system must be designed to meet these demands. Otherwise the system may not cope with massive increase in user demands.
- poor performance specifications - this can easily lead to a system design not achieving its performance requirements.
- unbalanced architecture – it sometimes leads to overor under-utilization of some of its components.
- inefficient request scheduling - if the request is not scheduled properly, then the system may work, but with degraded performance.
- unmonitored system - monitoring helps administrator to tune the performance of the system per user demands.
- single threaded application code - this represents a potential performance bottleneck in many complex software systems.
- poor testing – it may even give incorrect opinions about the performance capabilities of the system.
- trusting vendor’s benchmarks – it is only an indicative of system performance.
- insecure communication - security threats may degrade the overall performance of e-business system.
- server hardware failures.
Permanent e-business development shows that the transition to e-business has many advantages and disadvantages. The main advantages of e-business – it brings a lot of profit and does not need a lot of investments; increases business efficiency; allows to reduce inventory; improves customer relationships; helps to enter into new markets, increase customer satisfaction. The main disadvantages of e-business: hard to ensure security; e-business can cause employee dissatisfaction; low customer satisfaction caused by a large amount of advertising, higher customer expectations, changing customer behavior.

**Empirical research methodology**

Empirical qualitative study with partially structured interview method was carried out. Open questions were formulated. Data was collected via open question interviews. Sample was set at 20 (Rudestam and Newton, 2001). Respondents were 19 to 24 years old (all university students active consumers in electronic market). Data was collected during May, 2014. Data was collected in Lithuanian language; translations made by authors of this paper.

Respondents were asked to answer based on experience and not textbook information. Firstly respondents were asked to explain “electronic business” concept. Then they were asked to name strengths, weaknesses, opportunities and threats related to e-business. This second part of interview was organized in order to present an overall view on respondents' view on “electronic business” concept by structure SWOT (strengths, weaknesses, opportunities and threats) grid.

**Findings**

Respondents were given a concept “electronic business” and they were asked what does it mean. They were not given any extra information, they were only asked to describe the concept in their personal understanding which they have from their unique mind and experience. The business environment was emphasized by all respondents as diverse feature (see Table 1).

**Table 1. “Electronic business” concept given by respondents**

<table>
<thead>
<tr>
<th>Section</th>
<th>Subsection</th>
<th>Quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Internet</td>
<td>The Internet as a full environment</td>
<td>“it is business in the Internet”, “electronic business is one person implements entrepreneurial activities in the Internet.”, “it is electronic store with things being sold inline, so that customer does not have to leave home to shop”, “electronic business is business in the Internet environment, what helps to save time and to find a new opportunities for technologies at hand”, “business in the Internet: sales and communication via distant means”, “business carried out in electronic environment: the Internet, extranet intranet”</td>
</tr>
<tr>
<td>The Internet</td>
<td>The Internet as a partial environment</td>
<td>“electronic business is a business model, which functions at least partially in the Internet environment”, “electronic business is business which functions in electronic environment: the Internet, extranet, and intranet”, “it is business which functions in electronic environment, for example the Internet, or television”</td>
</tr>
<tr>
<td>The Internet</td>
<td>The Internet as a tool</td>
<td>“concept electronic business in my opinion describes business, which is developed in electronic environment. Usage of the Internet allows successfully develop according to shareholder expectations and urge to work with clients”</td>
</tr>
</tbody>
</table>
To main sections emerge in understanding of e-business: (a) The Internet, and (b) Electronic environment. Role of The Internet is perceived as full environment, partial environment or The Internet is seen as a tool for business activities. Role of Electronic environment is perceived as business principles in electronic environment, sales in electronic environment or any actions in electronic environment. Classification of understanding that emerged from the research in general complies with the theoretical background of the topic; though the problem is that the collective understanding is complying, while the individual understandings vary rather significantly from the concept accepted in academia. Less than half of respondents see electronic business as business, where “electronic” is only a specific environment for business processes.

Next analysis area is strengths related to e-business which are analyzed in table 2 below.

<table>
<thead>
<tr>
<th>Section</th>
<th>Subsection</th>
<th>Quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits to the enterprise</td>
<td>Easy business start</td>
<td>“it is easier to start business in electronic environment”, “creation and development of electronic business is cheaper for entrepreneur”, “smaller inputs required”</td>
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<td></td>
<td>Simpler operations</td>
<td>“easier work”, “consumers choose goods on their own, they pay for the goods themselves in electronic payment system”</td>
</tr>
<tr>
<td></td>
<td>Operation speed</td>
<td>“faster order process”, “faster work speed”, “much faster communication with employees”, “much faster communication with clients”</td>
</tr>
<tr>
<td></td>
<td>Lowering of expenses</td>
<td>“smaller costs” (mentioned six times), “cheaper to sustain company”, “no necessity for space, maybe except storage”, “no costs on office/shop rent”, “no need for place for sales and pay the rent for it”, “entrepreneurs do not need extra employees to sell goods”, “lower costs in various functional sections of the company”, “time saving” (mentioned twice), “smaller number of people needed for the same work”, “smaller work load per employee”</td>
</tr>
<tr>
<td></td>
<td>Distant workplaces</td>
<td>“possibility to work at home” (mentioned twice), “possibility for distant work”, “employee must not sit in the office, one can work at home”, “possibility to work at any place where computer and the Internet is available”, “absence of geographical proximity”</td>
</tr>
</tbody>
</table>
Three main sections emerge in defining strengths of e-business: (a) e-business tools’ benefits to the enterprise, (b) e-business benefits to consumer, (c) e-business benefits to economy. Benefits to the enterprise concentrates on easy business start, simpler operations, operation speed, lowering of expenses, distant workplaces, efficient communication between business elements, “around the clock” accessibility, international commerce, competitive advantage. Benefits to consumer concentrates on similar aspects as benefits to enterprise, except there can be distinguished decrease of information asymmetry, bargain possibilities. Benefits to economy are perceived as salary rise, work places. Findings that emerged from the research in general comply with the theoretical background of the topic. Authors by investigating e-business also stressed the benefits of it: increased business efficiency, reducing inventory, improved customer relationships, entering into new markets, financial returns. Similar benefits were distinguished in (a) benefits to the enterprise, and (c) benefits to economy sections. In theoretical part it is argued that customer satisfaction is based on the easy to use e-business website, guarantee of customer confidence, ability to offer and deliver products and services. All these benefits can be distinguished in research findings in (b) benefits to consumer section.

Next analysis area is weaknesses related to e-business which are analyzed in table 3 below.
Table 3. Weaknesses related to e-business presented by respondents

<table>
<thead>
<tr>
<th>Section</th>
<th>Subsection</th>
<th>Quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social aspects</td>
<td>Weak trust in vendor</td>
<td>“lower confidence to buy online”, “employee with a user actually visible, so sellers confidence falls”, “distrust of electronic payments”, “consumers find it difficult to trust the seller, through the wire”, “customer distrust”, “people do not use the Internet (mostly elderly)”, “fear to buy from online stores”, “users trust level is low” (mentioned twice), “lack of confidence in shop assistant”</td>
</tr>
<tr>
<td></td>
<td>Organizational microclimate</td>
<td>“constant employee sitting by the computer”, “when people work in different spaces, that makes difficulty in communication”</td>
</tr>
<tr>
<td></td>
<td>Interpersonal contact</td>
<td>“electronic business cannot ensure full communication, which is available only face to face with the customer”, “communication in cyberspace for consumer is worse than face-to-face”, “growing electronic commerce reduces human communication;”, “no personal communication”</td>
</tr>
<tr>
<td></td>
<td>Electronic literacy</td>
<td>“elderly have difficulties in changing from usual business to electronic one”, “not all social groups have the same possibilities to access to business online”</td>
</tr>
<tr>
<td>Investments</td>
<td>Infrastructure</td>
<td>“server maintenance costs”, “extra investments to technical base are needed”, “high starting investments to start electronic business”</td>
</tr>
<tr>
<td></td>
<td>Quality proof</td>
<td>“clients cannot check quality of the thing”, “person cannot touch the thing he buys before the purchase arrives to his doorstep”, “low quality good may be delivered”, “possibility to order a product which is not needed [such as shoes or clothing]”, “people do not see what they are buying”, “without a touch or try on items people cannot have accurate understanding of its quality”, “product cannot be tried on”, “people cannot actually touch the goods”, “the user can not physically touch the item before buying it”</td>
</tr>
<tr>
<td></td>
<td>Extra qualification needed</td>
<td>“extra skills for employees are needed”</td>
</tr>
<tr>
<td>Safety</td>
<td>Consumer safety</td>
<td>“possibilities to be tricked: not to receive or receive wrong product”, “not everyone is willing to buy goods in cyberspace because of fear of being cheated”, “security gaps”, “consumers are deceived by online companies are set up in order to collect as much money from customers and then closes without delivering of sold products”, “frauds”, “lack of security online”</td>
</tr>
<tr>
<td></td>
<td>Illegal goods</td>
<td>“hard for state to control circulation of goods”, “possibility for illegal goods which has negative effect on the market”</td>
</tr>
<tr>
<td></td>
<td>Technological safety</td>
<td>“online theft scam”, “a lot of online scammers on which consumers are less trusting e-business”, “unsecured payment systems resulting in unsafety of user data”</td>
</tr>
<tr>
<td>Economy fluctuation</td>
<td>Changes in commerce</td>
<td>“less and less physical stores”, “shopping centers are losing money”, “unstable salaries”, “lots of competition”, “expensive advertising”, “new online shops have difficulty to become noticed, unlike traditional ones in streets”, “parcels with things bought online usually take long way from reaching the recipient”, “decrease of work for employees end in lower salaries”</td>
</tr>
<tr>
<td></td>
<td>Business environment changes</td>
<td>“decreasing the number of work places”, “a lot of electronic stores are created but most of them do not last long”, “not fully sort out the legal issues”, “money laundering”, “international business related legal issues”, “competition”</td>
</tr>
</tbody>
</table>

Four main sections emerge in weaknesses of e-business: (a) social aspects, (b) investments, (c) safety, (d) economy fluctuation. Classification of understanding that emerged from the research in general complies with the theoretical background of the topic, though the most attention to the weaknesses of e-business in theoretical part is paid to insufficient government support, not enough training, how to implement e-business, technological barriers, security issues. Research findings defined more specific areas, where weaknesses of e-business can arise: changes in commerce, quality proof, organizational microclimate, interpersonal contact, which were not distinguished in theoretical part.
Next analysis area is opportunities related to e-business which are analyzed in table 4 below.

Table 4. Opportunities related to e-business presented by respondents

<table>
<thead>
<tr>
<th>Section</th>
<th>Subsection</th>
<th>Quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial elements</td>
<td>Operational possibilities</td>
<td>“employees may work in a place comfortable for them if supervisor allows”, “all parties may communicate faster via the Internet and save time for other functions”, “all business areas may be developed internationally”, “cheaper development”, “easier to sell business”, “possibility to develop internationally cheaper than without electronic means”, “faster transactions which save time”, “possibility to attract consumer from other countries”</td>
</tr>
<tr>
<td></td>
<td>Transaction speed</td>
<td>“faster financial transactions” (mentioned twice), “faster delivery of ordered goods”</td>
</tr>
<tr>
<td></td>
<td>Consumer behavior</td>
<td>“clients may shop wherever they want”, “people by faster”, “faster and easier purchasing of goods and services”, “more consumers may be attracted to buy”, “consumers may be attracted to personal space availability during shopping”</td>
</tr>
<tr>
<td>Business sector</td>
<td>Introduction of novelties</td>
<td>“innovation adaption in business processes”, “new technology development and improvement of old ones”</td>
</tr>
<tr>
<td></td>
<td>Economic growth</td>
<td>“can contribute to increase of consumption”, “trade expansion”, “economy growth due to globalization of the market”</td>
</tr>
</tbody>
</table>

Two main sections emerge in understanding the opportunities of e-business: (a) commercial elements, and (b) business sector. Classification of understanding that emerged from the research in general complies with the theoretical background of the topic; though the theoretical part analysis shows that the most important possibility of e-business is to develop customer-oriented, e-business, it is the most difficult of business activities both in the virtual environment of the internet and in the real world. Research showed that there could be broader range of e-business possibilities - operation possibilities, introduction of novelties, economic growth.

Next analysis area is threats related to e-business which are analyzed in table 5 below.

Table 5. Threats related to e-business presented by respondents

<table>
<thead>
<tr>
<th>Section</th>
<th>Subsection</th>
<th>Quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social aspects</td>
<td>Digital divide</td>
<td>“absence of possibilities for consumer to reach the Internet”, “negative effect on communication due to personal contact absence”, “people, who are not familiar with newest technologies, may be not able to shop”</td>
</tr>
<tr>
<td></td>
<td>Economic stability</td>
<td>“low effect on economy growth”, “possibility to purchase illegal goods due to which state collects less taxes”, “less workplaces”, “reducing number of workplaces”</td>
</tr>
<tr>
<td>Management</td>
<td>Enterprise staff</td>
<td>“not sufficient qualification of employees”</td>
</tr>
<tr>
<td></td>
<td>Mistrust in quality</td>
<td>“absence of possibility to touch goods”, “risk to lose money for fraud of damaged goods”, “purchase may be damaged during delivery”, “lack of quality”, “prospective client may be lost, because he cannot touch the thing”</td>
</tr>
<tr>
<td></td>
<td>Mistrust in vendors</td>
<td>“lack of trust”, “consumer often does not trust in electronic environment”, “people often do not trust sales-persons in electronic environment”</td>
</tr>
<tr>
<td></td>
<td>Rising expenses</td>
<td>“expensive advertising”, “difficult to stand out”, “difficulties to attract sufficient amount of consumers and keep them interested in fast changing market”</td>
</tr>
<tr>
<td></td>
<td>Logistics malfunction</td>
<td>“long time period between purchase of a thing and receiving of thing for non-virtual goods”, “purchase may be damaged during delivery”</td>
</tr>
</tbody>
</table>
Three main sections emerge in understanding the threats of e-business: (a) social aspects, (b) management, and (c) safety. Classification of understanding that emerged from the research in general complies with the theoretical background of the topic; though the theoretical part analysis shows that the most important threats of e-business are a large amount of advertising, higher customer expectations, changing customer behavior (e-business must always be one step ahead of users). Research analysis shows that there are more areas of e-business threats – social aspects, management (staff, mistrust, and logistics), safety (cybercrimes, creative rights).

Conclusions

Review of e-business literature revealed that main advantages of e-business – it brings a lot of profit and does not need a lot of investments; increases business efficiency; main disadvantages – hard to ensure security; e-business can cause employee dissatisfaction; low customer satisfaction caused by a large amount of advertising, higher customer expectations, changing customer behavior.

Young people perceive electronic business as economic activities via electronic means, where the Internet is playing the main role. The analysis showed that young people perception of electronic business is mostly limited to the Internet as connecting technology. Such perception in the minds of young may be an obstacle to electronic business development.

In order to improve e-business effectiveness in Lithuania, research shows that it is highly necessary to improve education in this area. E-business education in Lithuanian research is not highly analyzed. In order to this, a further more deep analysis is necessary.

References


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