

# The Importance of Electronic Commerce in Modern Business

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## INTRODUCTION

Electronic commerce (e-commerce) is the important Internet application that enhances the way of commercial transactions (Chang & Hu, 2012). E-commerce provides businesses to sell their products and services across the globe (Yapar, Bayrakdar, & Yapar, 2015). Given the tremendous success of the Internet and e-commerce in developed countries, emerging economies are quickly embracing information technology (IT) (Agarwal & Wu, 2015). The high efficiency, low trade costs, and simplified transaction process in e-commerce have changed manufacturers' operations, business, management models, and trade models (Lu & Liu, 2015). Multinational corporations often push their branches and suppliers to adopt e-commerce technology to connect with their global production network (Rahayu & Day, 2015).

E-commerce is beneficial to both business and consumer wise as payment and documentations can be completed with greater efficiency (Kasemsap, 2016a). The applications and opportunities for e-commerce are increasing (Huang, Lee, & Lee, 2009). Web technology and fast Internet access allow people to become more familiar with e-commerce (Jung, Cui, Eom, & Yeom, 2014). Information and communication technology (ICT) has fundamentally reshaped the way businesses and consumers can globally communicate, interact, and transact, thus generating the rapid growth of e-commerce (Pires, Stanton, & Salavrakos, 2010). E-commerce has made a significant impact on the traditionally vertical and horizontal relations of the supply chain, as well as the influenced social structure in modern

business (Chen, Yu, & Hsieh, 2013). Both virtual businesses and e-commerce operations enable organizations to have the fluid structures, modify the changing conditions, lower the expenses, and attain the new consumers (Gokmen, 2012).

This article aims to bridge the gap in the literature on the thorough literature consolidation of e-commerce. The extensive literatures of e-commerce provide a contribution to practitioners and researchers in order to maximize the business impact of e-commerce in modern business.

## BACKGROUND

E-commerce has become an important factor in determining the future survival of organizations (Holsapple & Singh, 2000). E-commerce has substantial potential to foster the growth of small and medium-sized enterprises (SMEs) in developed and developing countries (Kurnia, Choudrie, Mahbubur, & Alzougool, 2015). Much of the existing literature on the SMEs' adoption of e-commerce technologies seeks to explain the e-commerce adoption behavior from the perspective of technology adoption, using theoretical frameworks, such as the Theory of Reasoned Action (Ajzen & Fishbein, 1975), the Theory of Planned Behavior (Ajzen, 1991), the Technology Acceptance Model (Davis, 1989), and the Diffusion of Innovation (DOI) (Rogers, 1995). Gibbs and Kraemer (2004) explained that the scope of e-commerce adoption across ten different countries is influenced by national factors such as government policy and e-commerce legislation.

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The emergence of e-commerce presents the new challenges in understanding the consumers' switching intentions in the context of e-commerce in general and online auctions in particular (Lin, Cheng, Wang, & Chang, 2012). E-commerce consists of the purchasing and selling of products or services through electronic systems, such as computer networks and the Internet (Kasemsap, 2016b). E-commerce presents consumers with a convenient way of shopping outside of their local jurisdiction (Alm & Melnik, 2012). Online shopping seems to primarily reflect a desire for time efficiency on the part of the shopper (Anesbury, Nenycz-Thiel, Dawes, & Kennedy, 2016). Experience with online shopping directly increases the consumer's intention to use the Internet to buy products (Soopramanien, 2011).

E-commerce is defined as a reduction in the consumers' search costs (Goldmanis, Hortaçsu, Syverson, & Emre, 2010). E-commerce offers the possibility of accessing markets in a relatively low-risk, low-cost manner (Cloete & Doens, 2008). Several types of e-commerce including business-to-business (B2B), business-to-customer (B2C), and customer-to-customer (C2C) are common on the Internet (Shojaiemehr & Rafsanjani, 2013). E-commerce technologies, particularly those supporting B2B, exchange, include the Internet, e-mail, Electronic Data Interchange (EDI), Electronic Funds Transfer (EFT), and barcodes (Gunasekaran, Marri, McGaughey, & Nebhwani, 2002). Bharadwaj and Soni (2007) indicated that five parts of the e-commerce infrastructure include the flow of information, organizational image, reaction to customer needs, increased sales, and access to new markets.

The rapid development of IT enables an increasing number of consumers to search and book products online first and then to consume them in brick-and-mortar stores (Xiao & Dong, 2015). Existing studies have focused considerable attention on the factors regarding e-commerce adoption (Ghobakhloo, Arias-Aranda, & Benitez-Amado, 2011). The findings are classified into two categories (i.e., the strategic value of certain

IT to top managers and the factors that influence the adoption of IT) (Grandon & Pearson, 2004), emphasizing the importance of the perceived benefits, strategic commitment to e-commerce, external pressures, organizational readiness, information system characteristics, and e-commerce capabilities, among others (Hong & Zhu, 2006).

Several scholars have adopted the process perspective to explore the adoption of e-commerce (Lin, Huang, & Tseng, 2007). Such studies have adopted two alternative perspectives: a factor-oriented perspective (Kirwan, 2009) and a stage-oriented perspective (Rao, Metts, & Monge, 2003). Factor-oriented studies segment the adoption process into several stages, such as the initiation, decision and implementation stages, and investigate the facilitators and inhibitors in each stage (Cui & Pan, 2015). Stage-oriented studies focus on the adoption stages (e.g., presence, transaction portal integration, and enterprise combination) and investigate the features of each stage, such as communication channels and e-commerce functions (Cui & Pan, 2015).

## **PERSPECTIVES ON ELECTRONIC COMMERCE IN MODERN BUSINESS**

This section emphasizes the overview of e-commerce and the importance of e-commerce in modern business.

### **Overview of Electronic Commerce**

E-commerce has made considerable challenges into both large organizations and SMEs (Solaymani, Sohaili, & Yazdinejad, 2012). E-commerce is essential for enterprises because it improves their understanding of customer needs and of the products and services available in the global marketplace (Zhu, 2004). By conducting e-commerce, manufacturers can eliminate the distributors and wholesalers; optimize the internal processes; reduce the production period, inventory, and circulation (Chun, Rhee, Park, & Kim, 2011);

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