

STRATEGIES OF E-BUSINESS RISK MANAGEMENT SYSTEM

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Abstract

E-Business is risky business. Risk management is the process of identifying risk, assessing risk, and taking steps to reduce risk to an acceptable level. The risk management is an important component of a IT security program. Information and communications technology management and IT security are responsible for ensuring that technology risks are managed appropriately. The managing and minimizing of risks must be to be aware of what those risks are. Although the specific risks will vary between companies, it is possible – using what we have learnt about the Network Economy – to identify a set of seven sources of risk. Three of these sources are to be found beyond the organization's boundaries: criminals, the commercial environment and legal systems. The other four risk sources emanate from within the organization: people, processes, technology and business strategies.

Key words: risk, e-business, business strategy.

INTRODUCTION

The risk categories can help identify and assess the risks, that are poorly managed or not mitigated represent an exposure to the health of the organization. Typical risk categories include: external environment, operational, legal, information, regulatory, human resources, governance, financial, strategic and technology. However, it is helpful to set out a framework for describing these different types of risk. A distinction is made between the four risks that have their source within the organization and the three whose source lies beyond the boundaries of the organization. These sources are not isolated from one another.

THE RISK MANAGEMENT PROCESS

Risk Assessment: A scientific and technologically based process consisting of three steps, risk identification, risk analysis and risk evaluation.

Risk Treatment: Process of selection and implementation of measures to modify risk. Risk treatment measures can include avoiding, optimizing, transferring or retaining risk.

Monitor and Review: A process for measuring the efficiency and effectiveness of the organization's risk management processes is the establishment of an ongoing monitor and review process.

Risks Communication, Awareness & Consulting: A process to exchange or share information about risk between the decision-maker and other stakeholders inside and outside an organization.

Risk acceptance: Decision to accept a risk by the responsible management of the organization. For each risk area, the options are to *Reduce, transfer, ignore*

STRATEGIES OF E-BUSINESS

- Educating staff on e-commerce risk
- Find the right payment processor
- Create essential website content
- Focus on risk reduction
- Develop internal fraud prevention structure

- Use fraud prevention tools
- Protect your merchant account from intrusion
- Securing the process of routing
- Ensure PCI compliance
- Minimize unnecessary charge backs:
- Monitor charge backs
- Use collection efforts to minimize losses

CONCLUSION

The risk classification model presented here provides a starting point for the management of e-business risks. The seven risk types can be used to form a practical template for sketching out the possible specific risks that a company needs to consider. Risk management tools provide benefit to an organization through better understanding of the operational environment, improved monitoring of the effectiveness of controls and a more robust response to compliance auditors. This is only possible through a well-structured, well-managed and well-understood process. Finally the risks need to be managed actively and in a way that recognizes the interdependence between risk types.

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