

The essay is about the impact of e-business on global business environment, the environment has been analysed externally and internally in the light of literature and the analysis is done at the end of each environmental factor.

STRATEGIC CHANGE AND ORGANIZATIONS LCDB7005

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DISCUSS HOW E-BUSINESS HAS IMPACTED THE GLOBAL BUSINESS ENVIRONMENT

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E-BUSINESS DEFINITION AND CONCEPT

The definition of e business is inconsistent and complex or often close to e-commerce, and is also perceived as a superset of e-commerce. E business includes business activities which utilizes information and communication technology on the basis of the organizational and cultural rule of network economy in an integrative way. Furthermore also addresses the customer process and the business activities which are part of a value network (Gangopadhyay, 2002). The concept of e-commerce and e-business is used interchangeably most of the times whereas there is slight difference in both approaches. E-commerce deals with online buying and selling process, whereas e-business deals with the all business activity conducted online. This involves e-marketing, inventory management, content management system, and online tools for human resource and many other aspects (Khurana, 2019). As the e-business term has limited literature so in this essay I will use the term ‘e-business’ in general sense, any business activity in a company that uses ICT will be considered e business in this essay. E business also includes the term e-commerce which is typically buying and selling over the internet, which also involves ICT to give customer services, receiving payments, procure inputs or enhance labour productivity (Heil, 2009). Both terms will be used interchangeably.

The popularity of e-business is inevitable, initially the popularity of electronic transactions were accepted and adapted just in developed countries but now the global business is experiencing a shift in the customer and supplier of electronic business. Most of the developed countries have a potential to grow in e-business which was never possible due to expensive data, resistance to adapt new technology, lack of infrastructure and high cost of hardware. In 2015 a developing country like India has generated USD \$24 billion, in 2016 US made USD \$400 billion, Europe closes at USD \$510 billion and South Asia made USD \$ 11 billion.

EXTERNAL ENVIRONMENT

A business never works out in a vacuum, it has to act and also react according to its environment, and the environment which is outside the business are known as external environment. The concept of globalization by Harrison demonstrates the world as changing space which keeps on remaking in particular way. The dynamic global business environment will be analysed with the external environment analysis, and in this analysis I divide the external factors into macro, which deals with wider perspective, and micro, which deals with narrow perspective. The micro factors is further sub divided into competitors, supply chain/ logistics and customer, whereas macro analysis consist of economic, demographic, technological and sociocultural factors analysis. There are more factors that play part in generating the external environment but due to time, word and literature limitation the selected factors are analysed in depth.

MICRO ENVIRONMENT

These factors consist of narrow perspective which does not interact with businesses but still impacts the company with the change.

COMPETITORS

The most prominent competitors of electric business or electric commerce are US and China. In 2013 the e-commerce sales of China surpasses the US for the very first time in the history, since that surpass China become unstoppable to exceed as a biggest competitor of e-commerce business in the global market. US he leaded the e-commerce market since last decade but, later pushed

Top 10 Countries, Ranked by Retail Ecommerce Sales, 2018 & 2019			
billions and % change			
	2018	2019	% change
1. China*	\$1,520.10	\$1,934.78	27.3%
2. US	\$514.84	\$586.92	14.0%
3. UK	\$127.98	\$141.93	10.9%
4. Japan	\$110.96	\$115.40	4.0%
5. South Korea	\$87.60	\$103.48	18.1%
6. Germany	\$75.93	\$81.85	7.8%
7. France	\$62.27	\$69.43	11.5%
8. Canada	\$41.12	\$49.80	21.1%
9. India	\$34.91	\$46.05	31.9%
10. Russia	\$22.68	\$26.92	18.7%
Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales; *excludes Hong Kong			
Source: eMarketer, May 2019			
T10308			
www.eMarketer.com			

back to second leading market with \$586.92 billion, whereas the upcoming leader made \$1.935 trillion in ecommerce sales which is three times greater than the US (Lipsman, 2019). Among the competitors (shown in figure) Canada has shown a positive and prominent e-commerce growth rate (21.1%) on global level and could be in the arena of competition in next few years (Lipsman, 2019).

Canada has to make strategies according to geographically dispersed population from east to west, has to make distribution centres and delivery capabilities more cost effective. Overall Canadian market has potential to grow at fast pace but inefficiencies of logistics comes as a great challenge, which could be addressed through various strategies. On the global e-commerce market India has shown prominent figures with highest growth rate of 31.9% with 46.05 billion dollar sales in 2019 (Lipsman, 2019). Its e-commerce market is relatively stagnant, as it represents itself as a world's biggest economy, the struggling economy and majority of low-income population, and still emerging infrastructure might be the reason behind it (Lipsman, 2019). The global e-commerce competitors are Amazon, Ali Baba, eBay, Jingdong, Zappos, Rakuten, Home Depot, and Flipkart.

SUPPLY CHAIN/LOGISTICS AND CUSTOMERS

Logistics are one of the most important consideration for any business to widespread the business internationally and globally. To make the logistic strategy successful an excellent delivery experience is not the requirement but the entire supply chain. The supply chain includes all the inventories, warehouses, custom processes and reverses logistics. According to Global E-commerce Market Ranking 2018, three important metrics in the LPI ranking shows the supremacy of European countries. Germany ranks on the top for logistics globally and customs, and Belgium ranks as a leader for international shipments. The leading e-commerce supply chain company DHL is also based in Germany where the company consistently updates the management supply change to meet B2B's and B2C's internal and external expectations (Berman, 2019). The global business of e-commerce challenges the company in several ways, mainly the shippers implementing e-commerce strategies.

China is among the top customer of cross border online shoppers with the population of 149.42 million, whereas US ranked second as cross border e-commerce customers. The cross border customer here are the people who involves in the process of global e-commerce and renders the traditional mind set of cross border trade. The consumers involves in global trade of e-commerce involves B2B, B2C and C2C transactions, however many studies suggested that B2B practice in e-commerce is relatively higher than B2C. The root cause of higher volume of B2B business transaction in e-commerce is the cost of supply chain and transportation is much lower and ultimately results in better profitability (Kraemer et al., 2002). The consumer behaviour keeps on changing with the evolution of ICT in the business. The geographical borders are becoming less important to the customers, according to Bloomberg China alone is worth \$60 billion dollar in cross border e-commerce activity, the socio-economic condition of Chinese customers shows significant improvement, so consumers and businesses prefer to import the world renowned brands through electronic businesses. Same is the case with France where half of buying French customers prefers cross border sellers (Dunne and Dunne, 2020).

ANALYSIS

The competitors, customer and logistics are that part of external environment which precisely affects the business. I argue if the competition is so much strong between Asia Pacific and America why still the e-commerce market is dominant with the western way of business. Not only in competition but in logistics a huge contribution is evident from the European countries to deals with e-commerce. The customer across the border plays vital role in determining the impact of e-commerce on the global business environment. I argue that if China's customer is among the top of cross border transaction,

and if continues due to relax rules of e-commerce transaction the significance of its own product and services could be lost at some point and again western countries will be on the top to lead the e-commerce market. Chinese government has to apply strict import rules to minimize the cross border buying, the money on cross border buying takes money of customer outside China and that customer positively affects the economy of that country instead.

MACRO ENVIRONMENT

ECONOMIC

It is one of the most important factors to analyse the external environment and has greatest impact on the business environment. In Europe the use of ICT increases the cross border transaction, where a cost reduction triggered due to high volume of consumers switching to the electronic business and electronic retail technology (Cardona, 2015). The cost reduction due to technology invasion is indicative of a general reduction in distribution cost, where suppliers faces technology shock and have reduced the cost of moving goods and services from one place to another. This technology shocks results in a reduction in domestic market price margins, whereas the trade cost shock shows an increment in consumer welfare (Cardona, 2015).

The trade cost effect shows a positive relation with the market in Europe, where an increase to household is 1.07% and it does not benefit only the costumers but also spreads throughout in the entire economic sector. The cost reduction has positive effect in most of the countries, as the real incomes are increased with the increased demand for retail service in household consumption (Cardona, 2015). Retail sector output reduces by 2.57% in European country by 2019, of which 0.21% is due to the trade shock. The trade shock is not even across the globe, every country reacts differently to it (Cardona, 2015). Europe enjoys 0.14% boosts in the GDP due to e-commerce presence, whereas it is lower in number as large economies gains more benefits from this trade opening. Contrariwise, the smaller economies are affected negatively due to the negative impact on distribution services (Cardona, 2015).

The electronic businesses profoundly effects on supply chain, along with major alteration in B2B and B2C e-commerce changes practice, timing and technology to run a business in US. B2B business in US has shown significant growth up to 40 in manufacturing and 16.3% in wholesale trade after the popularity of e-commerce. The growth of B2C business was also rapid in US since 1999, the number of total US retail sales increased to less than 2% in 2003, then increased to 3.6% in 2008, in 2010 the last quarter of B2C e-commerce raises to 4.4% (Cristopher Jr, 2011). Along with the USA China also experience an increase in the percentage of e-commerce sales. China's retail e-commerce sales reached an increase of 33.3% in 2015, in which sale of tangible goods reaches 31.6% increase, whereas non-physical products reaches an increase of 42.4%. (Yi, 2017). As world leading economies Europe, US and China shows a significant impact of e-commerce on their economy, and the economic factor of these countries defines the global business environment.

DEMOGRAPHIC

In a short span of time the demographic change occurs due to rapid penetration of internet in millennial. In-market segment, age and gender will be considered while analysing this factor. The widespread of internet and smartphones welcomes large population of the world to get connected and order the products or services in just one click and just one hour away, like Amazon give same day facility. Rapidly changing e-commerce customers reveals big changes in this segment, a wide range of customers are involved and shows different shopping patterns. A demographic analysis by Read (2019) reveals changes in the age, gender and pattern of buying from 2015 till 2019.

There was huge population of female to shop the product and services online, but since 2015 to this date a male e-commerce customers have surpasses females. A stereotype of middle age customer being technophobe also diminishes since 2015, as 55 age and over have grown the volume by 500%. The usage of mobile to search for he needed product or service increased by 200% since 2015. People make online transaction by the end of the week before 2015 but there has been a change in pattern in buying and searching the product (Reads, 2019). Thus e-commerce has great effect on the demographical changes in the global business environment.

TECHNOLOGICAL AND SOCIO CULTURE

The effect of e-commerce market on the technology adaptation of developing country is very much higher. The globalization of e-commerce blurs the trade borders of many countries. The country with no significant history of trade are becoming prominent in electronic business, as those countries have more opportunities to get into the business of e-commerce by just utilizing the information and digital technology. In a research in the past is evident that developing countries used internet search engines just to find out the opportunities with the use of ICT in their region. In this context the e-commerce has introduced many customers with the new technology around them. Whereas the cause and effect of this phenomenon is most of the time vice versa, where technology impacts the e-businesses around the globe.

The socio cultural aspects entails enormous concepts in it, but in context of globalization of e-commerce the information and communication technology was initiated in western world especially USA and other European countries. The time of western dominance tracks back to the mid-19th century to first World War, so political and cultural idea by Anglo-Saxon trailed trade from western to eastern part of the world. That was the time when process of globalization took place and till the age of information technology it keeps evolving in many sectors and discipline. With the popularity of e-commerce business markets appears to notice a major move with the dominance of China in e-commerce market. The user of china doubles in number in comparison with US which indicates the dominance of Chinese culture on the global level in electronic business market; this indicates the shift of culture from eastern part of the world to the western part. Not only is the hot consumer economy of China but Asia pacific expected to see growth of 25.0%, representing 64.3% of global commerce spending. Sot the shift of eastern culture to western world seems inevitable in through global commerce.

ANALYSIS

The macro factor of external environment analysis reveals the impact of e-commerce business in global environment. Globalization and technology changes the trade boundaries and shrinks them, and enable the masses to gave birth to countless SME's on global level. The opportunity to work flexibly and cheaply through ICT encourages number of firms whereas few went out of business, but the invasion of technology was so strong that it blurs the loses of old school businesses.. I argue that the generation Z shows dominant presence in e-commerce market in developed countries and as well as developing countries, millennial are the main factor in globalization of e-commerce. The most interesting change is in the socio cultural trend of the e-commerce in global environment, I argue that the successful Chinese e-commerce companies like Amazon and Alibaba there will be a complete shift of socio culture values and lifestyle from east to west, my analysis could speculate that in future China, and other Asia pacific region as a dominant e-commerce player will create a big wave of socio cultural transfer to the west. Not only the electronic commerce process but the information transformation through technology will dominate the western knowledge and studies. Hence the e-business and e-commerce have positive and intense impact on the global business environment.

INTERNAL ENVIRONMENT

Internal environment consist of management, employee, corporate culture and other few factors. The internal environment is the environment inside the company, which directly affects the performance of the company, but it is mostly affected by the change in external environment. it is so precise that it does not lay any effect on external environment.

MANAGEMENT

The strategies in management of e-commerce have changed with the internationalization of businesses. The businesses running on traditional organizational structure and management look obsolete in the light of modern business environment. As founder of one of the most successful e-commerce company Alibaba.com reveals his management style and when his business went global he has to change the management style in his e-business, from autocratic to democratic style Jack Ma never avoids the need to change his management style inside the company to maximize the potential of his employees.

The ICT comes up with an innovation in the organizational structure, the hierarchies starts to decrease its level, the higher ranks in the hierarchy starts to loses control, the structures in the organizations started to gets flat and decentralized. The popular organizational structure forces the non-ICT companies to adapt the same variation in organizational structure to stay updated in the competition of dynamic business environment. The higher level of hierarchy still plays its part in decision making process but still employees were given the right to share their opinion before the decision is made. The fast changing of technological firms drives rest of the businesses to be more flexible and decentralized like the e-commerce business. So the management evolution encourages the manager in global business environment to be more flexible and agile.

EMPLOYEES

The internal environment's is most essential asset of any organization especially in electronic business or electronic commerce. As the popularity of ICT increases, the electronic business continues to expand and a complex set of interactive forces will create cause and effect process in employment and wages. Technology in mainstream created plenty of new jobs and also comes up as a cause of joblessness however; information and communication technology substitutes the traditional way of business was among the main driver to the unemployment. The change in job sector will not be uniform across the industries, borders, and geographical areas. With the increased popularity of electronic business from 1993-1996 European Union reported 35% of job creation in ICT-related industries and in finance. With the gain and losses in the job sector, electronic commerce demanded skills based employee.

The decision making process and responsibilities become more information based with the introduction of ICT, the job sector focused on a whole new skillset. In a study by Bresnahan et al., (1999) the era of new technology will keep on demanding the new employees with high skills to run the future companies. The employment of high skilled workers with segmented executive and managerial responsibilities causes worsening of income distribution, as they are highly paid. The wages of skilled ICT worker increases with the passage of time whereas there was no evidence of increase in non-ICT workers in the past which drives all of the companies to adapt new technology to maintain its position in market. The e-commerce demands artists and creative people to create attractive content on the websites to attract the consumers and suppliers. The traditional business sector is rare in this dynamic technological business environment nowadays. Thus the e-commerce changes the employment preferences and the whole employment sector after the intervention of ICT in the internal business environment around the globe.

CORPORATE CULTURE

The corporate culture consists of the employees and managers behaviour, attitude and approach to deal with the problems. The autocratic style seems obsolete in the light of global business environment, whereas a flexible and decentralized approach is mainstreamed in the corporate culture of modern business environment on the global level. According to Kleiner (2000) change in high tech companies is always possible by giving chance to make a decision to lower level of hierarchy as they have different kind of knowledge than the top levels of hierarchy. The hierarchal organizational structure with more levels and centralized approach is out-dated, whereas now the power distance relationship minimizes and majority of the levels in an organization works with collaboration to achieve the common goals (Kleiner, 2000). The main strategy to deal with the dynamic nature of global business environment is to make the top and bottom level of hierarchy realizes the importance and uniqueness of their existence. The corporate culture in the global business environment emphasizes in sustaining the harmony of the business, and it is only possible through team culture, which is resilient enough to deal with the turbulence in the future. Team culture has so much to offer people than the companies. So a harmonized team culture is the corporate culture of global businesses (Kleiner, 2000)

ANALYSIS

The internal environment analysis reveals the management innovation due to widespread of technology in business sector. The internal environment consists of management and employees, and both management and employee creates a culture of the organization. Organizations with a culture of staying stagnant and traditional remain unsuccessful, whereas organization that changes their organizational and operational strategy with the consideration of external changing environment remains in competition. I argue that it is not just external environment that determines the success of organization but the internal environment is equally important to resist or adapt the change to the external environment. The reaction of management and employees to the technology in late 90's determines its success. The corporate culture made by employees is not just made internally but in this case the external business environment changes the internal environment of the organisations. Still the developing countries are coping with the resistance to adapt the technology in many firms; I argue that these firms should be educated by the governments of the country to know the significance of technology to step into the e-business arena globally. In the developed countries with the emergence of e-commerce the company's strategies alters to cope with the competition. Hence electronic business and e-commerce shows great impact on internal environment of the global business environment.

CONCLUSION

The fast pace of e-commerce reveals the changes in external and internal environment. The technological changes are widespread in a way that there would barely any firm which is not affected by this information technology wave. The global business environment is dynamic with fierce competition among the firms across borders. The successful companies on global level have made effective strategies to deal with the change in external environment, which ultimately effects internal environment of electronic businesses. The popularity of e-commerce in Asia Pacific region is going to bring new perspectives to the e-commerce market on global level in the future. The socio-cultural changes will show it flow in the opposite direction from eastern end of the world to the western end of the world. Not only existing companies in future will affect the e-businesses but the new from developing countries will make a huge change in e-commerce global market layout.

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