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A Study of Emerging Nations' E-Commerce Businesses during the Installation of Modern Systems

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Abstract
The rapid spread of the Internet gave birth to the concept and practice of electronic commerce (e-commerce, hereafter), which has become a common phenomenon in the world today. Internet-based economic structures and information clusters are the new business reality, as organizations and individuals enjoy the ease of purchasing goods and services from foreign shores. However, most developing countries are far from experiencing this reality due to a number of factors hindering e-commerce from flourishing.

Key Words: E-Commerce, developing countries, impact, barriers

I. Introduction

E-commerce is defined as the electronic process by which individuals or organizations conduct transactions, such as buying, selling, transferring, or exchanging products, services, and/or information (Turban, McLean, and Weatherby 2004). In short, e-commerce effectively eliminates the need for heavy investment or expenditure on physical infrastructure to develop a global presence, thus revolutionizing the way business is done worldwide. Especially for developing countries, it has the potential to offer solutions to many prevalent problems such as remote healthcare and education delivery. However, these countries are unable to reap these benefits, as there is a huge gap between the rates of adoption, implementation and use of e-commerce in developed and developing countries, and developing countries largely lag behind. are This article aims to understand the various reasons for this as well as the potential impact of e-commerce technologies for developing countries. It begins by presenting the broad disparities between the two countries, before discussing the various barriers faced by these countries that hinder the growth of e-commerce. It also sheds some light on research on critical success factors for e-commerce, at least several of which are conspicuously absent in these countries. It concludes with some of the steps taken to promote e-commerce in these countries and the idea that strategic focus is necessary if developing countries seek economic growth through e-commerce. High growth, yet a rocky road – the case of developing countries Developing countries represent a market with enormous potential for e-commerce. Academic research generally mentions e-commerce as a good strategy and an ideal opportunity for these countries to take advantage of new economic opportunities. According to UNDP (2005), developing countries should embrace e-commerce wholeheartedly because it will increase their economic and social development, increase trade productivity, reduce business operating costs and inter- The level of domestic integration with international markets will increase. ,

These countries generally have low basic internet usage rates, but high growth rates. UNCTAD (2005) reported that between 2000 and 2005, the population of Internet users in these countries increased by nearly 400 million, a growth rate of 300%, and among all their Web users. The international ratio has increased by 25. % to 40%. Internet bandwidth has a similar trend as the bandwidth growth in these countries was double that of developed countries. Although these statistics can be exaggerated with respect to the corresponding increase in e-commerce adoption in developing countries, there are many local realities that act as obstacles to these countries seeking economic prosperity through e-commerce (Molla and Heeks 2007).Success Stories – Still a long way to go

This is not to say that e-commerce is not thriving in these countries. Hussain (2013) quoted the example of China, where online trade skyrocketed by 120% in the previous ten years. This is hardly surprising as research on e-commerce in developing countries pins the country as most likely to emerge as the world leader in the global e-commerce market, with its third largest Internet user population in the world. Its business leaders are generally cognizant of the benefits of ecommerce in terms of enhancing Chinese presence in the international business arena, strengthening business processes and channels, and forming better customer relationships. These factors notwithstanding, the country is still struggling with realising the full potential of e-commerce due to state restrictions, payment systems, and inadequate telecommunication facilities (Stylianou, Robbins and Jackson 2003).

Latin America, of which Brazil comprises 59%, also exhibited monumental growth in e-commerce, as revenues increased from 1.6 billion USD to 43 billion USD in the last ten years (Hussain 2013). Another developing country which is displaying rapid progress is e-commerce is India. While the sector may still be in its infancy stage, research showed that it grew from 3.8 billion USD in 2009 to 12.6 billion USD in 2013, which equated to a CAGR of approximately 35%. The lion's share of this market, roughly 70%, is held by online travel, but e-retail is the fastest-growing segment (PWC 2014).

India – Logistics Hindering Growth Of E-Commerce

Extending the example of India, for this country, logistical issues act as one of the barriers to e-commerce growth. All the logistics models envisioned in the country target large metropolitan cities and Tier-1 cities, where customers are generally from the upper affluent or middle class, and have easy access to the Internet. Additionally, delivery costs are high for e-retailers, as most goods ordered online are delivered by air. This causes airlines to run out of cargo space at times of high demand, such as the weeks before the Indian festival of Diwali, and to rely on external delivery firms. But while India can boast the second highest number of mobile users in the world, e-retail sales account for less than 0.5 percent of the country's total retail sales. When this figure is compared to 6% in the US and 5% in China, it seems as though the country's e-commerce sector needs to strengthen its delivery network (Narayan 2014).

However, the outlook is not entirely bleak, as e-retailers are trying to set up their own logistics businesses by investing the required capital to deal with various issues related to fake addresses, cash-on-delivery and product returns. are Flipkart and Amazon India have already taken various steps in this regard. However, setting up a captive logistics infrastructure is not without its risks – these companies are finding their delivery costs to be 10 to 20 percent higher than those of logistics specialists. Higher delivery costs could erode the benefits of free delivery by e-retailers, who are already struggling to succeed in a complex business model that offers low profit margins (PwC 2014).Barriers To Growth Of E-Commerce In Developing Countries

Regardless, there are many obstacles in developing countries which seriously hinder the growth of their e-commerce industry. E-commerce has the potential to provide many opportunities in a manner unprecedented by other technological advancements, with its positive impact on trade, investment, business transactions, and market penetration (Wresch and Fraser 2011). But the conclusion reached by many researchers who have tried to search for the realisation of these benefits in developing countries has been, by and large, disappointing. According to Molla and Heeks (2007, 105), "the majority of businesses do not appear to have obtained E-commerce benefits in terms of expanding their access to markets, improving their reach or linkages to customers or suppliers, or in relation to cost savings or other efficiency gains".

The obstacles may vary between countries and regions but the commonly reported barriers that these countries face include a severe dearth of managerial skills requisite to formulate and implement an e-commerce strategy for business. Internet connectivity with regard to the cost, quality, and speed of the service provided is another stumbling block while lack of effective branding and trust issues is another important barrier to e-commerce growth. The latter has succeeded in pricking the e-commerce bubble in these countries as buyers feel more secure conducting transactions from renowned companies and brands (usually belonging to developed countries) rather than from unknown companies online (Travica et al. 2007). Lack of robust logistical networks is a barrier already discussed with reference to the Indian e-commerce market, and this factor is a common barrier for e-commerce in developing countries. Another common obstacle these countries face is the absence of a sound legal and regulatory environment for e-commerce, which acts as a deterrent for both buyers and sellers to conduct business over the Internet (UNCTAD 2004).

Pre-Conditions For Success Of E-Commerce Initiatives

A very relevant aspect for the purpose of this discussion are the necessary conditions that favor the growth of commerce in a country. Travica et al. (2007) and Sridhar and Sridhar (2006) conducted research and found some common critical success factors for this business. These authors stated that for a commerce initiative to be successful, the first and foremost condition is the customer's readiness, or disposition, to engage in commerce. Travica et al. (2007) refer to this as the "trust layer", and describe it as the readiness that buyers may or may not show to adopt a business, depending on their historical interaction with it. It happens Arises from association or reduction. He compares the United States and Latin America, where the former has always been comfortable with catalog-based purchasing, and the latter treats purchasing as a social act that requires interaction. Trust, as discussed earlier below, is an important aspect of this layer: even in the US, where Amazon and eBay earned more than US$4 billion and US$15.7 billion, respectively, in the first quarter of 2008, and customers have traditionally But are associated with this process. Persistent issues remain regarding trust in online shopping (Elbeltagi 2007; Feigenbaum, Parkes, and Pennock 2009). In developing countries, due to the newness of e-commerce as a concept, there has been a significant decline in inclination towards e-commerce, due to which the adoption rate is low.

Other conditions include technical and administrative skills and law. Travica et al. (2007) reported that although technical skills are increasing, there is a shortage of managers prepared to promote this commerce product. Regulatory reforms are becoming more conducive to incremental commerce efforts, as noted by Kriyawasam (2008) when he reviewed the efforts of Asian countries, such as Sri Lanka, to provide better legal electronic signatures. The legislation was on its way to passage. , Help.

The services of e-payment and banking systems and software must be available in a country that expects to achieve economic growth through e-commerce. This is another limitation that can be considered a work in progress, as banks in developing countries are equipping themselves with systems for electronic payments and local software support. Telecommunication infrastructure is still a major shortcoming in developing countries because, despite increasing rates of Internet penetration, these countries still report a very low ratio of user accounts per 100 people. Logistics networks, including delivery services and transportation infrastructure, are prerequisites for business growth, and are areas where developing countries struggle (Resch and Fraser 2011). Delivery services are not reliable, and this, combined with inferior technology (compared to the US) and strict customs laws, make international shippers reluctant to do business with these countries, even though European countries generate billions of dollars in revenue each year. are , Transport infrastructure problems include customs delays, excessive customs fees, long delays in delivery to customers, and sudden increases in the costs of input and delivery of finished products. These problems are found in developed countries, and to a greater extent in developing countries, because developing countries often find themselves unable to make the necessary national expenditures in the above areas.

Recommended measures to boost growth of e-commerce in developing countries

The term 'digital divide' is often used to refer to "the disparity between societies and societies in the adoption and dissemination of electronic information and communication technologies (ICT) and e-business practices" (Janes and Noor 2005, 82). . In terms of e-commerce adoption and development, the gap between developed and developing countries is gradually narrowing.

However, one of the key success factors for e-commerce is training and education. Developed countries primarily have to contend with the digital divide, with e-commerce becoming scarce due to the large scale of prose and little or no grasp of the English language. Therefore, the most important approach that needs to be taken is to build capacity in e-commerce skills. A variety of resources can be provided through training and the use of the Internet, such as distance learning and special links with universities. India has been used effectively by the free university to forget the opportunities offered by niraksharata through low and e-commerce (He Royba et al 2008).

Government has a very strong role State policy, especially legislation, significantly influences e-commerce adoption and growth. One of the most important suggestions that can be made, which counters the many obstacles in the growth of e-commerce, is the development of a supportive regulatory and legal environment. E-comers support the strategy even when the consumer and the business need and trust its base, and are confident about its security and authenticity (Zaid 2008). To realize them, a solid regulatory umbrella-with competent laws related to business, consumer protection,-transactions and cyber-crime regulations- should be included in the preventive measures to address the situation of fraud. . Statistics (2015) show that developing countries are in the process of adopting these laws; In particular, the peoples of East and Central Africa have not adopted these laws or drafted laws. Importantly for online businesses, the Internet by its very nature exposes consumers to potential risks from fraud and deception.

Restructuring of financial processes in developing countries is needed to enable online payment mechanisms and credit. Developing countries are generally on the back foot in this regard, save for governments that actively support and benefit from e-commerce, such as Korea. In fact, regulatory support has a greater impact on e-commerce in developing countries than in developed countries (Zhou et al. 2004). Adoption acts as a major barrier to e-commerce in developing countries, and governments must invest in the legal, financial, logistics and telecommunications that are the backbone of any e-commerce initiative. Is. It is important that the regional integration community and the country collaborate with developing countries to facilitate e-commerce for developed countries, and ensure that e-commerce across e-commerce is enabled. Moving forward.

II. Conclusion

A common argument against free trade and liberal markets is that it widens the gap between developed and developing countries. The recent growth of the Internet economy has fueled this criticism, as the digital divide has exposed stark disparities between countries that are information-equipped and those that are not. Given the immense potential for e-commerce to serve as a powerful tool for bridging this gap and for developing countries to achieve economic equality, it is imperative that these countries position themselves for e-commerce development. dedicate Adapt national strategies and policies. Their resources and circumstances. Subsequently, investment in telecommunications infrastructure, legal and regulatory environment, strong institutional reforms, and training and education of human resources will ensure that developing countries become strong contenders in the global e-commerce sector.

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