

The Effects of Electronic Commerce on Development of Business Activities in Developing Countries

Aazam Karami

Abstract—E-commerce is one of the most common terms and widely used in areas of economic and business, which the scope and extent of its use is increasing. Many economists believe that a revolution similar to the industrial revolution has occurred that entered the world into the field of information, and many aspects of economic, social and cultural of human life. Public access to the Internet has caused the ability of business and trade through the Internet or e-commerce have found special place in developed and developing countries. Developing countries in recent years, with the gradual abandonment of traditional trade based on paper and exchange of physical documents have turned into electronic commerce practices. To remain in the field of economic competitions, different information and communication tools should be select and set up with a clear vision and according to the organization's needs. The first method to upgrade e-commerce is Email Marketing. Implementation of a successful e-commerce requires a systematic and clear strategy. In this paper an overview of existing literature in the field of e-commerce, advantages in the development of business activities in developing countries will be presented.

Index Terms—Developing countries, e-commerce, e-business, economy.

I. INTRODUCTION

In the present era, globalization is a phenomenon that causes many changes in economical, social, cultural, political and international arenas and many countries are challenging with that. So, undoubtedly the most important and obvious distinction between the economy of today and yesterday is globalization. The globalization is prescribed for economic diseases and it is claimed, that the free flow of capital, labor, goods and information without interference of government, and other forms of intervention is the only way to achieve universal prosperity. [1]

During the capitalism, merchants were forced to take their entire capital of business to the far and near; because without widening the scope of the activities, they would destroy in the competition. A rudimentary form of globalization was called commercial imperialism, began to link together the various parts of the economy of the world. [2]

The rapid development of information and communication technologies and the emergence of electronic revolution and phenomena such as electronic commerce and mobile commerce, Caused that developed and developing countries have revised their strategies and applying these phenomena in economics and business, as the epigraph of their work.

In recent decades, many organizations have gone with rush towards the use of information and communication technology in the field of trade and commerce.

Almost the wave of e-commerce has affected all companies in all the economies and these companies are forced to enter the field of e-commerce. Obviously in dealing with new phenomena in the field of science and technology, the first and most basic task is to identify and to provide correct and complete understanding of that. E-commerce in developing countries appears as new phenomenon, so it needs to be study and review in the various aspects and how to use it faster and better, will be analyzed.

II. HISTORY OF E-COMMERCE

Relationship between commerce and technology is long time existed and continues. In fact a technical progress caused the trade boom and it was shipbuilding. In about 2000 BC, The Phoenicians applied techniques of shipbuilding to cross the sea and reach distant lands. With these improvements, for the first time the geographical boundaries was opened for trade and trading with other countries was started. Now, worldwide Internet is like the same ship that not only has made faintly geographical distances but also time differences and the stage is set for another show.

The combination of commerce and electronic was started in 1970. It is necessary for development and adoption of e-commerce that the prerequisites for this technology are available including infrastructure, telecommunications, legal issues and security of messaging. The most important goal in business that makes use of highly advanced electronic methods and traditional and old methods- certainly is achieving of more money and profit. E-commerce, despite of being young is known in the world and in recent years, there has been additive and unpredictably growth. The exponential growth is because of the use of a tool, Internet.

III. MISSION OF E-COMMERCE

Expression of the mission of the organization is what will generate for society. Mission of the organization determines unique fundamental goals of the organization and distinguishes the organization from other organizations and determines the orientation of the organization. [3] The mission of the organization expresses the aim of organization or reason of its existence. [4] While mission of the organization makes its vision crisp and clear, it determines believes and orientation that are considered by farsighted managers of the organization. [5]

E-commerce mission must include the following four

elements:

A. Organizational Commitment to Stakeholders in the Electronics Market

Organization should determine expectations of various stakeholders such as employees, management and investors to the e-commerce and they commit themselves to the realization of that.

B. Areas of Business

The organization in the e-commerce mission should identify the range and scope of its activities in the electronics market.

C. Sources of Competitive Advantages in e-Commerce

The organization should identify resources and skills that are creating competitive advantages in the electronics market. If organization has sufficient funds to finance the establishment and maintenance of e-commerce, have employees familiar with the concepts and principles of e-commerce, has a strong and famous and prestigious brand, the products have the ability to transform digital and have a high digital reliability, the organization can achieve competitive advantages in the electronics market.

D. Image of the Future of Organization in Electronics Market

In the mission of e-commerce of organization, the legal environment changes, competitive, economical and technological changes should be considered. Technology environment, according to its vital importance and providing the infrastructure of electronics market has a particular value and attention.

IV. THE ROLE OF E-COMMERCE IN THE GLOBAL ECONOMY

In e-commerce and by assuming that the axis of knowledge is economy, scarcity has no meaning as the same as traditional merchant area and each country can do trading according to its trading strategy. In such areas, each country will export the commodity that has its necessary knowledge and expertise for the production or performance of that or if knowledge acquisition for that production is affordable, also imports the product which has no knowledge about that or knowledge acquisition for that production is not affordable.

In e-business area, different assumptions have been proposed, in the first premise of this interaction, discussion of producing of goods with in two different countries is recommended. Another premise of this interaction is towards the process of similar technology. In traditional trading with lower technology, we are facing with less access, less information, fewer similarities, less communication and fewer expectations of clients, in case of higher technology, accessibility, similarity, information, communication, and more expectation is the characteristics of e-commerce.

In knowledge-based economy that is symbol of using e-commerce in economy area. Being commerce as electronic is also considered one of its features; Capital is main factor of production that may be used gradually in the form of physical capital or human capital and it is normal that with a greater share of the electronic commerce in business interactions,

performance also increases sharply as a result of lower production costs.

Finally, the presence and development of electronic commerce in the world economy could be summed up as follows:

- 1) E-commerce has revolutionized traditional commerce methods.
- 2) E-commerce has increased the speed of doing trading works.
- 3) E-commerce reduces transactions costs and increases business performances of enterprise.
- 4) In this business, competition in the global market has become institutionalized.
- 5) E-commerce has minimized the role of trade policies in e-commerce transactions, in both types of encouraging and restricting.

V. THE ADVANTAGES OF E-COMMERCE IN DEVELOPING COUNTRIES

With the study of human innovation in the past years and centuries, Can be concluded that the advantages of e-commerce and its effects on the world of economy, is very rare. Global capabilities of these models have created opportunities for millions of people. Interactive features and a wide range of its capabilities on the one hand and the rapid expansion of its infrastructure requirements, especially web has created many potential benefits for companies, individuals and society in other hand. [6]

Benefits that can mention by using the application of e-commerce are assessed in the community of companies and organizations and ultimately consumers in developing countries which as follow, we refer to these levels:

A. The Advantages of e-Commerce in the Community

First, Society and the economy of developing countries are as one of the major beneficiaries of discussion and application of E-commerce. So many people can remotely do their work and tasks. This issue in addition to peace of mind causes stability of family.

Second, No need for physical presence of consumers to purchase or receive services that causes reduction of traffic, air pollution and etc.

Third, People residing in developing countries, access to services and products that normally they cannot.

B. The Advantages of e-Commerce at the Level of Organizations and Companies

Undoubtedly the biggest beneficiaries of e-commerce are companies and organizations. With the study on e-commerce in the world and figures and statistics has published in this field, high growth of B2B, indicative the benefits and interests that exist in this level.

- 1) E-commerce reduces cost of production, processing, distribution, maintenance and recovery of information in compare to paper systems.
- 2) Production chain inefficiencies such as high volume warehouses and delivery delays can be minimized by using e-commerce models.
- 3) E-commerce is suitable for many new models that seek to gain a strategic advantages and higher profits.
- 4) There is no possibility for some of instruments of

e-commerce for implementing of many models due to the special and specific nature in the physical world, so they are very suitable. E-commerce decreases the time between the onset of investment to the production and services.

- 5) E-commerce supports reverse engineering of business processes. Meanwhile with the changes of the processes, efficiency of vendors, workers and company management is promoted.
- 6) Models of e-commerce increase the efficiency of the executive affairs of the companies and can reduce administrative costs up to 80%, the purchase price between 5% to 15% and the production cycle time up to 50%. [7]
- 7) E-commerce makes it possible to companies to have a closer relationship with their customers. As a result, customer loyalty to the company will increase.

C. The Advantages of e-Commerce at the Level of Consumers

- 1) Consumers can be independent of where they live, they are able to purchase or carry out financial operations from any location and at any time.
- 2) E-commerce will increase consumers' choices power.
- 3) Consumers have the possibility to receive services and buy cheaper products. The reason is wider availability of products and the possibility of quick comparisons between them. E-business models by creating an appropriate area and related tools provide this ability for consumers.
- 4) Fast access to information about required products is very short.
- 5) The opportunity to participate in the permitted auction is given and Individuals can quickly sell their desired products or buy their required products.
- 6) This possibility can create to interact consumers with other consumers and exchange their opinion and experiences more effectively in electronic society.
- 7) E-commerce causes increasing the competition between suppliers and the first result of this competition is price reduction of products and services for consumers.
- 8) Through intelligent systems, e-commerce can enhance customer services.
- 9) E-commerce can be as an effective element of the brands or commercial images of the company.
- 10) The rapid development of E-commerce can enable companies to adapt quickly to their environments and new opportunities regarding products, services and processes offer to them.
- 11) E-commerce systems allow direct communication between the suppliers and customers and provide the required information for customers.
- 12) The nature of information of e-commerce allows generating new products or customizing existing products.
- 13) Changes in industrial structures and electronic commerce systems, allow the creation of new business models, based on fast data access and direct distribution of goods and services to the final customer.

VI. THE EFFECTS OF E-COMMERCE ON JOB CREATION

The Electronic revolution, the name of third revolution has

begun and its powerful waves smash obstacles and resistant and hindering factors. Any element is able to block wave propagation of electrons, but there is a way to harness and it is to use the waves and to ride them. One result of this action is modern technology and creation of new jobs especially in the service sector. E-commerce has paved the way for wide-scale of entrepreneurship (Manufacturing, production, engineering and maintenance) and now is known as an approved feature of social, political and economical life in the world. So strong government policies aimed at influencing on the future of information society, along with major investments in research and development, education, training, information and communication technology, research in connection with the Internet is an inevitable necessity. To achieve this aim in countries those have been slower to embrace this technology, rely on young and dynamic forces can increase the speed of internet application.

Young generation growing trend towards the use of computers, Internet and e-commerce makes them to purchase millions of computers that the result of such a demand is boom in the production and distribution of computer hardware and software and experts have to establish institutions or schools of E-business for training thousands of people who are interested in this area.

These trained people with the aim of more automation in the process of services by using the web technologies make global markets as a target. The web is not merely for those who know how to use this technology. Women, men, children from different countries, with different religions and nationalities, all are lining to buy from global market. So we should be fully prepared for allocating share of this huge market. Each country that receives these waves sooner and applies them, it is ahead of competitors and global market share is accounted for them.

Economy of 21st century is in the hands of designers and creators who are experts in e-commerce, if we do not use this opportunity we will definitely stay economically backward and unemployment and inflation devours every organ of the society such as leprosy. So that after a decade, numerous problems such as poverty, depression, physical and mental illness and inhumane evil factors will lead society into economical, social, moral, industrial and ... collapse.

Foreign companies that are using the internet to sell their goods will have a positive impact on developing countries. The effects such as motivation and desire willingness for growing economic activities in youth, business growth; increase the welfare of low level people in society, new job opportunities (new generation entrepreneurship in long term) and etc.

VII. CONCLUSION

The two great and affecting and interactive process shape the human life: Globalization and virtualization. Globalization has changed cultural trading into the driving force of economic development and in the deeper level, to the cultural-social development. Culture is strangest creature of human, is poison and also antidote. Experience has shown that for this reason it cannot be left alone and gave inhibit to the market forces. Economical view into the culture with the

aim of recognizing the culture facts of global market can be helpful in this way. Anyway, matter of fact that if we want or not, strong forces in global trading culture, will form many events in the future.

E-commerce is no longer an alternative; but also is a necessity for commercial success in any fields in the future. In a simple definition, e-commerce is defined as: "taking all the steps of trading via computer network and telecommunication without physical presence in the business." E-commerce is not a tool alongside other tools and equipments; it is an attitude and new method that tactical attitude is very dangerous. It should be looked with strategic approach and benefited from it. E-commerce attacks whole the traditional methods and causes tremendous and wonderful changes in the organization.

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Aazam Karami was born in Tehran-Iran, on 25th July, 1986. She received her master of commerce (Business Administration Field) in University of Pune (Symbiosis College), Pune, India, 2011-2013; master of business administration (Finance Field), Periyar University, Pune, India, 2010-2012, bachelor of commerce (Business Administration field), University of Pune (Poona College), Pune, India, 2006-2010. holder of MCSA (microsoft certified system administrator), Jan 2009, Designing a Microsoft Windows Server 2003 Active Directory and Network Infrastructure, Planning and Maintaining a Microsoft Windows Server 2003 Network Infrastructure, Implementing and Managing Microsoft Exchange Server 2003, Implementing, Managing, and Maintaining a Microsoft Windows Server 2003 Network Infrastructure, Managing and Maintaining a Microsoft Windows Server 2003 Environment, Installing, Configuring, and Administering Microsoft Windows XP Professional, Microsoft Company. *Internship*: Nurtousheh International Company, *Project for*: Financial Statement Analysis, *Period*: July 2011 to Dec 2011. *Internship*: Source Infoity Soltuions Pvt Ltd, *Project for*: Classification of Human Resource management, *Period*: Jan 2013 to Mar 2013. *Worked*: Source Infoity Soltuions (Part time), *Designation*: Business Development Executive, *Since*: April 2013 till date, *Address*: No 307, A-2 Building, Yellow Blossoms Society, B.T Kawade Road, Ghorpadi, Pune, India.