

# [Roles of internet in globalization of business](https://assignbuster.com/roles-of-internet-in-globalization-of-business/)

New advanced forms of communication have been opened by the internet and other related technologies (Anon, 1998). This has reduced the cost of many kinds of business interactions as well as bringing firms and consumers around the globe into a closer proximity than never before (Anon, 1998).

Additionally many obstacles to efficient market performance have been swept aside due to evolution in information technology. This is creating a tremendous amount of economic value (Milner, 2003). Internet technology as with any other technological transformation has brought about the obvious and earliest effects of increased global business transactions (Milner, 2003). It is now easier and less costly in transferring information throughout the globe (Anon, 1998). Doing business on the Internet is now a new reality which is going to take its true dimension through globalization and e-business ((Anon, 1998). It true that the Internet and electronic commerce have brought countries and regions together by interconnecting them.

In the current world, internet is playing a very critical role in the globalization of business (Milner, 2003). One of the guiding business imperative of the new century is “ going global”. Globalization is a word that is on every one’s lips these days, that is, from the politicians to businessmen (Milner, 2003). All the same, globalization is blamed for many of the ills of the modern world but it is also praised for bringing unprecedented prosperity (Anon, 1998).

This research paper will tackle the issues related to the role of internet in the international business. It is also intended to explore the role of internet in supply chain management and the procurement process, that is, e-procurement as well as the role of internet in providing market efficiency, that is, e-sourcing (Magrid, 1998). Further, it will tackle how internet has enabled the development and wide spread deployment of auction markets within and across organizations (Milner, 2003). The paper also helps to analyze and to understand clearly what main implications are related to new technologies on vertical relationships between companies along the supply chain.

Further, the study will try to explain what are the implications on the customer supply relationship related to the internet adoption. Additionally, it will also clarify what are the motivations that should stimulate companies to adopt web based technologies such as the internet within their relationship with suppliers. Finally, the study will identify what are the appropriate internet tools companies should adopt according to their specific goals (Anon, 1998). In rich and poor countries alike, the accelerating pace of globalization brought about by internet technology is having a profound effect in life of each and every individual(Milner, 2003).

Internet has played a key role in the unprecedented increase in prosperity in the last 50 years, globally (Milner, 2003). This is due to the fact that it has brought rapid spread of information technology (IT). In the modern world, internet is changing the way companies organize production and is increasingly allowing services as well as manufacturing processes to be globalized (Milner, 2003). Trade has been the engine of globalization (Milner, 2003).

Recent studies indicate that world trade on manufactured goods has increased more than 100 times, that is, from $95 billion to $12 trillion in the last 50 years, since 1955 due to the role of internet in international business (Magrid, 1998). The internet is making marketing simple (Boss, 1998). This is because internet marketing offers easy, inexpensive access to alternative information providers and thereby balancing the predominance of the media moguls (Milner, 2003). By use of internet trading intermediaries have a role to play. The traders have gone beyond mastering the needs of the buyers and sellers to a level of adding value in innovative ways (Snowe, 1997).

Internet has the tendency to stimulate or perhaps create a global concept of popular culture and mass culture (Boss, 1998). The internet tends give little attention to the rich heritage of local cultures or diversity view points and opinions from all over the globe (Milner, 2003). Internet makes global amassing of audiences technically possible and also has a possibility and provides hopes of transmitting a wide range of alternative use and in this way gives exposure and preserves local cultural identities (Snowe, 1997). Through the use of internet, networked business models are becoming an indisputable reality in today’s economy (Milner, 2003). They allow companies to offer innovative products and services through combination of physical products and electronic services from different partners and conduct business in a more effective way (Boss, 1998). These companies use the new technologies to facilitate the steady and incremental improvement of the existing supply chain and they also restructure them (Boss, 1998).

The internet based groups of buyers and suppliers within an industry, geographical region or an affinity group have increased over the recent years (Anon, 1998). They take a variety of different form and they tackle a different set of problem (Anon, 1998). For instance, Boeing and Airbus in the aerospace industry and General Motors and Toyota in the automobile industry share many of the same suppliers (Anon, 1998). This is true both within each industry and across them.

For GM and Toyota, they share autoparts suppliers while the common GM and Boeing suppliers sell more generic items such as paper, personal computers and pens, supplies that many industries use (Milner, 2003). The internet and the new information technologies have enabled the development and widespread deployment of electronic auction market within and across organizations (Milner, 2003). Some innovative application of auction markets offered by internet technology to different organizations includes reverse and multi-dimensional auction procurement, using auction markets for liquidating excess inventory, for example, the use of e-bay as well as using auctions for prediction and information aggregation as in the case of lower electronic markets which is in the Hollywood Stock Market (Boss, 1998). The internet and electronic commerce have brought countries and regions together to create a globally networked economy (Anon, 1998). The internet and many Information and Communication Technologies, ICT, largely ignore national boundaries, yet the people and firms using these technologies operate within nations characterized by rather different nation environment (Milner, 2003).

Another important role the internet has played is that it has enabled intermediaries to operate either in industry or inter-industry markets (Magrid, 1998). Internet enables a transaction or simply provides information that facilitates interaction between intermediaries (Milner, 2003). The more important of those intermediaries are those that can facilitate transactions which bring about economic growth (Milner, 2003). The use of the internet offers a chance to create value from trading hubs like these is potentially enormous (Milner, 2003).

For instance, QRS Corporation is a case in point. A business to business hub in the relatively fragmented United States retail industry, the Emeryville, California and other companies provide electronic commerce and merchandising management services to many of the nation’s leading retailers and their suppliers globally (Boss, 1998). In this case, QRS facilitates electronic data exchange between its customers as well as providing a data base of over 80 million vendor bar codes for retailers to download (Milner, 2003). This in turn enables retailers and vendors to track sales data and arrange and track the shipment of goods and capture and analyze in-store scanner data (Milner, 2003).

The internet by linking all relevant economic actors electronically provides information about what consumers want by relaying rapidly back that information to manufacturers, who in turn, using just-in-time techniques and flexible manufacturing technologies, quickly produce and deliver the product to the consumer (Milner, 2003). For instance, one of the best examples of this approach is Dell Computer custom assembly and distribution of personal computers (PC) (Boss, 1998). Selling directly to the end consumer, Dell’s strategic approach has several advantages. First, it avoids having to estimate demand and thereby producing by order, hence precisely producing what customers want and essentially eliminating finished goods inventories throughout the supply chain (Milner, 2003). The internet and the World Wide Web have helped Dell in this kind of approach (Milner, 2003).

The internet offers Dell the ability to check component compatibility in real time which is very valuable in manufacturing (Milner, 2003). Additionally, the richness of the World Wide Web and the simplicity with a menu-driven interface can send exact information desired, that is, information containing product attributes and comparison (Anon, 1998). This thereby provides information that is very hard to match across spread set of retail stores whose salespeople have varied degree of skills (Anon, 1998). Further, the internet store is always open (Milner, 2003). In some cases, internet is used by researchers. Researchers have developed a global network that brings the researchers and industrialists working in the field of innovation (Milner, 2003).

This global network facilitates the collaboration of researchers and industrialists in adopting new technological changes (Milner, 2003). Conclusion Where the relationship across the supply chain is concerned the internet seems to be supporting two trends (Boss, 1998). Firstly, standardization and market mechanism are emphasized through electronic catalogues, auction and liquid exchanges (Boss, 1998). Contrarily, on the other hand there is an opportunity to enhance the value added with high customization. Read about different types of business information This can improve supply chain performances with close relationship through new technologies which makes it easy for different company information system to integrate (Milner, 2003). In practical sense the introduction of new technologies such as internet which are rather complex and not dramatically changing traditional business concepts is a milestone in international business arena. Their influence on supply chain management and company relationship is difficult to evaluate. However their positive impacts in enhancing economic prosperity are evident.