



SIM 2017 / 14th International Symposium in Management

The Impact of Internet-Technologies Development on Small Business Success in Russia

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Abstract

The Internet is an important instrument for small businesses if it is used correctly, otherwise it can be a dangerous problem. Regardless, the Internet has started a process of innovation that is transforming the way people are planning to do business. This essay examines the Internet and its different approaches used within small businesses; it takes into consideration some aspects such as piracy and forgery, social networks, and websites. This paper gives a prospective of this phenomenon in different countries, first in Russia, then in Europe, and finally in the USA. The aim of this essay is to analyze how the Internet can transform the life of small businesses then it examines the possibility of the development of this new market sector. Finally, the essay outlines and considers the benefits of using the Internet in terms of services received, for example with banks or with national institutes rather than only in terms of sales potential and communication with customers.

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Peer-review under responsibility of SIM 2017 / 14th International Symposium in Management.

Keywords: Internet, innovation, e-commerce, small business, micro-business

1. Introduction

During 2015, Sberbank issued more than 120,000 loans for small businesses and 90% of them were online. "The "Online Backup Current Account" Service allows you to get the account number in an average of three minutes. To

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use it, you need to fill out an application on the bank's website, specify the BIN, and fill in contact details. Immediately after, the Sberbank backup account is ready to receive funds in favour of the client.” (Sberbank, 2015). This demonstrates how things work out in Russia regarding the Internet and shows some of the benefits that it may provide to small businesses. In Italy, small businesses can interact directly with the public administration through the Internet to resolve a variety of services such as consulting, payment of taxes, or presentation of certificates or documents. The government of Japan created the web portal “Mirasapo” that aims to give expert counseling and to form a community of managers and experts in the e-commerce sector. Then the social networks VKontakte or Facebook have made it possible for small businesses to advertise on their social network. Today, small and medium-sized businesses can also communicate with customers and ask opinions or introduce a new good into the market.

The Internet is an instrument that has evolved in size and scope over time. It is a controversial phenomenon because it has changed social and economic life for the better. Though at the same time, it has also permitted people to abuse other users and to perpetrate scams or act with false credentials. Fifteen years ago, a website was considered the most innovative arm that a company had to increase its appeal. Today, even if it continues to be an important instrument for small businesses, it is considered too static. Indeed, in some cases, if a small business does not utilize a social network and does not continue to restyle its website, it can result in a drop in the company's reputation.

Examining data on e-commerce usage, for example the small-to-medium sized enterprise's turnover from e-commerce in the EU28, we can see that from 2011 to 2015 there was an increase of only 1% even if there was a greater growth potential. It is important to point out that in 2015 only 18% of small businesses were involved in e-commerce. It is also true for the data sets from Italy. In 2016, 61% of the people who used the Internet (about 31 million Italians) decided to buy on-line, with a total amount of 19 billion Euros spent. Today the significance of the Internet and e-commerce is tracked by the use of data that explains from one side the importance of this sector in economy. And conversely it tries to explain the reasons why the Internet has become an important instrument.

The same happened with piracy and forgery. In the past, money extortion frauds often occurred through common channels, perhaps due to a virus or trap pages. Then professional hackers perpetrated frauds against banks and the electronic systems for cash machines, Activities of spying on public offices continue to happen as before but now there is a new wave of piracy beginning. The illegal downloading of documents under copyright, or real acts of corporate espionage in order to acquire information about rival companies occur. Continuing this overall change in Internet usage, illegal activities evolve and change at the same rate.

2. Literature review

According to Thomas L. Mesenbourg, “Electronic business (e-business) is any process that a business organization conducts over computer-mediated networks. Business organizations include any for-profit or non-profit entity. Examples of major electronic business process categories include online purchasing, selling, production management, logistics, as well as internal communication and support services.”(Mesenbourg, 2001). The SCALES (SCientific AnaLysis of Entrepreneurship and SMEs) Institute conducted the “Research Report H200111” in which a basic model of working of a small business was explained. It further discusses opportunities, resources, and strategies that are fundamental for entrepreneurship continuation and development (Kemp & Verhoeven, 2002). More opportunities mean more customers, and a better reallocation of resources means that advertising on the Internet costs less. In the end, it means that e-commerce costs less for small-to-medium sized businesses.

In the last fifteen years, economists have started to study the phenomenon of Internet and e-commerce connected with globalization and new, innovative forms of marketing. Two major studies of this are Gordon Robert's *Does The "New Economy" Measure Up To The Great Inventions Of The Past?* (2000) and Bruce Kogut's *The Global*

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