Emerging Modes of Business

Standard difficulty · 20 questions · 40 marks · Time: 39 minutes

Name: _____ Date: _____ Score: ____ / 40

Show your working for Sections B and C. Answers are on the last page — try every question first!

Section A — Choose the correct answer — 8 × 1 = 8 marks

1. Carrying on business transactions over computer networks is:
(a) franchising **(b)** barter **(c)** outsourcing **(d)** e-business

2. What is meant by “business process outsourcing”?
(a) outsourcing work processes such as call centres or data entry
(b) scrambling data so that only the intended receiver can read it
(c) an agency that handles payment between buyer and seller online
(d) the risk that an order, delivery or payment fails

3. Which of these is an example of intra-B commerce?
(a) A firm sends offers to its customers by email.
(b) A student sells old textbooks to another student online.
(c) A car maker orders tyres from its supplier online.
(d) The sales and production departments of a firm share orders on its network.

4. Older shopkeepers do not want to change to online ordering. Which limitation of e-business does this show?
(a) anxiety about security **(b)** low personal touch
(c) people’s resistance **(d)** ethical fallouts

5. Bills and receipts are sent by email instead of on paper. Which benefit of e-business does this show?
(a) convenience **(b)** speed
(c) low personal touch **(d)** paperless office

6. A buyer never receives goods he paid for. What kind of risk is this?
(a) transaction risk **(b)** business process outsourcing
(c) data transmission risk **(d)** threat to intellectual property

7. Which activity is a firm most likely to outsource?
(a) a medicine maker’s research on new drugs
(b) a bakery’s own recipes for its cakes
(c) a shoe maker’s cleaning and security services
(d) a car maker’s engine design

8. A shop pays ₹47,000 a month as rent. Selling online instead, it would pay ₹5,000 a month to run a website. How much would it save in a year?
(a) ₹564,000 **(b)** ₹42,000 **(c)** ₹504,000 **(d)** ₹60,000

Section B — Short answer — 8 × 2 = 16 marks

9. Distinguish between e-business and e-commerce.

10. Explain each term: (a) payment intermediary (b) business process outsourcing

11. Classify each as B2B, B2C, C2C or intra-B. (a) A firm's branches share stock data on the company network. (b) A firm sends offers to its customers by email.

12. Which limitation of e-business does each show? (a) Older shopkeepers do not want to change to online ordering. (b) A firm reads its employees' emails without telling them.

13. What kind of risk is each, and how can it be reduced? (a) A power cut and a disk crash destroy a shop's order records. (b) Payment details are stolen while being sent to the bank.

14. Distinguish between traditional business and e-business on the basis of (a) scope of business (b) ease of formation.

15. An online store sells a jacket listed at ₹3,950 with 10% off, plus a delivery charge of ₹40. How much does the buyer pay?

16. Which benefit of e-business does each show? (a) A small firm opens an online shop with little money. (b) A small publisher sells books to readers in other countries.

Section C — Word problems — 4 × 4 = 16 marks

17. Explain the scope of e-business.

18. Match each with its meaning: (a) e-commerce (b) encryption (c) digital cash. Choose from: electronic money that works like cash online; scrambling data so that only the intended receiver can read it; buying and selling over the internet.

19. Read about Navrang Paints. (a) The sales and production departments of a firm share orders on its network. (b) A firm sends offers to its customers by email. (c) Two people sell used bicycles to each other on a website. Identify the kind of e-business in each part and explain it briefly.

20. Sunrise Foods decides to hand over a bank's customer call centre and a shop's home delivery of goods to outside agencies. (a) What is this called? (b) Give two reasons why a firm does this. (c) Give one concern it raises.

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Answer key

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Q	Answer	Working
1	(d) e-business	—
2	(a) outsourcing work processes such as call centres or data entry	—
3	(d) The sales and production departments of a firm share orders on its network.	—
4	(c) people's resistance	—
5	(d) paperless office	—
6	(a) transaction risk	—
7	(c) a shoe maker's cleaning and security services	—
8	(c) ₹504,000	12 × (47,000 − 5,000)
9	E-commerce covers buying and selling online; e-business is wider and includes all business transactions done online, within and outside the firm.	—
10	(a) an agency that handles payment between buyer and seller online (b) outsourcing work processes such as call centres or data entry	—
11	(a) intra-B (b) B2C	—
12	(a) people's resistance (b) ethical fallouts	—
13	(a) data storage risk: reduced by backups and anti-virus software (b) data transmission risk: reduced by encryption	—
14	(a) traditional: limited to an area; e-business: worldwide (b) traditional: difficult; e-business: simple	—
15	₹3,595	3,950 − 395 + 40
16	(a) ease of formation (b) global reach	—
17	B2B (between firms), B2C (firm to customer), intra-B (within a firm), and C2C (between consumers); each covers ordering, payment and information flows online.	—

Q	Answer	Working
18	(a) buying and selling over the internet (b) scrambling data so that only the intended receiver can read it (c) electronic money that works like cash online	—
19	(a) intra-B: within one business (b) B2C: business to customer (c) C2C: customer to customer	—
20	(a) outsourcing (b) e.g. focus on core work, expertise of specialists, lower cost, faster growth (c) e.g. loss of confidentiality, poor working conditions at the agency, ethical issues	—