

E-business and Globalization processes: Their Interdependency

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Abstract: *For staying abreast in today's world Corporations pass through lots of stages in order to turn out to be an international corporation or company and profit from its advantages. Companies can rise above long-lasting limitations facing international commerce by utilizing the Internet. Companies must, first of all, prepare themselves for this dominating tool in the stages of globalization. By the emergence of the Internet many companies have attempted to reach to international markets and gain the advantages in this field. This review paper is to discover the interdependence of ecommerce and globalization. The impact of globalization on ecommerce and firm performance as the process of globalization has preceded the implementation of the Internet and e-commerce in time. Globalization has diverse effects on business to business and business to customer e-commerce, however highly global firms are more likely to do business to business but less likely to do business to customer. E-commerce will reinforce presented international competitive advantages. Internet has a strong influence on the globalization processes and even can alter the nature of these processes.*

KEYWORDS: E-commerce, Globalization process, Internet, International Competitive advantage, Interdependence.

Introduction:

Globalization is the trend of escalating interaction between people or companies on a worldwide scale due to advances in transportation and communication technology etc. Globalization has been one of the most high up phenomenons of the 21st century that shaped the world economy dramatically. Along with that E-commerce has also fuelled the Globalization process. Both are dependent on each other which led to rise in the world's economy. Globalization and e-commerce are two important concepts that almost go hand in hand. E-Commerce has been one of the prime technological drivers of globalization. **Globalization** is a not a new concept; for many centuries, man has sought to enlarge his influence and trade across the oceans and continents.



What has changed in the last twenty or so years are the function of information technology and the integration of world economies. Enhanced connectivity and the rise of the Internet as a global network has led to a boom in **e-commerce**, financial transactions taking place over the Internet. The noted author, Thomas Friedman, has said that today globalization is "farther, faster, cheaper, and deeper" than before. As with any complex issue, there are many moving parts within the realm of worldwide e-commerce.

The process of globalization crafts new challenges and opportunities for firms. The opportunities comprise of access to new markets and participate in global production networks that are becoming common in many industries such as automotive, electronics, toys and textiles. Globalization has many affirmative, innovative and dynamic aspects, all related to the improve market access, increased access to capital, and increased access on Networking and Information Technology which have led to greater income and employment opportunities. Challenges come from foreign competitors entering into domestic markets, and from domestic competitors slashing their costs through global sourcing, moving production offshore or gaining economies of scale by diversifying into new markets. Globalization challenges firms to become more streamlined and competent while simultaneously extending the geographic reach of their operations. Passable response to these opportunities and challenges requires a restructuring of strategy and processes of firms. Due to increased competitive pressure, companies are using new technologies to expand their products and into the international marketplace. The firms are also adopting new technological ways to achieve innovative organizational forms like E-business and E-commerce.

E-business or Online Business or is a term which can be used for any sort of business or commercial transaction that includes sharing information across the internet. Commerce composed of the exchange of products and services between businesses, groups and individuals and can be seen as one of the vital activities of any business. Electronic commerce focuses on the use of ICT to facilitate the external activities and relationships of the business with individuals, groups and other businesses or e business refers to business with help of internet i.e. doing business with the help of internet network. The term "e-business" was coined by IBM's marketing and Internet team in 1996.

Global e-commerce has been a boon for individual consumers and small businesses that may not have previously had access to world markets. One of the big shifts it identifies taking place is the "exponential" growth of international data flows. It finds



that cross-border bandwidth has multiplied about 80 times over since 2005, and predicts that bandwidth will increase another five-fold in just the next four years. This connectivity means consumers are less restricted by physical borders than ever, and they are happily shopping across national lines. By 2020, people around the world will spend \$1 trillion on cross-border e-commerce, the report forecasts. It's already evident when looking at huge multinationals such as Amazon, but it's also increasingly the case even for small companies. All this online connectivity isn't just connecting people to products. Facebook, YouTube, WhatsApp, WeChat, and other social media have drastically reduced the costs, in both time and money, of communicating internationally. Companies will find it increasingly easy to "tap into global ideas, trends, and talent pools faster and more efficiently," BoF and McKinsey say. The world's biggest fashion brands, from Louis Vuitton to Nike, are still predominately American and European. But they're selling to a more global array of customers, and as this shift in spending power presses on, they and other businesses will keep looking across the globe for sales.

LITERATURE REVIEW

There are a number of research works have been done by researchers but only a few has been given, related to the paper. They are as follows:

Arvind Panagariya (2000) reported that access to e-commerce, which in the WTO parlance often means access to e-exports, has two components that must be distinguished sharply. Access to Internet services and access to services that can be traded electronically. The former deals with access to Internet infrastructure while the latter relates to specific commitments in electronically tradable services. Ecommerce offers unprecedented opportunities to both developing and developed countries. In the short run, the gain are likely to be concentrated in developed countries have more to benefit. This is because, in the short run, developing countries lack the infrastructure necessary to take full advantage of Internet. For many countries, especially developing ones in these countries, most consumers do not have computers or Internet access. A likely scenario, therefore, is one in which a handful of independent entrepreneurs will receive the product by Internet, convert it into physical form such as CDs and sell the latter to consumers. But this activity may itself be costly using up real resources. Buy in the long run. They can leapfrog, skipping some of the stages in the development of Information Technology through which developed countries have had to pass.

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opportunities to increase prosperity and ensure better jobs. For consumers, it brings a wider product range to choose from and lower prices. For firms, it brings opportunities for higher efficiency gains and productivity growth. But globalization also poses challenges.

Mr. RAJIV RASTOGI Reported that a developing country can become industrialized and modernized if it can extensively apply IT to enhance productivity and international competitiveness, develop e-commerce and e-governance applications. An information based society or knowledge based society is composed of IT products, IT applications in society and economy as a whole. Many countries in Asia are taking advantage of e-commerce through opening of economies, which is essential for promoting competition and diffusion of Internet technologies. The Internet is boosting efficiency and enhancing market integration in developing countries. Due to this Globalization is becoming a trend for a small entrepreneurial venture.

Objectives of the Study:

1. To understand the process of globalization and E-Business
2. To study the interdependence of globalization and E-Business
3. To understand the impact of globalization on e-commerce and firm performance as the process of globalization has preceded the adoption of the Internet and e-commerce in time.

Research Methodology:

For this research purpose, secondary data has been analyzed through various journals, websites, and articles of magazines. Secondary data has been extensively used for this exploratory research, which is enumerated and recorded. The qualitative research is used in this paper, to ensure that all aspects of Work Life have been considered. Therefore, the current adoption, purpose and success of work life balance in selected organizations should be analyzed through an exploratory & qualitative research.

Globalization Process:

Expanding the geographic footprint of your business has always been an expensive and risky proposition – the risks have not gone away, they've just shifted. Currently, globalization is a developing and stabilizing force, but I'm fearful that the interdependencies now shoring up some of the risk may at some point down the road turn against us in the form of financial ripple turns Tsunami. Here's the



caution – times change and markets are fluid. Short term opportunity abroad abounds, but with that opportunity comes the potential for unforeseen future risk. That said, and with eyes wide open, if you are not taking aggressive steps to expatriate your business then you may be making a big mistake.

In today's marketplace conducting business internationally is as much of a defensive play as an offensive play. In examining the upside of going global, consider the sheer size of international markets as contrasted with the size of the domestic market and you will likely find that the majority of your potential customers live abroad. So if you could double, triple or quadruple your revenue why wouldn't you aggressively pursue that goal? Now consider the downside of not going global – if your company is not pursuing those customers your competition will be. They will not only take a first mover's advantage of securing customer loyalty and brand recognition, but they will also tie-up key partners and distribution agreements. As consumers continue to become more demanding and the world economy continues to flatten there will soon be an expectation that you be able to serve multiple markets in a seamless fashion. Being a slow adopter in today's world could eventually damage your business.

The phenomenon of "Globalization" is not new. In fact, it has been creeping up on us since the dawn of time; it just hasn't been so visibly impactful until recent years. The broad macro-economic effects of globalization being experienced today arguably became most identifiable with the rapid advancement with the development of third world countries and other emerging markets, establishment of free trade agreements, the creation of the Internet and other technology/communications improvements, the growing multi-national footprint of business, ..

According to the definition given by Andrew Heywood "globalization is the emergence of a complex web of interconnectedness that means our lives are increasingly shaped by the events that occur, and the decisions that are made, at a greater distance from us. The central feature of globalization is therefore the geographical distance is of a declining relevance and the territorial boundaries, such as those between nation states are becoming less significant".

One of the significant characteristic of globalisation is the "Time- space compression". Through the advances in technology, it is easier to communicate and travel internationally and also that the speed at which these things are accomplished has greatly increased. This aspect of globalisation has a wider impact on the global commerce were the advances in technology have led to an integration and interconnectedness of the global economy. The pace at which transactions can take



place has led to an increased global focus on the integration of economies and has led to the increased involvement of private business actors in the realm of international finance and international markets. Modern technologies have moreover facilitated a scale and speed of communication that is unprecedented. The UNDP human development report explains that "the fusion of computing and communications especially through the internet has broken the bounds of cost, time and distance launching an era of global information networking".

E-Commerce:

In the 1990s the information technology led to a new revolution through the commercialization of internet. The limitations of networked systems like the cost structure and that related to geographical limits became irrelevant. Old traditions about the cost structure and geographic limits of networked systems turn out to be irrelevant and it became easy to form a worldwide system quickly and inexpensively. Business people seized this opportunity and responded by creating entirely new types of businesses and fundamentally altering existing businesses. The once limited strategic use of information technology became widespread. Thus new terms were created to label this revolution: electronic commerce (more commonly called ecommerce) and electronic business (eBusiness).

In the present scenario we can see the business world is transitioning from a physical reality based on atoms to a digital one of bits .The term commerce is viewed by some as transactions conducted between business partners. Therefore, the term eCommerce seems to be fairly narrow to some people. Thus the term eBusiness refers to a broader definition of eCommerce, not just buying and selling but also servicing customers and collaborating with business partners, and conducting electronic transactions within an organization.

Business-to-business eCommerce is the largest gold rush international commerce has seen for decades. It may be the largest ever Bridging the profound gap between the way traditional businesses are run and the way virtual communities will be built.

The rapid growth of the Internet and associated technologies have created a new business environment and opened up numerous new possibilities for conducting and managing businesses. Terms such as digital economy, eBusiness, and eCommerce are being used to characterize these developments. Businesses have become internet worked eBusiness enterprises. The Internet and Internet-like networks inside the enterprise (intranets), between an enterprise and its trading partners (extranets), and other types of networks are now the primary information technology infrastructure of many organizations. The Internet is a network of networks. The internet worked eBusiness enterprise enables managers, business professionals, teams, and workgroups to electronically exchange data and information anywhere in



the world with other end users, customers, suppliers, and business partners. Companies and workgroups can thus collaborate more creatively, manage their business operations and resources more effectively, and compete successfully in today's fast-changing global economy.

PRINCIPLES of E COMMERCE

Organization of Economic Corporation and Development (OECD) deals with five broad themes for a better understanding of eCommerce.

1. Ecommerce transforms the marketplace: ecommerce is changing the way business is conducted. Traditional intermediary functions will be replaced, new products and markets will be developed, and new and far closer relationships will be created between business and consumers. It will change the organization of work: new channels of knowledge diffusion and human interactivity in the workplace will be opened with more flexibility and adaptability will be needed, and workers' functions and skills will be redefined.

2. Ecommerce has a catalytic effect: Ecommerce will serve to accelerate and diffuse more widely changes that are already under way in the economy, such as the reform of regulations, the establishment of electronic links between businesses (EDI), the globalization of economic activity, and the demand for higher-skilled workers. Likewise, many sectorial trends already underway, such as e-banking, direct booking of travel, and one-to-one marketing, are accelerated by ecommerce.

3. ECommerce over the Internet vastly increases interactivity in the economy: These linkages now extend down to small businesses and households and reach out to the world at large. Access will shift away from personal computers to cheap and easy-to-use TVs and telephones to devices yet to be invented. People will increasingly have the ability to communicate and transact business anywhere, anytime. This will have a profound impact, not the least of which will be the erosion of economic and geographic boundaries.

4. Openness is an underlying technical and philosophical tenet of the expansion of ecommerce: The widespread adoption of the Internet as a platform for business is due to its non-proprietary standards and open nature as well as to the huge industry that has evolved to support it. The economic power that stems from joining a large network will help to ensure that new standards remain open. More importantly, openness has emerged as a strategy, with many of the most successful eCommerce ventures granting business partner and consumers unparalleled access to their inner workings, abases, and personnel. This has led to a shift in the role of consumers, who are increasingly implicated as partners in product design and creation. An expectation of openness is building on the part of consumers/citizens, which will



cause transformations, for better (e.g. increased transparency, competition) or for worse (e.g. potential invasion of privacy) in the economy and society.

5. Ecommerce alters the relative importance of time: Many of the routines that help define the look and feel of the economy and society are a function of time: mass production is the fastest way of producing at the lowest cost; one's community tends to be geographically determined because time is a determinant of proximity. Ecommerce is reducing the importance of time by speeding up production cycles, allowing firms to operate in close coordination and enabling consumers to conduct transactions around the clock. As the role of time changes, so will the structure of business and social activities, causing potentially large impacts.

In a nutshell the benefits of Ecommerce are, they offer personalization, high quality customer service and improved supply-chain management. This features of ecommerce has led to a wide scope of Intellectual Property transactions, especially the copyright works in the digital world and thus raise the challenges of protection of the same in the digital world.

Interdependence:

Globalization and e-commerce are expected to change economic structure of nations. The expected superior economic structure is mainly influenced by the above two factors. E-commerce not only reduces communication costs, but also increases flexibility in locating activities. Research has shown that internet technology has led to an increase in international trade. E-commerce benefits internationalization in two ways: There is a direct substitution of e-business technology and processes for physical locations, manual processes, or other expediting functions. E-commerce reduces coordination costs, which can reduce the costs of working with those foreign subsidiaries still required because of the nature of the product or service or because of regulation or cultural issues. While any evaluation of the potential consequence of the growth of e-broker age activity is necessarily speculative, it seems credible that those consequences will derive primarily from changes in the costs of acquiring, processing and transmitting information among market participants. In this regard, segmenting the brokerage process into a number of components or value-added activities facilitates an evaluation of how ecommerce might alter the complete process. The first component involves the basic linking of buyers and sellers. Here the booker's primary role is to serve as an intermediary between those selling and those purchasing securities. The advent of e-broker services has significantly expanded the scope for competing in the transaction function. It is clear that the growth of e-brokerage services has contributed to substantial reductions in average brokerage commission wherever those services have taken hold. Most obviously, the Internet has dramatically reduced the cost of communicating information on a point to multi



point basis. In addition, e-commerce is enhancing the underlying economies of scale in processing securities transactions.

It is expected that highly global firms are likely to employ e-commerce more intensively than less global firms. Firms facing foreign competition are under greater pressure to adopt technologies such as e-commerce that enable them to protect or expand market share and operate more efficiently. Firms doing business outside their own country may be more motivated to lower their transaction costs (such as search for information, negotiation, and monitoring of performance) by using information technology. Using the Internet for transactions and coordination can save time and money on delivery of goods by using rich information flows to simplify and streamline the flows of physical goods in the supply chain. Firms that buy and sell in international markets are under pressure from trading partners to adopt e-commerce to improve coordination with other members of the value chain. This is especially true in the case of global network production dominated by multinational corporations that may require partners to adopt ecommerce in order to do business with the multinational corporations.

There is a direct relationship between firm globalization and firm performance. It is expected highly global firms to perform better in terms of increased sales, lower costs, and improved competitive position. It is likely that global firms will realize greater impacts on performance, because they can employ knowledge and resources developed throughout their global operations to improve business processes and more effectively deploy ecommerce technologies. Global firms are also in a better position to benefit from e-commerce as they can achieve economies of scale and global reach. Globalization should also have an indirect effect on performance through e-commerce adoption, since highly global firms will use ecommerce more extensively, and extensive use will result in improved performance.

Conclusion:

With the increase in competition, locally or globally, organizations must become more adaptable, resilient, agile, and customer-focused to succeed. Global e-commerce has been a boon for individual consumers and small businesses that may not have previously had access to world markets. One of the big shifts it identifies taking place is the “exponential” growth of international data flows. An information based society or knowledge based society is composed of IT products, IT applications in society and economy as a whole. Many countries in Asia are taking advantage of e-commerce through opening of economies, which is essential for promoting competition and diffusion of Internet technologies. The Internet is boosting efficiency and enhancing market integration in developing countries. Due to this Globalization is becoming a trend for a small entrepreneurial venture.



This paper examines the impacts of globalization on ecommerce and their interdependency as the process of globalization has preceded the adoption of the Internet and e-commerce in time. The findings show that Globalization has differential effects on business to business and business to customer e-commerce, however highly global firms are more likely to do business to business but less likely to do business to customer. The findings imply that e-commerce will reinforce existing international competitive advantages rather than leveling the playing field and enabling local firms to compete with global firms in international markets. The local firms may have valuable resources that put them at a competitive advantage in their home markets. These include local knowledge, strong brand names, distribution channels and service infrastructure. These resources can be an advantage in B2C e-commerce and are not easy for global firms to replicate in each national market around the world. This implies that less global firms can look for opportunities in local markets rather than trying to use the Internet to reach far-flung international markets. If these firms do want to expand into global markets, they are more likely to do so by adopting B2B ecommerce to break into the global production networks for multinational corporations than by trying to sell directly to foreign consumers.

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