
Electronic Commerce in the Globalization Era

Introduction

Globalization and advances in the information and communication technologies are two main features of a growing economy. Electronic commerce or eCommerce has shown tremendous growth in the business world with the help of globalization. Information and communication technology (ICT) is one of the major factors in generating wealth and sustainable economic growth because by applying newer technologies businesses become more competent, can access new markets and more employment opportunities are created. Asia is an example of such emerging power, since it almost accounted for 40% of world gross domestic product in 2003. As a result it is becoming a go to destination with around 60% of the foreign direct investment going to developing nations in Asia. The online retail sales in India has grown from 3.8 billion U.S. dollars to 38 billion U.S. dollars within the span of ten years from 2009 to 2016. The eCommerce sales via retail are expected to grow to 52,301 million U.S. dollars and the total number of digital buyers in India is expected to grow to 329 million. The steep continuous growth of eCommerce can be contributed to the factors such as innovative business models of the companies, variety of payment and shipment options available to the customers, technological advancements and adoption of new enabling technologies by the consumers. The Indian consumer's tendency towards the privacy, flexibility and convenience for online shopping has further pushed the growth for eCommerce. The benefits involve reduced costs, increased accessibility for consumers, efficient business processes and better supplier management India boasts of its huge labour force with around five hundred million plus employees working in the unorganised enterprises and getting traditional knowledge on the job. With the adoption of newer technologies by the enterprises, improving the productivity and efficiency of the workforce is a big challenge.

SMEs have played a crucial role in creating employment, innovation and earnings from export for the economy with the help of subsequent policies and planned economy since 1951 by the Indian government SMEs not only to promote domestic-led growth but also strengthen the infrastructure of the country. In this competitive business environment SMEs need to be informed about innovative and new e-marketing strategies to maintain the advantage over the other businesses. e-Commerce plays an important role in Small and medium sized enterprises. With the development of e-Commerce consumers need not be physically present to complete the transaction, rather they can do it in their homes. But the idea of e-Commerce is still new for the SMEs. (Paul Jones et al., 2013) Despite all the advantages only 27% of the online SMEs use e-Commerce (KPMG, 2015) Some of the common barriers faced by the MSMEs to become

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e-Commerce ready are cost(hardware items), lack of awareness on benefits of technology, poor physical infrastructure, lack of skilled manpower, privacy & security concerns, low accessibility to finance, wrong perception issues(technical complexities, e-Commerce a privilege for large scale industries). Though with such large advantages developing countries have failed to reap the benefits of newer information and communication technologies. There have been some business models which have successfully embraced eCommerce but still little attention has been paid to seriously focus on the strategies to successfully incorporate eCommerce into SMEs business models. (Kshetri, 2007, p. 443) Developed countries like USA, UK, Australia, Canada and other European countries are the main beneficiaries from eCommerce business models. Even though Indian companies are using information and communication technologies in the same manner as other countries, but the growth is confined to very few cities and mainly to multinational companies. Poor legal regime for eCommerce is one of the major challenges that the SMEs need to overcome before successfully adopting such a model into their business. The MSMEs experienced a 27% higher annual revenue when they adopted a higher level of digital engagement. Those MSMEs which use e-Commerce record up to 60% reduction in marketing and distribution costs.

Despite the advantages of eCommerce in creating a sustainable economic growth for all the businesses only a few SMEs are adopting it, especially in India. This paper tries to have a closer look at some of the businesses who entered into the eCommerce sector and their experience and advice for the other businesses who want to establish themselves in this arena. All the companies studied in the paper are established in India and represent different industrial sectors from manufacturing to services.

Literature Review

Electronic commerce or eCommerce is a subsection of eBusiness that involves the business-to-business (B2B) and business-to-consumer (B2C) service exchange relationships. Electronic business means initiating, arranging, and carrying out electronic business processes; in other words, exchanging services with the help of public or private communication networks, including the Internet, in order to achieve added value. Electronic funds transfer (EFTI) in the 1970s is one of the first eCommerce applications wherein money was transferred electronically among financial institutions. Then came electronic data interchange (EDI) which was not only restricted to financial transactions but could be used for other types of transactions followed by train reservation systems to online stock trading. In the 1990's with the emergence of World Wide Web, the term electronic commerce or eCommerce was introduced. In 1999, the emphasis of eCommerce shifted from B2C to B2B, and in 2001 from B2B to B2E, c-commerce, e-government, e-learning and m-commerce. In 2009, eCommerce started to emphasize on social commerce channels like Facebook and Twitter. Internet is not the only important factor to analyze eCommerce but econometric methods of data analysis are well suited to study

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eCommerce. A bulk of the data for collection tends to be economic data like prices, quantities, consumer willingness to pay, interfirm competitive dynamics and market performance. (Kauffman and A. Walden, 2001) eCommerce can have the following four perspectives:

1. A communications perspective – the delivery of information, products or services or payment by electronic means.
2. A business process perspective – the application of technology towards the automation of business transactions and workflows.
3. A service perspective – enabling cost cutting at the same time as increasing the speed and quality of service delivery.
4. An online perspective – the buying and selling of products and information online

Although B2B is the major current type of electronic commerce (as measured by monetary volume), there are several other important types of eCommerce:

- Collaborative commerce (c-commerce). In this type of eCommerce, business partners collaborate electronically. Such collaboration frequently occurs between and among business partners along the supply chain.
- Business-to-consumers (B2C). In this case the sellers are organizations, the buyers are individuals.
- Consumers to businesses (C2B). In this case consumers make known a particular need for a product or service, and organizations compete to provide the product or service to consumers (an example would be Priceline.com, where the customer names the price and suppliers try to fulfill it).
- Consumer-to-consumer (C2C). In this case an individual sells products (or services) to other individuals.
- Intrabusiness (intraorganizational) commerce. In this case an organization uses eCommerce internally to improve its operations. A special case of this is known as B2E (business to its employees) eCommerce.
- Government-to-citizens (G2C) and to others. In this case the government provides services to its citizens via eCommerce technologies. Governments can do business with other governments (G2G) as well as with businesses (G2B).
- Mobile commerce (m-commerce). When e-commerce is done in a wireless environment, such as using cell phones to access the Internet, we call it m-commerce.

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