



The Role of Information and Communications Technology in the International Business Development

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ABSTRACT

The Business domain experienced significant growth of international business developments with the help of Information and Communications Technology (ICT) in the past half-century. This paper examines a variety of effects of the ICT on international business development followed by some drawbacks, which are often termed as the 'Internet bubble' in the recent past. Internet's effect has been considered by highlighting various widths and breadths of firms' internationalization process, such as Human Resources Management, the burgeoning of e-commerce, developing internationalized business perception, bolstering internationalization capacity, improving business strategy, structure, technology, and so on. This paper employs a descriptive research design using secondary sources, including books, scholarly articles, business reports, news portals, and periodicals. This study found an essential linkage between ICT and international businesses and exhibited that ICT, with some impediments, contributed to the development of global business operations. .

KEYWORDS: International Business Development, ICT, Internet,

INTRODUCTION

Many efforts have been made to develop the international business arena where ICT plays a significant role in heralding a new era of business to remove the communication barrier (Economist, 1995). The most crucial change in business environments is the introduction of the Internet era since conducting business over the internet may considerably change conventional nature and business rules (Amit & Zott, 2001). ICT is increasingly being perceived as the currency of the 'New Economy' for the business world (Liautaud & Hammond, 2001).

ICT also changed the global nature of businesses. Time and space are no longer obstacles for firms to run a business via the internet. Consequently, information is mainly exchanged with other firms and businesses that accelerate international business development. As with the boom of the Internet era, several developments have taken place in the vast international business world that transforms its operation drastically and can revolutionize to unprecedented standards shortly.

In this article, an attempt was made to study the notable effects of the internet on firms' internationalization process and examine the impact of ICT on global development, in

which international business is evolving. Along this line of the proposition, several other contributions of ICT have been scrutinized in the present study.

OBJECTIVE

1. To understand the nature of the usage of the internet in the business world.
2. To evaluate the impact of ICT on international business development
3. To investigate the drawbacks of the internet on the development of international business

METHODOLOGY

This article uses a qualitative research method using a descriptive research design to investigate the paper's objectives. Secondary sources were used to gather the relevant data of this study, collected from different books, journals, magazines and newspapers, blogs, websites of different financial institutions, and other relevant internet resources. The collected data were analyzed and cross-checked to ensure consistency among various sources.

DEFINING THE CONCEPTS

The Internet

According to Technopedia, the internet is defined as,



“The internet is a globally connected network system facilitating worldwide communication and access to data resources through a vast collection of private, public, business, academic, and government networks. It is governed by agencies like the Internet Assigned Numbers Authority (or IANA) that establish universal protocols.” (Techopedia, 2011)

Internet was first started in the 1960s in the United States at the Department of Defense project to build a solid network to work under adverse conditions such as nuclear war. The system was replaced by commercial internet service providers in 1995. At that time, the internet was also opened for public use. Today it performs as a global system of interconnected computer networks with several unique components. The internet components used in international business are World Wide Web (www), Telnet, FTP, Gopher, E-mail, Usenets, and mailing lists.

International Business Development

Although there is no specific definition of international business development, we can dissect the concept into two terms: international business and development. International business is defined as,

“Business which is conducted internationally in more than one country is termed as an International business. It involves transactions of goods & services between the two countries. These transactions are conducted at the global level & across national borders. International businesses are very large in size as they are performed at a global level.” (International Business: Nature, Characteristics, features, 2019)

Development, on the other hand, is defined as “an improvement qualitative, quantitative or both - in the use of available resources (Pearson, 2000). It can be now defined that international business development is a process where the global business firms are trying to improve their profit and expand their business by using new products and services to businesses, individuals, non-profit organizations, and government agencies.

FINDINGS AND DISCUSSION

Role of ICT in the Development of Business being Internationalized

From the demand perspective, it is evident that ICT advancement has provided strong momentum for firms to be involved in international business operations - along with the fact that the internet has greatly boosted firms' ability to promote international business opportunities. From a supply perspective, the internationalization implications of ICT innovations are multidirectional. Scale economies and network externalities offer a strong incentive for e-commerce to expand beyond the home market. The internet has increased the prospects of finding relevant foreign partners in ownership of complementary assets. A firm can share

manufacturing facilities and technology and thus boost its economic return.

Development of Human Resource Management

Burgeoning international business requires companies to initiate new ideas and strategies to comply with the demand, requiring more staff and workforce to add to the companies' functionality. Global business operations via the internet involve staff introducing and carrying through a variety of new activities and dealing with multiple brand-new technologies. Therefore, companies need more trained human resources to function correctly, which requires a range of new skills to operate in a transnational environment (Petersen et al., 2002). Internet, in this regard, helps set up and connect to international call centers, train up staff, undertake a range of functions, and communicate with clients in a variety of languages in a relatively impersonal international environment. For instance, the rapid growth of call centers using the internet platform and document processing facilities in India has demonstrated the possibilities in this area (Economist, 2001).

Development of Organizational Structure and Processes

The thriving nature of the internet requires international companies to experience a more substantial need for global standardization, which includes more transparency across national markets (Roche, 2000) and greater central coordination and control mechanisms, containing better integration of their scattered activities. Consequently, this pressure enables companies to create a structure at an international standard and equip them with more transparency better pricing policies in transnational markets (Roche, 2000).

Enhancing Business with E-Commerce

The internet has stimulated business and product trading by machine translation of different languages as the customers are spread around the globe (Economist, 2002). Many “old products” are becoming digitized, thus allowing them to be sold and delivered through the internet. For instance, an increased number of ‘entertainment’ products have been digitized and offered via the internet and sold and enjoyed by many more audiences, such as films and music. The digitization of products with the help of the internet and e-commerce has also been seen as an opportunity for businesses to provide more comprehensive product selling and delivery to their customers (Gupta, 2002).

Business Perception

The internet has changed the perception of business information enormously. Conventionally, information was supposed to be protected to ensure private safe return ((Buckley & Casson, 2009). However, at the age of the internet, information is perceived as “shared” rather than

protected to maximize its value. According to Metcalfe's Law, the network is an essential component of the business thriving as it increases with the number of members. The value of a network is "n" squared, with "n" as the number of nodes in the network. In other words, the more people are in the network, the greater the value of the network would be. Thus, the business information should be disseminated and utilized more to perform its function and maximize its value.

DRAWBACKS

Many would argue that ICT advances have diminished the motivation for material/non-digitized goods to sell internationally. Another problem with buying products through the internet is that the access is not readily prompt. One may not find suitable resources in the quickest possible time with an acceptable effort. Searching through the internet can be long, complicating, and even convoluted.

CONCLUSIONS

Like all other aspects of people's lives, the business world has also been substantially impacted by the support of the internet. Humans experience unprecedented changes in the business domain, which revolutionized conventional business ideas. This paper shed light on this issue and found strong evidence that the internet has already benefited both the producers, manufacturers, and consumers and developed the situation of international business. However, while the internet develops many aspects of the ability of the business headquarters to regulate and direct what happens in a conglomerate's subsidiaries, it does not eliminate the need for physical and manual existence.

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