Chapter 46
The Role of Electronic Commerce in the Global Business Environments

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ABSTRACT

This chapter presents the role of electronic commerce (e-commerce) in the global business environments, thus describing the overview of e-commerce, the strategy of e-commerce, the applications of e-commerce, the barriers to e-commerce adoption, the value chain of e-commerce, and the benefits of e-commerce. E-commerce is one of the most recognized forms of electronic technology applied to businesses. The effectiveness of e-commerce is significant for modern organizations that seek to serve suppliers and customers, improve business performance, foster competitiveness, and acquire routine success in global business. Thus, it is necessary for modern organizations to explore their e-commerce applications, expand a strategic plan to analyze their feasible advancements, and directly respond to e-commerce needs of customers. Applying e-commerce in the global business environments will significantly enhance organizational performance and achieve business goals in the digital age.

INTRODUCTION

E-commerce is the transaction of goods and services over the Internet (Gökmen, 2012). E-commerce practitioners have long tried to promote the technological characteristics of the Internet to support better information seeking and decision making by consumers online (Wu & Lin, 2012). Continual innovations and achievements in enabling technologies are necessary for developed countries to sustain their leading positions in the global economy (Xing, Li, Bi, Wilamowska-Korsak, & Zhang, 2013). Technological, organizational, and environmental contextual factors adapt the ability of e-businesses (Rashidirad, Soltani, & Salimian, 2014).

Emerging e-commerce systems are anticipated to be available anytime, anywhere, and utilizing various official or personal computing devices (Lian, Chen, & Michael, 2013). E-commerce and electronic business (e-business) have become an essential component of business strategy for

economic development (Georgiadis & Chau, 2013). Modern technology allows businesses to efficiently transact in electronic markets (e-markets) (Nicolaou, 2011). It is essential to explore new methods to represent and measure e-commerce effectiveness from a business perspective (Wu, Gide, & Jewell, 2014).

E-commerce trading practically supports the users with complete information and comments on the products and vendors in global business (Ma, Li, & Zhou, 2014). Customer and organizational resources should be jointly recognized to suitably explain perceived value in e-commerce (Paredes, Barrutia, & Echebarria, 2014). The strength of this chapter is on the thorough literature consolidation of e-commerce. The extant literature of e-commerce provides a contribution to practitioners and researchers by describing a comprehensive view of the functional application of e-commerce to appeal to different segments of e-commerce in order to maximize the business impact of e-commerce.

BACKGROUND

An ever-increasing use of Internet positively affects the importance of e-commerce Web sites (Sohrabi, Mahmoudian, & Raeesi, 2012). Electronic services (e-services) are the emerging areas of attraction to operations management (Oliveira & Roth, 2012). Firms of all sizes should recognize the importance of e-commerce while developing business plans and strategies in order to expand business profits by leveraging emerging technologies to their benefits (Mora-Monge, Azadegan, & Gonzalez, 2010). E-commerce involves the dimensions of business-to-consumer (B2C) and business-to-business (B2B) (Karagozoglu & Lindell, 2004). B2B and B2C are typical on the Internet (Shojaiemehr & Rafsanjani, 2013).

Information and communication technology (ICT) and the Internet are developed as an area of high priority on management's agenda. Tech-

nological improvements have made it practicable for small and medium-sized enterprises (SMEs) to become dynamic in global markets through information technology (IT) (Cho & Tansuhaj, 2013). IT has effectively altered the growth and character of the retail trade sector in the prosperous economies (Watson, 2011). If the government arranges free e-commerce facilities for SMEs, it can stimulate SMEs to adopt e-commerce (Solaymani, Sohaili, & Yazdinejad, 2012). E-commerce allows business development for marketing channel intermediaries and reinforces their existing business operations and strategic management (Aldin, Brehmer, & Johansson, 2004).

ROLE OF ELECTRONIC COMMERCE IN GLOBAL BUSINESS

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Overview of Electronic Commerce

As the Internet became more commercialized and users began to engage in the World Wide Web in the early 1990s, the term electronic commerce was coined, and e-commerce applications promptly expanded (Turban, King, Lee, Warkentin, & Chung, 2002). Web-based utilizations are one of the most extensively used types of software, and have become the determination of many e-commerce and communication businesses (Dobolyi, Soechting, & Weimer, 2011). The dynamic forces affecting the global economy and commerce are the increasing rate of globalization and advances in ICT (Kaynak, Tatoglu, & Kula, 2005). The development of new business models supported by IT for e-commerce has become an influential issue in business community (Wang, 2001).

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