

## THE IMPACT OF E-COMMERCE ON SMF'S

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*The work propose to explain the concept of e-commerce, its main components and the current stage as well as the developing view of e-commerce in Romanian agribusiness and difficulties that e-commerce brings in the Romanian agribusiness structure.*

*The internet had evolved in a formidable tool, and has had a major impact in all life bearings during the last decade. Important changes appear every half of year have been as it is impossible to forecast where we are going to be obtain next 10 years. In nowadays we all are participating at new economical revolution in commerce and telecommunication. Big companies of this century are going to have their origins in this decade. E-Commerce is a new way to make business, either it is the internet development of an existing business, or starting of a new one on virtual market.*

*E Commerce covers the next business operation: Client contact establishing;*

*Information Change; Electronic payment pre and post selling assistance; Virtual market distribution and logistics; Shared commercial activities between many more companies.*

*Romanian rural economy is generally dominated by agriculture, and is low integrated in market economy. In present market economy context and of the way of understanding and applying marketing policy, is depending of urban and countryside people prosperity as well as agricultural producer.*

*Romanian producers must correspondence existing economical reality, and applying techniques and methods that are offering stability and safe economic efficiency. The producer is obliged to produce in accordance with internal and world market request and immediately react to consumer needs.*

**Key words:** e-commerce, business, rural economy

A large spreading and using of internet produced major changes of economic activities, and determining new products and services creating between market players. New activities performed by electronic means, e-commerce which is developing as a result of infrastructure, provided by IT&C

E-commerce represents new players opening business process and relations as well as new consumption and organization. E-commerce started in Romania, in February 2004 as functional e commerce system, and it was the first one in central and eastern Europe.

## MATERIAL AND METOD

The material published in this work was elaborated by an e-commerce market research from Romania, as well as studying reports made in specialized institution in the field. The specialized literature studying and the market investigation in the field are the leases of the present work.

## RESULTS AND DISCUSSIONS

For majority of people e-Commerce means to have shopping online, in World Wide Web. However e-commerce is more than the process of selling and buying of products and services over the communication network, particularly internet.

In IBM definition, e-business means “the transformation of key business induced by internet technology using”. Another definition of the term e-business explains it as being “the application of new technologies particularly, those the internet and, to support freelancers companies and other organization to develop business more efficiently”.

Online public services represent one of the most active areas of modern economy. E-Commerce represents a new method of making business either is about the internet spreading of an existing business, or a starting of business only in the virtual medium. The online public services represent one of the most namic zones of modern economy. The e-commerce transaction are classified most of times, after partners number implied in this process (consumer, merchant, government).

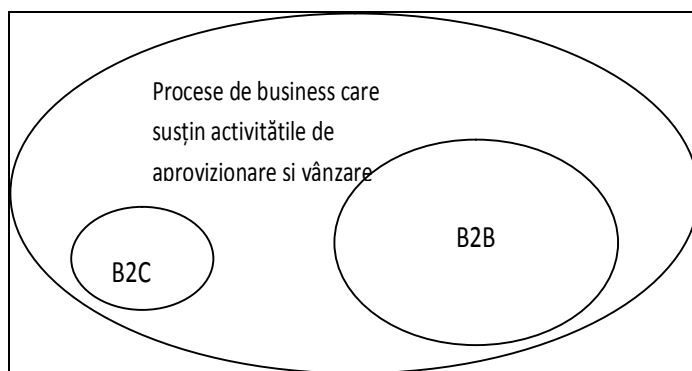


Figure 1 Of relative size of the e-commerce components as a value volume, and number of transaction/convention

Developing an online business activity (e-business) request a legal bases. According with Commercial Society Law, starting a business like online business as well as taking position on market as it is „new economy” market place( as R.HELBIG called in Business processes in the old and in the new economy -how does - e-business change agribusiness),[5] requires to found a Limited Liability Company or Authorized Natural Person

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E-government evolution let the inventory of main essential services that are offering to citizen and business environment in the world. At European Union Level was found 20 of essentials public services whose implementation is defining for comparison of e – government in member states. From all of 20 main services, 12 of them are to citizen (Government to Citizen, G2C), and 8 for business environment (Government to Business, G2B)[1].

Most shared type of e-commerce is B2B (business to business), B2C (business to client) as well as is Government or public services B2G G2B) (fig.2). B2B (Business-to-Business) e-commerce type contain commercial transaction and multitude relation that is settled between companies and other organization that having information and communication technology as support, main internet technology. [3]

B2C includes all commercial and service transactions between company and sealer. Nowadays in Romania is the most known e-commerce type, but is possible that B2B take the first place in e-commerce transaction instead of B2C.

As R. Hass said, E-commerce offer risk and opportunities for SMF's: Opportunities because internet offer the chance of promoting and sealing nonstop services and products for all those that are interested in so called new economy; Risk because nobody could assure that the web investment will bring long term substantial incoming.[4]

Although e-commerce in Romania is at its beginning, a good example for Business to Government is creating the national unitary integrated system creation for online business dedicated for citizen and business environments that it is based on "one point access only" concept of Romania digital interests information. This portal is designed to ensure unitary coherent and friendly information between public administration and citizen and between administration and business environment as well.

Through target areas of e-Romania, e-Agriculture plays a very important role aiming the concept of sustainable agriculture through nest two objectives:

**Objective 1:** Efficient and modern instrument realization for information and knowledge in agriculture domain providing, different criteria organization: subject, activity sector, activities, agriculture profile institutions;

**Objective 2:** Actual problems presentation that is generated of a modern agriculture with citizen life quality impact.

The main benefits for citizen and administration are: Knowing the way that agriculture evolved in Romania and concerned problem of Europe Union adhesion; Rapid general and specified information access from Romanian agriculture: agriculture resources, laws, branches of agriculture; Citizen awareness regarding problems of actual agriculture: sustainable agriculture, food safety, environment protection, climate changes, biodiversity, biotechnology; Knowing major information,

regarding Romanian farmers; Knowing and access for main institution and organization of Romania in agriculture domain; Synthesis information for agriculture domain.

Romanian rural economy has a high percentage of subsistence farms as a dominant feature, that mainly product for self consumption and trade on a market a small part of obtained products. In addition, subsistence farms have difficult access to other revenue sources, and that welfare of a significant rural population part, considerably depends by farms level of profitability.

Of 23,8 ha millions as there ware in the Romania, the agriculture area is about 14,7 ha millions (61,7%) whereby 9,4 millions of ha represent arable land. Romania is situated on 7 place in Europe as agriculture area after (Spain, France, Great Brittan, Germany, Italy, and Poland) and 5 places as arable area after (Spain, France, Germany and Poland).

The situation of farms with juridical personality, of individual household as the areas exploited by those, is in the following: by total of 4.256.152 farms register at the end of 2005, 4.237.889(99,6%) wore individual farms that had 65% of utilized agriculture area, and 18.263 units with legal personality exploited the rest of 35%.

Small farms that assure live hood of vulnerable categories of population, small farms play an essential socio-economic role. Small farms are usually managed by either owners, person with old ages or pensioners ages. Those persons majority haven't any training level or have limited qualifications and knowledge.

Average agriculture area used, was about 3,4 ha/farm, and the average of individual farm was of 2,2 ha/farm being exploited in average and 269,3 ha/farms by unit with legal personality. There is a big difference between Romanian individual farm average area and European Union farms about 19ha/ farm. At European level statics shows that Romania is situated on 10 th plays in top of first country as internet user number.

In rural areas the development rate of e-commerce is very low, under 1% but having a great developing potential if authorities is developing a new communication structure.

Table 1

**Agricultural area usage by layout [6]**

Juridial statute	Entire agricultural exploitations (number)	Agricultural exploitation which using agricultural area (number)	Agricultural area in use (ha)	Agricultural area medium using (ha)	
				On the exploitation	On the exploitation which using agricultural area
Total	4256152	4121247	13906701.3	3.3	3.4
Individual agricultural exploitations	4237889	4103404	9102018.2	2.1	2.2
Unity with juridical personality	18263	17843	4804683.1	263.1	269.3

The domain where e-market could assure a great assistance in agriculture development is: Zootechny; Transaction with fertilizer; Services for agriculture production; Financing/loans ; Agriculture marketing.

Zootechny is one of branche farming where electronic market could be easy integrated in farm economical process, especially in supplying and merchandising. At the end of 2007 comparatively with 2006 milk production register a decline, with 78 thousand heads (4,5%), respectively 3432 thousand hl (6%).[2]

An agricultural service is one of the domains where e-commerce is already functional. These services have a big influence on farms productions be it direct or indirect. Farmers could access online informing with regards all information about the services that they need without being necessary going to company that provides the services that they need.

Farmers could resolve problems regarding production by simply accessing of an Agriculture Territorial Consulting Services web site. Therewith could chat with an agriculture consultant. Web sites are a very good information channel bringing statistics to farmers, information about trends and forecasts that is very useful in all activities.

Farmers can be on for public auction using special designed web sites as it is [www.seap.ro](http://www.seap.ro), (used only for public auction) and [www.e-licitatii.ro](http://www.e-licitatii.ro). Each farm indifferently of its size must strengthen its presence on the web, this is going to be the most efficient instrument for business promoting. There are practices and methods for anyone, with implementation possibilities, at all company's deployment regardless of the profile. Company insurance on web of his field of activity and his products, must be the main care of nowadays farm manager. New business opportunities developing are opening for own business and increasing profits.

## CONCLUSIONS

1. E-Commerce impact: Is transforming the market; Is shortening the distance between seller and buyer allowing client individual profit knowledge and new marketing study; E-commerce is shrinking time by cutting back the production cycle , allowing farms to have faster operating; Is driving to globalization.

2. Well designed web site holding, is helps farmers to can find easily a potential customer for their products both of natural persons or industry companies (various industries braches or small and big farms).

3. New e-commerce technologies is a reality for this moment, whose advantages are beyond dispute. Sooner or later, these are disseminating in every company, every country and every consumer house. The problem is the speed with the changes is affects us.

4. Transition between classic and electronic commerce must be made gradually, without "burning" some steps. It is useless having the last technologies in business, if we do not have qualified personnel that know how to use this.

Therefore is imposing as a first measure that must be adopted in every country to be the internet providing.

5. Developing the web technologies, as is the increasing of internet user is a favorable premise to developing e-commerce in Romania. This is reflected in national strategy developing of information society.

6. E-Romania web site intended to assure a friendly interface between public administration services, citizens and business community.

7. Although Romanian agriculture has an easy penetration of e-commerce, its potential can increase the farms interest, if it is desirable that Romanian agribusiness rises to the challenge of European Agribusiness.

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