

Impact of Information Technology and Internet in Businesses

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Abstract

In the past few decades there has been a revolution in computing and communications, and all indications are that technological progress and use of information technology will continue. The revolution in information and communication technology has changed not only our lives but also the way how people do business. Using information technology, companies possess the potential to reach more customers, introduce new products and services quickly, and collaborate with suppliers and business partners from all over the world. Transformation from industrial society to information society and industrial economy to knowledge economy is a result of the impact of ICT and Internet use. Main objective of this paper is to describe information technology; opportunities of Internet usage for businesses to achieve strategic advantages compared to their competition and how they can facilitate the movement of goods and services from producers to customers.

Keywords: *Internet, information technology, business, goods, service, customer.*

Introduction

Information Technology (IT) has grown and evolved over the last 50 years; you cannot think and plan a project, business or other initiative without the usage of this technology. When we say Information Technology that means not only personal computers or smart phones, but also modern machinery in factories, automotive industry, aviation industry, various household appliances etc., In one way or another this has not only facilitated our daily lives but it has also reduced cost and time in general.

Research shows that a quarter of workers in the United States of America work from home for a considerable time of the year, while, another quarter work “mobile” - on the move. This reflects the great opportunities that Information Technology and the Internet provide as an important tool for implementation in organizations and public institutions. Economists highly appreciate the importance of Information Technology in business growth, lowering costs and promoting the best products.

During recent years, globalization and computerization have redefined the industry, politics, culture, and social order. Globalization refers to ultimately integrate economic and cultural institutions. This integration occurs as a result of the use of information technology. The technological revolution presupposes global computerized networks and the free movement of goods, information, and peoples across national boundaries. Hence, the Internet and global computer networks make possible globalization by producing a technological infrastructure for the global economy. Computerized networks, satellite-communication systems, software and hardware link together and facilitate the global economy (Douglas, 2002, 285-305).

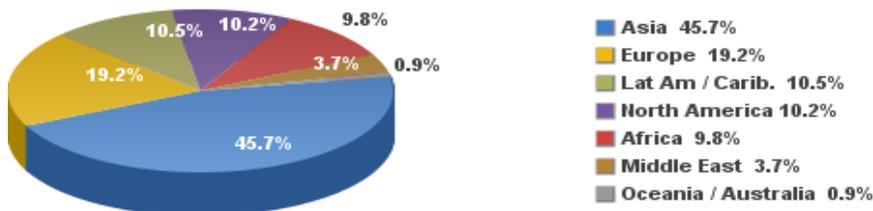
An overview of internet as a resource

Using ICT also facilitates the production of goods in a short time with the help of computerized information systems, and services are quick and effective (Miles, 2001, 232). Information and Communication Technology known as ICT technology has become the main tool in business activities in the modern world (Dimovski & Škerlavaj, 2004, 636). Internet is becoming part of everyday life for the whole world. In recent times electronic business has developed in an important business discipline.

“E” as the last letter in Internet usage has assumed great importance not only in the world of information and communication technology but also in businesses. It has become an important component for a large number of areas of research. So we can mention: electronic marketing, electronic commerce, electronic finance, electronic commerce, electronic learning, electronics markets and others. The Internet represents a technological innovation, whose effects range from communication to interaction; however, its potential has not been fully explored and studied (Hoffman, Novak & Peterson, 1997, 123).

Sales have increased in Europe in 2010 compared to 2009 online sales by 19.6% which makes 5.5% of all retail business (Center for Retail Research, 2010 www.retailresearch.org).

Internet Users in the World Distribution by World Regions - 2014 Q2



Source: Internet World Stats - www.internetworldstats.com/stats.htm
Basis: 3,035,749,340 Internet users on June 30, 2014
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Graph. 1. Internet users in the World

Source Internet World Stats: www.internetworldstats.com/stats.htm

Note: Basis: 3,035,749,340 Internet users on June 30, 2014

Based on the following data about the use of internet in the world in 2014, there are more than 3 billion users of the network, thus constituting a percentage of 42.3% of all mankind (2014/Q2).

Information technology today has become a regular feature of the global society. Statistics show the ongoing Internet usage by Continents.

Tab. 1. Use of Internet in the world and population statistics June, 2012

World Regions	Population (2012)	% of population	% of the continents
Africa	1.073.380	15.6	7.0
Asia	3.922.067	27.5	44.8
Europe	820.918	63.2	21.5
Near East	223.608	40.2	3.7
North America	348.280	78.6	11.4
Latin America	593.689	42.9	10.6
Oceania/Australia	35.904	67.6	1.0
Total world	7.017.847	34.3	100.0

Globalization and informatization reduce the national concept on the one hand and on the other hand, allow efficient flow of information. Information technology and computer networks also allow the global economic-, cultural- and political connection. These two forces greatly affect the economic and cultural integrity. Technological innovations, particularly in the field of information and communication, have played and still do play a central role without doubt. Internet represents a symbol for the phenomenon of globalization in many aspects. The globalization of the financial markets, the lightning-quick transfer of unimaginable sums of money around the globe would be impossible without this technology, just like the organization of transnational production would be and much more. The enormous increase in trade as a further central element of commercial globalization results not only because transport costs have sunk rapidly, and goods can be transported more quickly, but especially because products such as software or databases can be sent from one corner of the world to the other over data lines in seconds.

Electronic business

E-business (electronic business) consists of the conduct of business processes on the Internet. These electronic business processes include buying and selling products, supplies and services; servicing customers; processing payments; managing production control; collaborating with business partners; sharing information; running automated employee services; recruiting; and more. E-business can comprise a range of functions and services, ranging from the development of intranets and extranets to e-service, the provision of services and tasks over the Internet by application service providers. Today, as major corporations continuously rethink their businesses in terms of the Internet, specifically its availability, wide reach and ever-changing capabilities, they are conducting e-business to buy parts and supplies from other companies, collaborate on sales promotions, and conduct joint research.¹

Information technology is one of the relevant factors which nowadays is helping businesses to penetrate in new markets for being innovative and producing new products and services. Therefore, we can come to the conclusion that the role of information technology in the

¹<http://searchcio.techtarget.com/definition/e-business> (January 7, 2015).

manufacture of new products and services is enormous. If an enterprise does adequately identify the information technology for its competitive business market by providing appropriate software, it will be able to perform the organization and accumulation of data and information necessary to develop new products and services.

Electronic business via electronic mail, voice mail with videoconferencing, data conference, teleconferencing and electronic exchange of data enable the internet which gave a new boom in sharply changing market, economy, society and politics by changing products, services, consumer behavior, etc. At the same time, the rules of European and national competition will be implemented to ensure small businesses to have all opportunities to enter new markets and compete on fair terms (European Commission, 2000, 23).

Key elements of the surroundings include:

- Global Infrastructure
- Links to suppliers
- Links with buyers / clients
- Links with intermediary

So, being connected to the internet, companies have the opportunity to research faster, build websites that promote their products, monitor consumer behavior and develop video conferencing. It is worth to mention one of the most revolutionary developments in advanced communication technologies, such as voice over internet protocol (VoIP), which includes all types of voice communication transmitted through the internet, between computers or in hybrid form between PC and regular phone. Advanced computer technology is sophisticated, though it is often very expensive and takes more time to be implemented by an enterprise. Well business processes are transformed from physical reality to digital reality based on Bit (Berisha-Namani, 2010, 53).

Information technology and internet access by SMEs in Kosova

Information Technology is used as a strategic tool for companies to enhance their competitive advantages at a time when uncertainty is increasing (King, Grove & Hufnagel, 1989, 87-93). The idea that information technology can contribute to the optimization of enterprise resources, strengthen, enable and enhance business performance, is accepted and supported by many empirical studies (Sethi & King, 1601-1627; Chan, Huff & Barclay, 125-150; Croteau & Bergeron, 77-99).

The level of the use of technology varies according to the country. The current situation in the level of information technology usage in Kosovo is shown below by BSCCK's research results.

According to 2010 BSCCK survey 59.42% of firms declared they have computers. According to BSCCK Survey in 2011, the usage of computers by firms has increased by approximately 7% (66.26% in 2011), while in 2012 the usage of computers by firms has decreased by 8% (58.23% in 2012). In today's economy knowledge, the use of information technology by firms increases their competitive advantage. Moreover, not only the intensity of the use of IT, but also the quality of the use of IT is an important factor for SME development.

According to the BSCK survey, SMEs have around 6.5% computers per enterprise. Only 40% of companies that do not have computers are planning to buy a computer in the future.

The development of information technology at a rapid pace and its use in enterprises in Kosovo is constantly changing the quality of services. Kosovo SMEs use computers for financial records, text processor and market research. The use of computers for production management and quality control remains low, but it is worth mentioning that there is a positive trend.

Tab.2 Purpose of computer usage

2010		2011		2012	
Computer usage 2010	%	Computer usage 2011	%	Computer usage 2012	%
Financial record keeping	37.7	Financial record keeping	30.0	Financial record keeping	53.9
Planning	16.7	Planning	11.3	Planning	13.9
Word processing	11.7	Word processing	9.8	Word processing	7.8
Market research	15.3	Market research	11.9	Market research	8.3
Production/ operations management	8.0	Production/ operations management	7.1	Production/ op-erations management	7.8
Quality control	6.8	Quality control	5.8	Quality control	5.6
Other	3.8	Other	2.6	Other	2.6

Source: BSCK SME Survey 2010, 2011 and 2012

According to the latest research on the development of SMEs conducted in Kosovo in 2012, Kosovo SMEs mainly use Internet for 18.1% of market research, communication (e-mail) has increased to 61.2% compared to 2008 and decreased to 10.1% in promotional activities.

In 2011, 23% use internet for market research, 14.4 % for promotion and advertising activities, 11.5% for selling goods and services. As seen in table below the rate of percentages for these factors has decreased among 2010 and 2011. In 2011, the use of internet for e-mail communication has doubled, which is currently the key-factor for using the internet. Furthermore, in 2011 the survey encompassed the E-Banking factor as a reason for internet usage, and the results assert that 12.4% of companies use internet particularly for E-banking. The remaining 3.1% of the companies use internet for other purposes. As seen in the table below the rate of percentages for most factors has decreased among 2011 and 2012. In 2012, the use of internet for e-mail communication has increased tremendously, which is currently the key factor for using the internet. This is a fact which shows that the best electronic commerce has begun to evolve in Kosovo. Internet services

for SMEs are of great interest because of the increasing cooperation provided to businesses in finding buyers, suppliers and placing of products on-line and distance (BSCK SME Survey: 2010, 2011 and 2012).

Tab. 3. Shows the use of Internet by SMEs in Kosovo

	2008	2010	2011		2012	
Internet usage in	%	%	Internet usage in 2011	%	Internet usage in 2012	%
Market research	33.7	46.8	Market research	23.0	Market research	18.1
Promotion and advertising	12.2	15.4	Promotion and advertising	14.4	Promotion and advertising	10.1
Selling products	11.6	13.9	Selling products	11.5	Selling products	4.6
E-mail communication	36.4	18.1	E-mail communication	35.6	E-mail communication	61.2
Other specific business purposes	6.2	5.7	Other specific business purposes	3.1	Other specific business purposes	5.9

Source:1. Riinvest Institute Research on the development of SMEs in Kosovo (2008)
 Business Support Center Research on the development of SMEs in Kosovo (2010, 2011, 2012)

The results of using this technology are seen in the rapid implementation of products and services as well as in the great speed to meet customer requirements. We can say that as a result of the use of new technology, a new economic structure is developing, building an intelligence network² that has become a new reality. These trends in global proportions have greatly influenced the Kosovo SMEs development in extending their productivity due to increased use of this technology.

Conclusions

Information Technology and the Internet are not only important features for the facilitation of communication between people but, they are a way that creates new business models, by changing the development of business and transforming them in a positive manner. The Internet can be considered as a strategic resource where companies can promote their work and services as well as to expand into new markets. Companies that utilize this new technology can be more efficient in conducting business activities and create competitive advantage. Electronic business has changed the economy, society and politics. This is the main reason why enterprises which are in tighter competition today are orientated towards the market fulfilling the requirements of the buyers.

²The most popular forms of electronic business are: electronic market, electronic marketing, electronic banking transactions, e-procurement, e-government, etc.

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