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**Chapter II**

**The Economic and Social  
Impact of Electronic  
Commerce in  
Developing Countries**

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**ABSTRACT**

*The chapter addresses the potential benefits of Electronic Commerce to developing countries. Electronic commerce has many potential benefits for developing countries (DC). In this chapter, the author describes the potential benefits of Electronic Commerce for developing nations and he provides case examples that illustrate this trend. The widespread adoption of electronic commerce is especially important for developing countries.*

## INTRODUCTION

Electronic commerce has many potential benefits for developing countries (DC). In this chapter we will describe the potential benefits of Electronic Commerce for developing nations and provide case examples that illustrate this trend. The widespread adoption of electronic commerce is especially important for developing countries. The benefits for developing countries range from social to economic. Some of the benefits include: improvement of international coordination, an open economy promoting competitions and diffusion of key technologies, efficient social and infrastructure services, a competitive communication sector, and increased buyer productivity.

The impacts of electronic commerce in a developing country can be helpful rather than detrimental. Electronic commerce has the potential to tie developing countries into the rest of the world so they are no longer considered outsiders. For example, electronic commerce can enable more people to access products and services that once were not available. Another benefit is that electronic commerce stores are available 24 hours a day, 7 days a week. As the infrastructure for electronic commerce keeps growing, services that were not offered in the past become available. Many of these benefits have not been proven yet, but the technology is now available, and developing countries are looking forward to these benefits. The high cost of technology may still be detrimental in many developing countries; however, the constant innovation of software and hardware will hopefully reduce these costs.

Consumers in developing countries can benefit from electronic commerce because they can buy products that could only be found in major cosmopolitan cities. Electronic commerce is closing the gap between those countries that have wide availability of products and those with limited availability. The basic purpose of electronic commerce is to provide goods and services to consumers who do not live close to the physical location of the product or service and would otherwise have a hard time acquiring these products and services.

Society and consumers alike have only begun to enjoy the benefits of electronic commerce. Since new developments are made on a continuous basis, it will eventually affect every individual. Some of the benefits enjoyed by society and consumers, for example, are ease of transaction, comparability of products, quick delivery and the ability to make any type of transaction at any given time of day.

Electronic commerce facilitates delivery of public and social services, such as healthcare, education, and distribution of government social services at a reduced cost, improving the quality of care and living in these communities. For example, health care services can reach patients in rural areas (Turban et al., 2000).

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