Impact of E-commerce on Global Business Environment: A Conceptual Study Focus on Middle East

Dr. Gopalakrishnan Soundararajan

Abstract: E-commerce means using internet in business activity which helps to develop the business nationally and internationally (Turban, 2010). In Middle East, e-commerce growth is expected to touch $24 billion by 2020 and in worldwide e-commerce sales will be $4.88 trillion. Middle East look forward to use the e-commerce facilities in logistics industry and motivate small medium industries (SME's) to invest money in e-commerce services for developing international trade activities (statita.com,2017). The growth of e-commerce in Middle East region is enormous due to high spending potential, high per capita income, development of logistics system, increasing of internet usage by youth and high internet penetration level. The purpose of this study is to know the importance of e-commerce, business growth, marketing strategic formation and employment impact in Middle East.

Keywords: E-commerce, Global Business Environment, Marketing Strategies, Employment

INTRODUCTION

E-commerce means buying and selling transactions will be done through online or using Internet of Things (IoT). E-commerce helps to develop the country's economy by increasing GDP, productivity, employment opportunities, export and import, etc. It helps the company to analyze and redesign their supply chain strategy for enhancing the performance and efficiency of company supply chain management (Nair, 2017)

When compared with B2C (Business to Consumer) business, B2B (Business to Business) business has a major growth in recent decades because it helps to increase the business of organization and profit. B2B e-commerce aids the organization in sustainable growth through reduction of transportation cost, sourcing cost, storage / warehousing cost and material management cost. During 2007 to 2010, world market was affected by recession in manufacturing, wholesaling and retailing but B2C sales got increased 18% through mail-order house (ECLAC).

In modern days, the growth of mobile service technology and wireless network facility has been evolved enormously. E-commerce is also reshaped to be compact with mobile commerce. Both e-commerce and m-commerce intended to provide fast and efficient service to the users. The E-commerce has fully depended on computer and internet connections besides M-commerce rely on wireless Application Process (Naqvi and Al-Shihi, 2014).

REVIEW OF LITERATURE

Nuray, 2011 has stated in his study that E-commerce will affect the employment of Middle East in positive and negative ways. Alpha generation people are using more internets and highly associated with the social media. Hence online activities creates more job opportunities in Middle East related to IT field such as web designing and maintenance, creation of new user friendly applications, system analysis, data administration, computer programming, computer engineering, testing, etc.

Bresnahan, 1999 has mentioned that E-commerce generates more job opportunity in Middle East to designers, artists, writers, musicians, photographers and editors for developing e-content to attract the customers (Nair, 2018). On the other hand Ecommerce negatively affect some of the occupations like office assistants, clerks, travel booking agents, banking employees, post office employees and retailers.

Dr. Gopalakrishnan Soundararajan, Assistant Professor, Department of Business and Accounting, Muscat College, Sultanate of Oman. Email: soundararajan@muscatcollege.edu.om

OECD,2010 observed that in US and Europe Ecommerce provides more job opportunities for accounting, financial management, business sectors and commerce professionals.
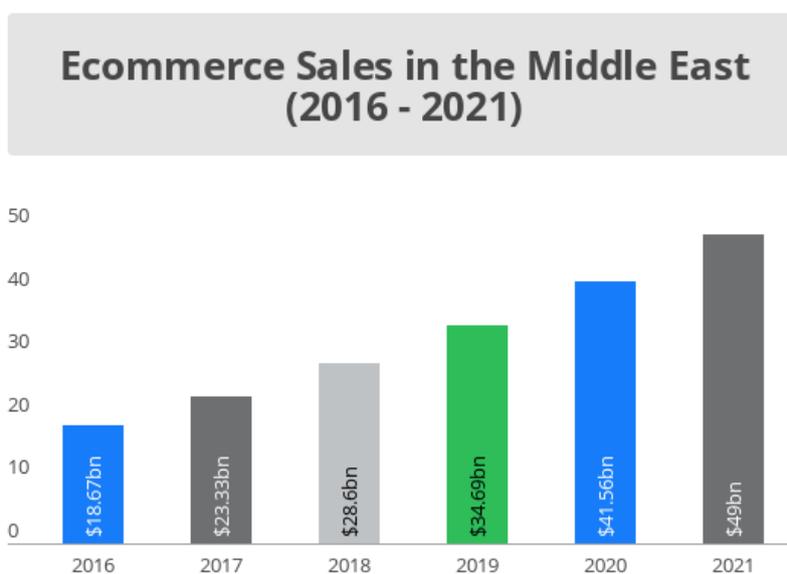
Objectives

- To study the growth of Middle East e commerce market
- To find out the impact of e business in the Middle East country

RESEARCH METHODOLOGY

Theoretical research applied to find out the growth of e business in Middle East countries. Secondary data collected through journals, research articles and internet.

Middle East e-commerce Market

Middle East e-commerce sales growth is expected to increase to $49 billion in 2021. In this region online sales income has been increasing consistently. In Middle East region, UAE will lead the online market followed by Saudi Arabia and Qatar. (e marketer,2017)

Ecommerce Sales in the Middle East (2016 - 2021)

2016: $18.67bn
2017: $23.33bn
2018: $28.6bn
2019: $34.69bn
2020: $41.56bn
2021: $49bn

Source: eMarketer, 2017

Middle East Internet usage in 2018

Total population	252 Million	72 % Urbanization
Internet users	164 Million	65% Penetration
Active social media users	130 Million	52% Penetration
Mobile connection	323 Million	128% Vs Population
Active mobile social users	115 Million	46% Penetration

Source: Deloitte report, 2018

Impact of E-commerce in Middle East Country

Enormous applications and usage of Internet of Things (IoT) in daily life makes the Middle East country business become easy between countries. The collection of market information related to the market and consumer behavior of various countries become viable, accurate, faster and less cost because of technological development and usage by the customers (Zhu and Thatcher, 2010). E-commerce helps the organization in Middle East to find the market, resources, specification of product, quality standards, supply chain system and marketing cost in different countries. It also helps to know the feasibility and framing of strategic model to meet the global market challenges. The world-wide service sector growth has happened because of the power of e-commerce and IoT usage. Information technology helps to do the non-tradable services into a tradable service like research and development, materials management, quality control, human resource management, marketing, advertisement, etc.

E-commerce aids to do trade liberalization which makes the companies to innovate transactions at lower cost. In 2017 Amazon acquired souq.com in GCC, which established it to reach strong positioning in GCC countries. Now this company handles 50 million of customers and operations in this region.

Ecommerce key players in GCC are namshi.com, noon.com, ebay, Aliexpress, ubay.com, aido.com, mumzorld.com, etc.

According to ISFU report (Implementation Support and Follow up unit) GCC governments are taking initiative to develop ecommerce in government services, shipping services, retail and other services through modernization of infrastructure and information technological tools.

FINDINGS

- The success of online marketing depends on the way organization change its marketing activity as per the requirements of the customers.
- Middle East companies understand the modern digital marketing tools used by the customers.
- The e business companies use digital marketing tools such as website advertisement, mobile marketing, social media marketing and email.
- E business companies considers both online and offline buyers before developing the marketing strategies.

CONCLUSION

From this study, it is concluded that e commerce shows the way to promote business in Middle East countries by overcoming various boundaries between countries. E-commerce provides the support to Middle East countries to develop economy, GDP, per capita income, technological development among nationals, employment opportunities and export. E-commerce implies the companies to develop digital marketing activities to attract more customers and helps the company to go paper less promotion, less fuel consumption for purchasing the product by the consumer, less price by avoiding intermediaries, global product availability, etc. E-commerce creates more job opportunities in related to information technology based which makes the candidates to learn IT skills in all the sectors.

REFERENCES

[1] ECLAC, Electronic Commerce, International Trade and Employment: Review of Issues, UN, Economic commission for Latin America and the Caribbean ECLAS, Washington office, 2002.

[2] Kiran, S.N. (2017). Impact of E-commerce on global business and opportunities. *International journal of Advanced Engineering and Management Research*, *2*, 324-336.

[3] Deloitte, A. (2018). Middle East point of view- spring. *E-commerce.*

[4] Panagariya, A. (2000). *E-commerce, WTO and developing countries.* Policy issues in international trade and commodities study, New York and Geneva, 1-33.

[5] Naqvi, S. J., & Al-Shihi, H. (2014). Factors Affecting M-commerce Adoption in Oman using Technology Acceptance Modeling Approach. *TEM Journal*, *3*(4), 315-322.

[6] Terzi, N. (2011). The impact of e-commerce on international trade and employment. *Procedia-Social and Behavioral Sciences*, *24*, 745-753.

[7] Vinod, N. (2018). National strategy for E-commerce, times of Oman, www.timesofoman.om. (Accessed on 15.11.2018)

[8] Bresnahan, T. F., Brynjolfsson, E., & Hitt, L. M. (2002). Information technology, workplace organization, and the demand for skilled labor: Firm-level evidence. *The Quarterly Journal of Economics*, *117*(1), 339-376.

[9] OECD, ICT Key Indictors Information Technology Outlook, 2010.

[10] Caselli, F., & Coleman, W. J. (2001). Cross-country technology diffusion: The case of computers. *American Economic Review*, *91*(2), 328-335.

[11] Kraemer, K. L., Gibbs, J., & Dedrick, J. (2002). Impacts of globalization on e-commerce adoption and firm performance: A cross-country investigation. *Center for Research on Information Technology and Organizations, University of California, Irvine*.

[12] Turban, E., King, D., Lee, J., & Viehland, D. (2002). Electronic commerce: A managerial perspective. *Prentice Hall: ISBN 0*, *13*(975285), 105-109.

[13] Zhu, L., & Thatcher, S. (2010). National information ecology: A new institutional economics perspective on global e-commerce adoption. *Journal of Electronic Commerce Research*, *11*(1), 53-72.