

# Chapter IX

## Effect of Proliferation and Resistance of Internet Economy: Understanding Impact of Information and Communication Technology in Developing Countries

### ABSTRACT

*Information and communication technology (ICT) is the prime driving force of Internet economy. Therefore, before implementing E-Commerce (EC) and E-Government (EG) projects, it is a vital issue to investigate the capability of developing countries to adopt ICT and reveal the impact of adopting ICT among society. However, it is observed that in developing countries, rural and urban population have significant digital divide. We argue that the purposes of implementing Internet-based projects, particularly EG, can only be accomplished and full benefits can be realized if rural population of developing countries has that ability to adopt ICT, the main driver of EG, and if ICT has positive impact on rural population in technological, economical, and social perspectives. Therefore, it is the prime motive of policy makers of developing countries to study the impact of ICT in capability development among citizens prior to launching EG. To study the impact of ICT on both rural and urban*

*population separately through a vertical survey, this research proposes separate ad-hoc and post-hoc frameworks.*

## 9.1. INTRODUCTION

Virtual communal marketing in Internet economy refers to managing, organizing, and marketing in the virtual community that incorporates public involvement in the development of Internet economy in stakeholders interface. A virtual community could fulfill various kinds of needs, such as transaction, interest, fantasy, and relationship (Armstrong and Hagel, 1996; Hagel and Arthur, 1997). Virtual communal marketing enables public administrators to identify the expectations, characteristics, and behavioral intentions of different stakeholders, which they can utilize to develop the service quality dimensions of global web-based services. The Internet potentially offers individuals, institutions, small and large businesses, all communities, and all levels of governments with new opportunities for learning, interacting, transacting business, and developing their social and economic potential. Information and communication technology (ICT) and the advent and proliferation of the Internet has changed the structure and performance of the global market and consumers' perceptions and purchasing behavior.

Internet-based economy has created enormous opportunities not only for business corporations which is generally termed as Electronic-business or customer oriented Electronic-commerce but also for governments in wider space particularly known as Electronic-government (EG). An EG or EC transaction is any transaction completed over a computer-mediated network that involves the transfer of ownership or rights to use goods or services. Transactions occur within selected transaction processes, and are completed when agreement is reached between buyers and sellers to transfer the ownership or rights to use the goods or services. However, the sphere of the scope of EG is much wider than EC. Alternatively, EC is only a fragmented part of EG. EG is about complete relationships with civic institutions and the foundation of our next-generation states and communities. Understanding what citizens and businesses want and how government, the private sector, and other institutions will be integrated is the vital function of EG. Benchmarking the online revolution in public and private sectors requires new discourses about policy issues, political realities and their impact on the satisfaction of different stakeholders (Sakowicz, 2007). The EG model should also comprehend the evolution of ICT, the reformation of public administration, and the integration of stakeholders. In this chapter of the book, we will explore and illustrate the overall impact of the Internet economy among developing countries. The chapter does not focus much on the developed countries, because the positive effect of ICT on developed countries is

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