

Effects of internet on economy

Business



The browser got its way to the trade market a few decades ago.

Minority dislike it for the negative influences it has brought to the society. However, majority of people look at it as an infrastructure that has solved economic obstacles that derailed humankind since the industrialization age. This essay discusses the impacts of the internet on the global economy. Noteworthy, the internet is currently more accessible than it was a decade ago. Anyone who can afford a phone and computer or little cash for cybercafe can access the internet from any geographical location. This versatility of the internet makes the effects under discussion in this essay applicable to anyone on the globe, regardless of one's income, age, and literacy level (Gosh, 1998).

The internet increases market opportunities globally. Product manufacturers and service providers use the internet to post their products and services on websites, thus, marketing their goods. This increases sales that a company makes, thus, a boost to the economy. The increased sales also arise from the fact that the internet enhances the quality of services and products that companies produce. This occurs after sharing of information between two business companies via the internet.

The internet increases the level of imports and exports between foreign countries. A few decades ago, imports and exports commenced upon a mutual agreement between governments of the trading companies. Currently, a conversation on the internet between two individuals from different countries initiates international trade, thus, increase in the level of global business. This, in turn, earns foreign exchange to the counties

involved, thus, a positive influence on the economy. The sales that the individuals make increase their own living standards and get a channel to investments within the country.

At a glance, the internet increases advertising opportunities of all levels of businesses and entrepreneurs. Websites such as alibaba.com and e-Bay continue to receive millions of subscribers yearly. These subscribers post their products and advertise them more easily than the old use of physical materials to advertise. The use of personal websites has become a common practice. Large manufacturing companies and individuals who possess small businesses use their own websites, thus, accessing the global market with ease.

This increases sales and contributes positively on the global economy. Every company strives to reduce operating costs of its products, which, in turn, increases profits of a company. The internet helps manufacturers to reduce their operating cost at immense extends. The first cut in expenses comes from the advertising costs. Advertising in the media and via advertising agencies is more expensive than internet advertisements that are mostly free.

The internet reduces travelling costs that a company makes to perform its functions. An example is the use of online virtual meetings that cut cost of travelling and arrangement of such meetings. Communication costs also reduce, while using the internet. Sending a physical mail is much more expensive than sending an electronic mail. Internet transactions are cheaper than physical money transfers are.

The use of credit cards and services such as PayPal reduce transaction cost and cuts down expenses. The internet takes care of unnecessary labor in companies. It reduces the number of personnel that deal with physical data, thus, cutting operation cost on wages. This cut in operation cost increases profits, thus, a positive impact on the economy. Alternatively, the low operation cost results in a decrease in prices, thus, increase in sales of a company.

Job opportunities are on the increase on a daily basis since the introduction of the browser on the global trade. In 1999, the internet created 650, 000 jobs globally (Brown, 2000). This range from office jobs to indirectly created jobs that arose from increased sales, caused by the internet. Currently, it is impossible to estimate the number of jobs that the internet creates.

However, thousands of internet users earn on the internet through trade, direct jobs, and part time jobs such as online freelance writing.

Specialists in Information Technology earn their living on offering network related services such as website design and hosting. The internet creates worldwide opportunities that have a positive impact on the economy. Every company has access to the World Wide Web, regardless of its size. This opportunity enables interaction between these two companies that possess different levels of abilities. The interaction assists the small companies in integrity information that helps such small companies boost their profits, thus, a positive impact on the economy (Brown, 2000). Broadband networks have significant impacts on the economy.

They increase productivity of different categories of manufactures and service providers through expanded, aggregated, and globalized markets. The broadband and other information communication technologies address communication challenges in education and health sectors, thus, improving the quality of services that these sectors provide. This results in educated and healthy citizens who have positive impacts on the economy (Kogut, 2004). The internet has free information, accessed by scholars globally. This information not only increases literacy level but also enhances innovations in technology and other fields. These innovations affect the economy positively by creation of jobs and increase in production at low cost of production.

The efficiency of internal management of companies also gets a boost from the information that its personnel get from the internet. Among the vital information is the use of the internet to manage supply chains and the use of analytical information, available on the internet to solve a crisis within a company. Time is a vital factor that affects the global economy. Internet saves a lot of time, thus, enabling investors and business owners to use the time to make other positive contributions on the economy. Time, saved in the internet, arise from the speed of communication it provides. The internet has a few notable negative impacts on the global economy.

The internet allows unfavorable competition that leads to the death of other companies. The cost of production of a commodity in Europe is more than the cost of production of the same commodity in Africa. However, internet allows a manufacturer in Africa to sell his commodities in Europe, thus, unfavorable competition to the Europe based company. This results in the collapse of the Europe based company, thus, a negative impact on the <https://assignbuster.com/effects-of-internet-on-economy/>

economy of the negatively affected country. Companies that advertise their products on the internet do not need to show proof of their existence and legality.

This gives chances to small industries that causes the collapse of large companies and disappear within a few years. There also exist “ghost” companies on the internet. These companies do not exist in reality. Fraudsters who own such companies scam other companies and governmental institutions, thus, negatively affecting the economy. Aside from saving time because of the speed, at which it works, the internet wastes time, when in use by addicts. Such addicts waste time, while at work, thus, lowering the productivity of such individuals and companies.

This, in turn, affects the economy negatively. Piracy is also a negative effect of the internet that greatly affects the economy. In conclusion, the internet has more positive impacts than negative impacts on the economy. It increases the output of companies through reduced costs of operation and increased levels of efficiency in management. Other positive aspects include increased favorable competition, wide markets, and customer satisfaction. However, the few negative impacts of the internet to the economy need eradication measures to ensure the internet is safe and well used.