



E-Commerce Development on Enterprise Management Strategies: A Case Study of COFCO Biomedical (Thailand)

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Abstract

The rapid development of information technology in recent years has affected the operation of the world economy, and the emergence of e-commerce has greatly shortened the temporal and spatial distance between economic participants, allowing resources to be shared to the maximum extent. It has become an important topic for companies to explore how to adapt to this trend and promote their development under such severe challenges. This paper employed qualitative research methods to investigate COFCO Biomedical (Thailand) as a case study. The objective of this study was to analyze the corporate management strategies under the development of e-commerce from the perspectives of organizational structure, human resources management, and financial management. By analyzing the problems of corporate management in the context of e-commerce development of COFCO Biomedical (Thailand), this results revealed that the main issues in corporate management during e-commerce development were associated with the mismatching in organizational structure under the development of e-commerce, the lack of integration of the financial management with the needs of e-commerce development, and inadequate adaptation of human resource management and employees' perceptions on the e-commerce. According to the actual situation of COFCO Biomedical (Thailand), this paper proposed strategies for improving corporate management in e-commerce development in the perspectives of organizational structure, human resource management, financial management, and corporate culture.

Keywords: *E-commerce, Business management, Financial management, Hhuman resource management, Corporate culture*

1. Introduction

As the internal process of e-commerce application in enterprises enhances competitiveness, many scholars have achieved relevant research results in the field of e-commerce and competitiveness. The main advantages of e-commerce business model include increasing customer reach and reducing transaction costs, while the key limitations include the need for a reliable IT infrastructure and the potential for increased competition (Taher, 2021). Thaichon et al. (2018) examined the impact of e-commerce on organizational structures and proposed a hybrid sales structure that integrates both traditional sales and e-commerce channels, and the study found that e-commerce channels offered advantages such as cost savings and convenience.

Sensuse et al. (2020) highlighted the importance of change management in e-commerce and provided practical recommendations for managers and practitioners seeking to implement changes in the Indonesian e-commerce context. Farooq et al. (2019) identified various management strategies that can facilitate the successful implementation of e-commerce, including investment in IT infrastructure, human resource development, and collaboration with stakeholders. Lubis et al. (2023) found that the financial technology tools could improve financial management and reduce transaction costs, and that the improvement of financial management and infrastructure could help to promote the adoption of e-commerce.

Wang et al. (2020) suggested that cross-border e-commerce firms play a critical role in facilitating the integration of supply chains by managing information flow, financial flow, and logistics flow. Specifically, the researchers found that cross-border e-commerce firms could leverage digital technologies to manage information flows, create innovative financial products and services to manage financial flows,

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and optimize logistics and transportation operations to manage logistics flows. Adam et al. (2020) found that human resource development and regulatory environment had a significant positive effect on global B2C e-commerce. Kovács & Keresztes (2022) found that the most important employability skills for e-commerce jobs, as perceived by young employees, were digital literacy, communication skills, problem-solving ability, and flexibility, and the study suggested that the employees recognize the importance of a range of employability skills for e-commerce jobs and that employers consider these skills when recruiting and training staff for e-commerce roles.

China Oil and Foodstuffs Corporation (COFCO) is a large-scale grain, oil and food production enterprise among the world's top 500 companies and major central enterprise in China's grain production. It is also a diversified product and service provider in the field of agricultural and food products in China. Giving full play to the sustainable development of natural resources, it provides consumers with healthy food, high-quality living environment and life services, making great contributions to people's happiness and stability. In recent years, facing the increasingly intensified market environment, COFCO Biomedical (Thailand) is actively exploring new sales channels, developing online shopping malls, and striving to shorten the contact between enterprises and customers and reduce logistics costs. Therefore, enterprise management is facing huge challenges, how to efficiently manage subordinate organizations, reduce financial costs, fully grasp the operating conditions of different regions, and improve the corporate management during the development of e-commerce, which are all issues worthy of discussion.

The network marketing mode has a profound impact on the business mode of enterprises, which leads to the changes of the management concept, business behavior, and the methods of management. The trade negotiations and contract signings are carried out on the internet, which makes the business has the characteristics of remote, real-time and virtual. The traditional decentralized management mode and traditional management methods in COFCO Biomedical (Thailand) can no longer meet the needs of enterprise Informationization. Traditional enterprise value chain under the new condition of development has shown certain disadvantages. The logistics, capital flow, and information flow circulation are restricted by time and space, leading to the value chain of long and scattered, and in the value, chain formed a multi-level pyramid management structure, makes the production, sales and management efficiency decline. Based on the above the potential problems in its strategies, this paper aimed to investigate the COFCO Biomedical (Thailand) as a case study to explore its management strategies in e-commerce development in the aspects of organizational structure, human resource management and financial management and to formulate a corresponding management strategy to improve the company's management.

2. Objectives

The study's objectives are to 1) analyze the corporate management strategies under the development of e-commerce of COFCO Biomedical (Thailand), 2) identify relative issues of the corporate management strategies under the development of e-commerce in the perspectives of organizational structure, human resources management, and financial management, and 3) propose strategies for promoting the development of the enterprise in the aspects of corporate organizational structure, human resource management, financial management and corporate culture.

3. Materials and Methods

3.1 Case Study Method

Selecting COFCO Biomedical (Thailand) as a case study, this paper briefly described the company profile and analyzed the impact of e-commerce development on company management from the perspective of the company. The paper also identified problems in the company's management and formulated corresponding countermeasures to promote sustainable development. The data presented in this paper were obtained from the company's internal resources and compiled by the author.

3.1.1 Background of COFCO Biomedical (Thailand)

COFCO Biochemical (Thailand) Co., Ltd was registered in August 2001. In April 2012, COFCO acquired 100% equity and its total land area was approximately 160 acres. In June 2012, the company began

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its expansion and renovation construction project, which was completed in April 2013 and put into trial production. The overall completion and acceptance of the expansion project was completed in August 2014. The company focuses on the high-end food market and customer needs, continuously improves product quality, and customizes high value-added products for specific customers. More than 70% of the citric acid products are exported to the United States, Brazil, Israel, and Southeast Asian countries, supplying international well-known customers such as Coca-Cola, P&G, and Mondelez.

Based on a study of the corporate management practices of COFCO Biomedical (Thailand) in the context of e-commerce development, this paper analyzed how the company managed its operations in the process of e-commerce development, in the aspects of organizational structure, corporate management, financial management, and corporate culture.

3.1.2 Problems of enterprise management in the development of e-commerce

3.1.2.1 Inconsistency between the organizational structure and the e-commerce environment

The organizational structure of COFCO group is a representative hierarchy. COFCO Biomedical (Thailand) currently has six departments, including procurement department, sales department, comprehensive management department, finance department, production technology department, and safety quality inspection department. Some problems in the hierarchical structure among the departments of the company may lead to low efficiency, complicated business operations, ultimately affecting the development of the company. In the past, traditional corporate structures were pyramid-shaped with clear division of labor, a strict hierarchy, and easy management. However, in the network environment, the deficiencies of the pyramid-shaped structure have become increasingly apparent. In the era of electronic commerce, talents and information are important resources for enterprises. Therefore, it is necessary for COFCO Biomedical (Thailand) to establish a new enterprise system in consistent with its e-commerce environment to ensure the rational distribution of talents and information.

3.1.2.2 Inadequate

With the development of e-commerce, the management of human capital will also be affected. Compared with traditional industries, the development of e-commerce needs to be viewed from various aspects such as organizational structure, job positions, and responsibility, rather than being limited to a single organizational form. The salary system in human resource management is an important management tool, which can affect the company's employee recruitment, motivation, retention, etc., thereby affecting the company's overall management effect. This paper investigates the employee salary system of COFCO Biomedical (Thailand) to explore the impact of the salary system on company management. The personnel operation of COFCO Biomedical (Thailand) still follows traditional personnel management practices. Information technology is used primarily for recording and storing personnel information and has not been fully utilized to effectively integrate information systems. In order to meet the manpower demand in the development of e-commerce, COFCO Biomedical (Thailand) should carry out reforms in recruitment, performance appraisal and human relations. An appropriate salary system can motivate employees to work actively, thereby increasing the production efficiency of the company, and also affect employees' sense of teamwork and the realization of personal goals.

3.1.2.3 Financial management does not integrate into the needs of e-commerce development

3.1.2.3.1) Debt structure of COFCO Biomedical (Thailand)

The debt structure usually consists of short-term borrowing and long-term debt. Under certain conditions, through the reasonable adjustment of the capital allocation of the enterprise, the cost of using the capital can be reduced and the financial management of the enterprise can be effectively controlled. COFCO Biomedical (Thailand) had a high debt ratio. Table 1 shows the debt structure of COFCO Biomedical (Thailand). The total liabilities accounted for a large proportion of the total assets in the past four years. The current liabilities exceeded 80% of total liabilities in the past four years. Therefore, in terms of financing leverage, the decline in the quality of assets in the process of debt operation reflected a financial risk.

**Table 1** Capital structure analysis for year 2018-2021 of COFCO Biomedical (Thailand)

	2018	2019	2020	2021
Total assets (unit: million yuan)	501	506	525	475
Total liabilities (unit: million yuan)	304	334	349	416
Proportion of current liabilities (%)	95.21	82.41	82.29	80.84
Proportion of long-term liabilities (%)	4.79	17.59	7.71	19.16

Table 2 The composition of the company's production costs from 2019 to 2021

Cost of Production (Unit: ten thousand yuan)	2019	2020	2021	Average Cost	%
1. Material Cost	11,758.35	1,1425.26	13,262.63	12,149.08	65.29%
Direct Material	6,905.73	7,089.91	8,087.33	7,360.99	
Auxiliary Material	2,684.52	2,741.31	3,307.81	2,911.21	
Packaging Materials	2,168.10	1,594.05	1,868.49	1,876.88	
2. Manufacturing cost	3,665.08	3,939.68	4,142.87	3,916.21	21.05%
Depreciation	1,092.46	1,031.78	1,172.11	1,099.11	
Utility Bill	968.66	912.51	1,038.50	972.22	
Employee's Salary	1,306.08	1,289.25	1,472.74	1,356.35	
Other	296.88	706.15	459.53	487.52	
3. Power Cost	1,332.90	1,115.08	1,396.81	1,281.93	6.88%
Steam Fee	1,332.90	1,115.08	1,396.81	1,281.93	
4. Labor Costs	1,225.18	1,172.76	1,386.69	1,261.88	6.78%

3.1.2.3.2) Operation management of COFCO Biomedical (Thailand)

The cost factors of the entire manufacturing process included material cost, labor cost, energy cost, and manufacturing cost analysis. The components of manufacturing costs and expenses are displayed in Table 2. Table 2 shows that the material costs of company accounted for an average of 65.29% of total costs over the past three years, which represented a significant proportion of production costs and expenses. Therefore, material control is of utmost importance for the entire production process. Moreover, in order to better control production, cost control should be achieved through increasing equipment utilization and reducing labor costs.

3.1.2.3.3) Investment management of COFCO Biomedical (Thailand)

Research and development (R&D) sector is essential for the company to stay competitive and innovative. However, R&D can also be a costly endeavor, and if not managed properly, it can significantly impact the company's financial performance. The R&D expenditure of COFCO Biomedical (Thailand) is displayed in Table 3. The overall proportion of investment in R&D increased. That means, the company prioritized technology. By tracking expenses, prioritizing projects, and ensuring that R&D efforts are producing results, companies can allocate resources more efficiently, maintain profitability, compete effectively in industries, and manage cash flow more effectively. As such, companies managing their R&D expenses properly will be better positioned for growth and success in the long term.

Table 3 The company's research and development expenses from 2019 to 2021

Financial Year (Unit: ten thousand yuan)	2019	2020	2021
Net Sales	82,046	107,341	132,450
R&D costs	5,576	8,371	9,857
Proportion of sales revenue	6.80%	7.80%	7.43%

3.2 Interview Method

To gain a more comprehensive understanding of the impact of e-commerce development on enterprise management in COFCO Biomedical (Thailand), this study conducted interviews to understand

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the employees' perspectives on e-commerce. The interview questions and answers are as follows:

Question: Do you think the development of e-commerce has an impact on the current management of the company? If so, in what aspects does it affect the company?

Answer A: The development of e-commerce is primarily reflected in the management level, where it has brought about a new transformation of management thinking. E-commerce has disrupted traditional methods of information dissemination, broken the time and geographical constraints of traditional trade, facilitated effective connections between producers and consumers, enabled companies to promptly access global economic information through the internet, and allowed them to adjust their production and sales strategies in response to market supply and demand changes. These changes have led to significant cost savings in production and created greater economic benefits.

Answer B: From the perspective of company management, the focus should not only be on the development and execution of production plans, but should gradually shift towards more attention to customers, timely response and feedback to customer issues, and constantly catering to customer needs. In the development of e-commerce, only by continuously innovating current management concepts and better meeting consumers' latest demands for product functionality and quality can a company achieve better development and innovation. Therefore, it can be said that e-commerce has brought about a transformation in company management thinking.

Answer C: The development of e-commerce has brought about a transformation in the management methods of branch companies and has introduced many new management methods. The original management methods of branch companies focused on internal management with insufficient attention paid to consumers. E-commerce can effectively collect global customer resources and keep abreast of the latest trends in global consumption. The company can predict future consumer demands based on the latest needs of consumers and provide products and services that better meet their needs, resulting in a trend towards Informationization and efficiency in the products and services of the company.

Question: What negative impacts do you think the development of e-commerce has had on company management?

Answer D: The development of e-commerce has brought certain convenience to the operation of companies, but it has also led to an increase in management costs. Under the modern business environment, the company's competition is quite fierce, so the requirements for personnel are higher, and correspondingly the cost required for the selection, training and utilization of talents will also increase, especially the training conducted by the company to make employees better adapt to the position, which will increase the cost of enterprise management. That is the obstacle brought by the development of e-commerce to company management.

The above answers reflect a significant impact of the development of e-commerce on the current management of the company. It has brought about a new transformation of management thinking, disrupted traditional methods of information dissemination, facilitated effective connections between producers and consumers, and enabled companies to promptly access global economic information through the internet. E-commerce has also introduced many new management methods, transforming the management methods of branch companies and shifting the focus towards more attention to customers. The continuous innovation of current management concepts and better meeting consumer demands is crucial to achieve better development and innovation in the e-commerce era. However, the potential negative impacts of e-commerce cannot be ignored. The development of e-commerce resulted in an increase in management costs. In the modern business environment, companies face fierce competition and require highly skilled personnel, which increases the cost required for the selection, training, and utilization of talents. Training conducted by the company to make employees better adapt to their positions is also an added cost to enterprise management. Therefore, the development of e-commerce poses an obstacle to company management due to increasing management costs.



4. Results and Discussion

4.1 The corporate management under the development of e-commerce

E-commerce has become an indispensable part of social and economic life and accelerated integration with various fields and industries at a rapid pace. E-commerce endows companies with new vitality and competitiveness; therefore, it has become the foundation of future competition for companies. This requires the enhancement of the operational and management capabilities of the company. With the help of online commerce, companies need both technological and management innovations to keep pace with the development of e-commerce and move away from traditional business practices to compete effectively in the market. E-commerce has provided unprecedented opportunities for the development of countries and companies, but at the same time, it can have a significant impact on business management models, causing changes in corporate management method and business models. In the face of enormous challenges, companies should adapt to the development trends of the times and actively engage in business management to promote the growth of their businesses.

4.2 The main issues for COFCO Biomedical (Thailand) during the development of e-commerce

This paper analyzed the operational and management status of COFCO Biomedical (Thailand) and identified the main issues during the company's development of e-commerce including 1) inconsistency between the organizational structure and the development of e-commerce, 2) Incompatibility between financial management and the demands for e-commerce, and 3) inadequate adaptation of existing human resource management and employees' perceptions on the e-commerce.

4.3 The proposed strategies for promoting the development of the enterprise

4.3.1 Optimizing organizational structure to cooperate with the development of e-commerce

The operation of COFCO Biomedical (Thailand) in the network environment should pay more attention to meet customers' ultimate needs, which requires the organizational structure of the company to be more consumer-oriented, efficient, and service-oriented. Therefore, COFCO Biomedical (Thailand) can start from optimizing the organizational structure. The organization of COFCO Biomedical (Thailand) is a well-defined organization, but it cannot realize the transformation from the traditional linear functional department to the networked structure. Firstly, the company can connect to the online marketplace to form multiple sales departments responsible for customer development, maintenance, quality inspection, logistics, and other tasks. This would reduce hierarchy and bring marketing closer to the end-users, resulting in a more rapid response to the market and deeper penetration of the local markets. Secondly, based on the needs of business operations, this paper proposed a streamlined hierarchical structure for management, freeing up senior personnel from tedious administrative tasks and allowing them to have more time to consider overarching strategic development issues. It is a significant challenge in the current Thai market to effectively coordinate the business information and logistics for the sales of company's products, requiring coordination across departments. An efficient information exchange platform and resource sharing platform should be established within the company to reduce middle layers, improve management efficiency, and increase resource utilization.

4.3.2 Innovating enterprise financial risk management

The financial risk control institutions of most companies have adopted specialized institutions, such as finance, accounting and fund departments. With the development of information technology today, they must make corresponding adjustments. Firstly, the company can set up a professional financial institution on the basis of the original financial risk control institution, which is responsible for comprehensive processing of financial data, non-financial data and other important business data, and systematic construction of financial data. Secondly, according to the limitations of traditional financial practitioners, the financial risk control department should have certain data analysts, who use statistical analysis, business intelligence, data analysis and data processing to obtain a large amount of data. Therefore, the company's executives can make appropriate strategic decisions based on these valuable and meaningful data. Thirdly, with the emergence of big data and e-commerce development, the previous single thinking

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has been abandoned in the handling of financial risks, and more attention has been paid to the collaboration in multiple fields and the close integration of other aspects of the company. There are more financial data, more diversification, and a wide range of information sources. The financial risk control in the e-commerce environment needs the participation of various departments for more perfect implementation.

COFCO Biomedical (Thailand) and its headquarter do not use a unified financial system, leading to a less systematic and speedy financial operation, and incomplete financial functions. COFCO Biomedical (Thailand) can standardize and improve its original business management and integrate information workflow into its internal structure. The full implementation of enterprise e-commerce construction and functionality is inseparable from the internal information construction. For enterprises wishing to participate in and carry out e-commerce activities, there are three basic elements that need to be in place: the modernization and computerization of internal management of the enterprise, as well as the electronicization of business operations, the improvement of the computer network infrastructure of the enterprise and the connection network on which e-commerce depends, and the establishment of an application system for developing e-commerce business.

4.3.3 Strengthening the employees' perceptions on e-commerce

The core of electronic commerce is the business activity that requires people who know information technology and business rules. Staff training on e-commerce knowledge and job skills can be an important approach for ensuring the rapid development of a company's e-commerce business. To obtain benefits in the tide of e-commerce, companies must cultivate relevant talents. In the process of establishing e-commerce, companies should not only focus on the application of technological means but also the reorganization of business processes. E-commerce should be carefully planned and designed in consistent with the enterprise information system. Finally, e-commerce should be based on the enterprise resource planning system, not only for technical effectiveness but also for the consistency of data flow.

5. Conclusion

The paper provides a review of relevant issues related to e-commerce and management. Based on the status of electronic commerce development in COFCO Biomedical (Thailand), this paper investigated the company's management in a number of aspects, including organizational structure, human resource management, financial management. This paper also discussed about how to manage the enterprise in the process of e-commerce development from the aspects of enterprise organization structure, human resource management, and financial management, analyzed its operational and management status and identified the main issues during the company's development in e-commerce, including in consistency between the organizational structure and the e-commerce environment, inadequate adaptation of existing human resource management practices to e-commerce trends, financial management methods that do not meet the needs of e-commerce, and a corporate culture incompatible with the demands of e-commerce development. Based on these issues, this paper proposed strategies to improve corporate management during e-commerce development, including optimizing organizational structure to align with e-commerce development, optimizing corporate operations to meet the needs of e-commerce development, constructing a reasonable financial management model, and strengthening the employees' perceptions on e-commerce.

The potential contribution of this study is twofold. Firstly, through the analysis of the company's problems in, this paper recommended the corresponding strategies and the promotion of the healthy and sustainable development of the company. Secondly, this study enriched the existing literature related to the enterprise management strategies improvement on the e-commerce development.

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