Tactful Management Research Journal
Vol. 1 , Issue. 8 , May 2013 ISSN :2319-7943

ORIGINAL ARTICLE

E - COMMERCE AND GLOBALISATION

CHAVAN ASHOK D.

Ramesh Warpudkar College,Sonpeth. Dist: Parbhani (MH) INDIA

Abstract:

This paper examines how globalization of e-commerce is impacting business in general. With the increase of internet-based technologies, it has been the reason for recent stimulus globalization. In this Information Age, Internet commerce is a powerful tool in the economic growth of developing countries. While there are indications of ecommerce patronage among large firms in developing countries, there seems to be little and negligible use of the Internet for commerce among small and medium sized firms. E-commerce ensures better business in the SMEs and sustainable development of economics for developing countries. However, this is based on strong political will and good governance with a responsible and supportive private sector within an effective policy framework.

INTRODUCTION

As we know the complete definition of E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals.E-commerce allows companies to increase their sales in domestic and foreign operations and the flexibility afforded by the technology also provides less costly opportunities to locate operations strategically. E-commerce not only reduces communication costs, but also increases flexibility in locating activities. Research point indicates that internet technology has led to an increase in international trade (Freund and Winhold, 2002, 2004). This is the evidence of how it suggests profits from foreign operations have also increased in recent years (Hilsenrath, 2005). In the emerging global economy, e-commerce has increasingly become a necessary component of business strategy being a strong catalyst for economic development. Integration of information and communications technology (ICT) in business has evolved the relationships within organizations and those between and among organizations and individuals. The controversial current social and economic trends are globalization and the widespread adoption of information and communication technologies (ICTs). Many argue that these two trends are closely associated, each driving the other forward, and both being driven by other common forces, such as trade liberalization, deregulation, migration, and the expansion of capitalism and democracy (c.f., Held et al., 1999). Pohjola (2002) argues that the twin forces of globalization and the ICT revolution are combining to create the so-called New Economy, marked by higher rates of economic and productivity growth. ―Technology is both driven by and a driver of globalization, as both forces continually reinforce one another‖ cited by (Bradley et al., 1993).Specifically, the use of ICT for ecommerce in business has enhanced productivity, encouraged greater customer participation, and enabled mass customization, besides reducing costs. Prior to development in the Internet and Web-based technologies, the distinctions between traditional markets and the global electronic marketplace-such as business capital size, among others-are gradually being narrowed down. Strategic positioning is the ability of a company to determine emerging opportunities and utilize the necessary human capital skills (such as intellectual resources) to make the most of these opportunities through an e-business strategy which is simple, workable and practicable within the context of a global information and new economic environment. Together with the appropriate strategy and policy approach with e-commerce enables small and medium scale enterprises to compete with large capital-rich businesses.

GLOBALIZATION OF E-COMMERCE IN BUSINESS:

Globalization of the buying behavior refer to organizations which are open to suppliers from outside the local country. This type of organization are willing to consider foreign suppliers for the goods and services required for their business. Globalization of buying behavior could be highly global in which almost all the requirements of a particular category of goods and services which are sourced from abroad. It cannot be global at all with all services and goods being procured from within the home country as well as various other intermediate possibilities. There are few factors impacting globalization of e-commerce in business. In countries national environment perspective, we investigate each element and how it determines e-commerce diffusion across countries globally.

PRINCIPLES TO GUIDE THE DEVELOPMENT OF GLOBAL E-COMMERCE IN BUSINESS:

a) Adopt cautious approach to regulation: Allow global e-commerce a period of time to develop before determining which areas will require government action.

Two major threats to global ecommerce. One is to impose legal and regulatory frameworks before gaining a full understanding of the issues and needs involved. Cross border business-to consumer transactions represent a brand new form of trade; the old ways of regulating trade will not work on the Internet. Innovative solutions ranging from international treaties to online dispute resolution may be able to meet the goals of regulation— mitigating the risks to buyers and sellers. Global e-commerce faces many barriers including language, currency, and cultural differences; overseas shipping costs; and national brand identification. If nothing is done, the tendency will be for e-commerce to only happen into local zones, with consumers visiting only sites in their own country or a small number of countries with which they feel comfortable. In order to realize fully the benefits of global e-commerce, governments must help where necessary to reduce the risks of cross border transactions, but it will take time to determine when and where government action can be used effectively.

b) Increase global market access: Maximize opportunities for buyers and sellers to come together in marketplace

Empowering consumers and sellers—especially small enterprises—by expanding market access should be the main goal of any government action (or forbearance of action) regarding global

e-commerce. A larger market lower the marginal costs associated with running Internet based businesses, allowing the companies to spread their fixed costs over more customers, which lowers prices. E-commerce will become more efficient and less costly by gaining global economies of scale. Greater market access also gives small entrepreneurial ventures a better chance at success. Low cost access to global markets is especially important for ventures in developing nations, which can use the power of global e-commerce to ―leapfrog‖ their economic development efforts and sell to an array of wealthier consumers. Second, a global Internet provides consumers with global choice. Automated buyer agents that seek out the best price on a given item are increasing in popularity and promise to bring tremendous efficiency to the pricing of goods and services on the Internet. Expanding from national to international, will encourage competition and reduce prices. Greater market access gives all of these businesses in whatever country they happen to be located, a better chance at success, and gives consumers of all nations a broader choice of goods and services. Finally, as the infrastructure and systems to facilitate global e-commerce develop, access will also be increased in a more important market: the marketplace of ideas.

c) Don't use regulations for protectionism: With the World Trade Organization
(WTO) or other multilateral trade agreements - should not be allowed to impose rules on e-commerce or the Internet with the intent of reducing online foreign competition.

Practice of protecting domestic producers through the use of seemingly unrelated regulations is an old one, but the growth of global e-commerce presents the opportunity to take it to a new level. The complexities of the technology, the legal issues involved, and the innovative business relationships between companies that conduct and facilitate ecommerce all lend themselves to.

regulations protecting domestic industries not only from foreign competitors, but from electronic commerce itself. As global e-commerce grows, the WTO will see more disputes about regulations aimed at the Internet and designed to give advantage to domestic industries. Examples include requiring Web sites to be delivered in the country's native language, requiring transactions to occur in the country's currency, requiring certain licenses or certifications to operate or use electronic equipment within the country, or requiring the use of nonstandard security protocol. The fear of the local government that a country is being left behind in the new world economy. The initial lead that the United States holds in e-commerce will create political controversies in other countries that are ripe for the use of nationalism as a tool to gain competitive advantage, or at least slow the incursion of foreign e-commerce to allow domestic industries to catch up: an electronic version of the McDonald's controversy in France. Countries that use such tactics might gain in the short run, but over the long run they will limit their standard of living and hinder global e-commerce.

d) Enforce regulations domestically: Governments cannot impose their laws on foreign companies unless those companies target their activities within the government's territory or a treaty is in effect.

In the off-line world, activities engaged in by citizens of one country don't normally affect the citizens of another country unless those activities are specifically aimed at them (such as sending international mail). An online business based in one country cannot be expected to comply with the laws of other countries—such as privacy regulations or marketing restrictions—merely because their Web site is accessible in other countries. On the other hand, if the Internet seller targets its goods or services to citizens of another country, that seller should be prepared to comply with the laws of that country. Targeting must subject a seller to the targeted country's jurisdiction in order to prevent companies from relocating offshore to avoid local laws, a situation that would encourage the rise of cyber-havens. A government cannot exercise authority in another country when ―reach out‖, but it can exercise authority if someone in another country ―reaches in‖ to consumers in its jurisdiction.

e) Limit restrictions on social, cultural and political content: Government restrictions on content cannot block trade in violation of World Trade Organization principles and must be enforced only within the restricting government's territory.

Given the wide variety of objectionable material available on the Internet, it is no surprise that some governments may seek to keep their citizens from accessing some content. These issues go to the very heart of national sovereignty. In the United States, where the constitutional guarantee of free speech has become ingrained in the culture, public sentiment is likely to come down on the side of more freedom, but the United States cannot impose that sentiment on other sovereign nations. Policies for global e-commerce should not be used as bargaining levers for these non-economic disputes over freedom and human rights; if Internet technology is made to bear responsibility for intractable social and political disagreements, it will not succeed. The first is that such controls must apply only to cultural, social, and political content, not trade. Nations that are signatories to the WTO have agreed to a set of principles to facilitate international trade and to a process for resolving disputes. Claims of cultural or political infringement should not be used as a back door method of discrimination against imports. If a country restricts global e-commerce on grounds.

g) Take advantage of technology: Encourage innovation in the development of technological tools and industry best practices that solve public policy problems.

The Internet lends itself to creative solutions to policy problems precisely because software is a powerful tool to give people the ability to manage their own transactions. Many technological solutions are being developed to facilitate an efficient and trusted environment for both buyers and sellers. This consumer-empowering technology, when fully implemented, may help alleviate the desire for strict government controls on data privacy practices and facilitate easier negotiation between nations with different privacy regimes. Technology promises other solutions as well, in areas from language translation to content control to dispute resolution Policymakers should turn to technology whenever possible and, more importantly, they should think in terms of what technology could do in the future rather than what it can do now. In order to facilitate the growth of global ecommerce,

POLICY RECOMMENDATIONS HAS BEEN DISCUSSED AND PROPOSE:-:

Stay within the current international trade framework;
Make the moratorium on tariffs for electronic transmissions permanent;

Treat digitally delivered products as intangible goods;
Eliminate tariffs on small-value transactions;
Work with third parties seeking to provide solutions;
Promote consumer education efforts; and
Draft and enact global treaties governing criminal activity on the Internet.
Some Opinions on speeding up the development of e-Commerce, in which the Government decided to, take measures in six areas:

1. Legal environment,
2. Supporting industries,
3. Enterprise information,
4. Technical support,
5. Education
6. International co-operation 10

CONCLUSIONS:

In conclusion to this research that I had embarked, this paper has found useful way of organizing the key factors influencing e-commerce diffusion which will need to be by more quantitative analyses in the future, primary and secondary data is needed to conclude of how e-commerce could impact the business growth globally. There is specific factors shaping the e-commerce that vary considerably. For Global e-commerce especially (business-to-business) model competitive forces are the greatest driver of adoption. Global competition and participation in global production networks create strong pressure to adopt e-commerce. Global competitive pressure is driving greater convergence in business practices through global integration of production networks and supply chains. Countries which are more open to such forces whether through international trade, trade liberalization, or foreign investment will more likely move toward higher e-commerce diffusion. As for Business-to-Commerce) model diffusion seems to be less affected by global forces and more affected by variables specific to the national and local environment, such as consumer preferences, retail structure, and local language and cultural factors. A finding from this research states that consumer preference for valuable content and concerns for security and privacy are the most significant factors. Prior to the converging around the world, country preferences for local content, culture and language really differ significantly thus shaping e-commerce adoption across globally. This paper examines that the preliminary explanation for this difference is that B2B is driven by MNCs (Multi National companies) that ―push‖ e-commerce to their global suppliers, customers, and their own subsidiaries. This will create the pressures on local companies to adopt e-commerce to stay competitive. Business practices become more standardized across borders in practice. Business education and imitation of best practices reinforce this convergence; as new innovation occurs in theory or practice in order to be competitive. In term of all consumers who really desire on convenience and enjoy low prices, consumer preferences and values, national culture, and distribution systems differ markedly across countries and define differences in local consumer markets. This distinction between B2B and B2C e-commerce as a global phenomenon has important implications. Theoretically, it gives support to the transformational perspective, which sees globalization as involving elements of both convergence and divergence. A country's position in the global economy is largely dependent on location, labor cost, or other endowments, so that the impacts of B2B e-commerce may be limited Although Internet-based e-commerce is still in its infancy stage, this preliminary research indicates that its diffusion is an uneven process across countries and industries: certain countries and industries are driving the process while others lag behind. Moreover, despite the presence of global forces shaping diffusion, local differences in the factors influencing e-commerce diffusion are evident between countries, suggesting that the diffusion process is indeed shaped by national environments and policy rather than taking a universal trajectory. These findings imply that though Globalization of e-commerce in business is the way to move forward in future but it is not the factors of growth in economy or business performance of the country. It has never been the same approach to adopt the diffusion of e-commerce across all countries in the world. There is so many elements and factors need to be taken into consideration. Therefore, more study is needed across all countries continuously over a period of 5 years to observe how e-commerce could shape the country economy and how it impact business performance in different industries of the country. This research also imply that future studies should focus on modeling the survey quantitatively to cross-reference check on empirical research done as to compare their relationship across all countries in the world.

REFERENCES

1. Bakos, Y. "A Strategic Analysis of Electronic Marketplaces," MIS Quarterly, Volume 15, No. 3, September 1991, pp. 295-310.
2. Bell, D. 1973. The coming of post-industrial society. New York: Basic Books.
3. Berrill, A., Goode, S. & Hart, D. (2004). Managerial expectations of internet commerce adoption after the „Tech Wreck. Journal of Global Information Technology Manage-ment, 07(03), 45-63.
4. Bradley, Stephen P., Jerry A. Hausman, & Richard L. Nolan, editors. 1993. Globalization, Technology, and Competition. Boston: Harvard Business School Press.
5. Berger, S., and Dore, R., eds. 1996. National diversity and global capitalism. Ithaca, NY: Cornell University Press.
6. Boyer, R. 1996. The convergence hypothesis revisited: Globalizationbut still the century of nations? In National diversity and global capitalism, eds. S. Berger and R. Dore, pp. 29–59. Ithaca,NY: Cornell University Press.
7. Dedrick, J., and Kraemer, K. L. 1998. Asia's computer challenge:Threat or opportunity for the United States and the world? New York: Oxford University Press.
8. Empirica. 2001. Stand und Entwicklungsperspektiven des elektronischen Geschäftsverkehrs in Deutschland, Europa und den U.S. unter besonderer Berücksichtigung der Nutzung in KMU in 1999 und 2001 (E-commerce in SMEs in Germany, Europe and the U.S.). Bonn, Germany http://www.empirica.com (last access: 04/02(2002)
9. Engler, N. (1999), ―Small but Nimble‖, Information Week, January 18, 57-62.
10. Featherman MS, Pavlou PA (2003). Predicting e-Services Adoption: A Perceived Risk Facets Perspective. Int. J. Hum. Comput. Stud. 59(1): 451-474.
11. Freund, C.L. and D. Weinhold. 2004. The effect of the internet on international trade. Journal of International Economics 62: 171-189.
12. Gibbs, Jennifer, Kenneth L. Kraemer, & Jason Dedrick. Forthcoming, 2003. Environment and Policy Factors Shaping E-Commerce Diffusion: A Cross-Country Comparison. The Information Society, 19(1).
18. Giddens, A. 1991. Modernity and self-identity. Stanford, CA: Stanford University Press.
19. Giddens, A. 2000. Runaway World: How globalization is reshaping our lives. New York: Routledge. 15