

# Influence of Globalization and E-Business on Small and Medium Size Enterprises (SMEs) based on New Zealand

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## ABSTRACT

This proposal concentrates on globalization and e-commerce in small and medium enterprises (SMEs) which plays an important role on the financial sector of New Zealand. As the part of the proposal a small interview was conducted as a foundation for the actual research. Taking into account the data from the interview, this proposal investigates the globalization process and implementation of e-trade in these ventures. Both factors are inspected independently to investigate significant issues, trailed by the relationship between these two factors. A small study of 3 small and medium businesses was done and qualitative analysis was conducted which included collecting information from the interview. The information gathered from the interview was backed up with optional information sources, including openly accessible data on the organizations and their exercises.

**Keywords:** Small and Medium Enterprise (SME), New Zealand, Globalization, E-Commerce.

## 1. INTRODUCTION

The term globalization is known as the shifting of independent nations towards a more coordinated world where each and every one is connected and have a flow of information among them (Woods, n. d.). Globalization of business is the adjustment in a business from an organization connected with a solitary nation to one that works in different nations.

Today, the world is changing rapidly and we are progressing in each and every sector the previous generation thought to be impossible. In the financial sector, the economy of the world is represented by the growth in globalization. The globalization of business influences most nations, and almost every business, regardless of what their sizes, are getting included in this worldwide pattern.

E-commerce has infiltrated organizations at an extremely quick rate. On the other hand, the degree of e-business adoption keeps on fluctuating generally among SMEs. The dynamic business sector exhibits a wide variety of opportunities for organizations to enhance their significance and grow their business sector in the online world. E-commerce empowers organizations to acquire ample and profitable data about business sectors and furthermore diminishes the obstacle to enter the universal markets, which thus inspires the company's global expansion and reduces the priority of local market (Jia, 2008).

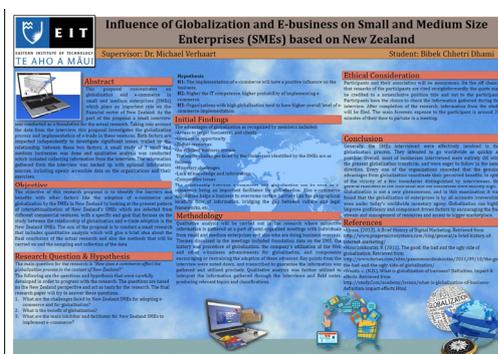
## 2. LITERATURE REVIEW

In the course of recent years, the web as a worldwide correspondence and trade medium has seen meteoric development. Internationally, the quantity of sites expanded from 23,000 in 1995 to more than 644 million in 2012 (Bort, 2012.). Statistics New Zealand (2008) states that in comparison with Australia it was found that New Zealand had lower number of organization with access to broadband internet. However, the study also finds out that businesses in New Zealand (60%) were ahead of the businesses in Australia (53%) in terms of having a website for marketing and they had more probability of getting order through those websites. More than 90 percentage of business in New Zealand (about 91%) had Australia (95%) had internet access. The number of businesses having a website for marketing was proportional to the size of the business. In the recent years sales through online medium has significantly increased with the improvements in mobile technology and social media (Rueter, 2012). In the long run, web promoting and sales through e-business deals will increase and outpace that of more customary channels.

E-business alludes to the utilization of computerized and web technology as well as information technology keeping in mind the end goal to direct and boost an association's business. The term e-business has been used with other terms like e-marketing and e-commerce; then again, these last terms are simply parts of those e-business exercises. The web is the platform where e-commerce happens; it gives information by means of the internet, email, takes into account ongoing correspondences and empowers the sharing of databases. However, e-marketing is considerably more than simply the web. It includes different technologies that empower client relationship administration, enterprise resource planning, and supply chain administration, transfer of messages, bar code scanners and digital TV (Gilmore, Gallagher & Scott 2007).

In this modern era globalization has become a primary driver that has affected every business. The internationalization of business sectors for sales and acquisition unknowingly impacts every business.

Globalization, the expanding incorporation and association of residential and abroad markets, has three sides: the great side, the terrible side, and the revolting side (Mourdoukoutas, 2011).



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### 3. OBJECTIVE

The aim of this proposal is to build a solid basis for the final research. The objective of this research proposal is to identify the barriers and benefits with other factors like the adoption of e-commerce and globalization by the SMEs in New Zealand by looking at the present pattern of internationalization of New Zealand's SMEs which are selected from different commercial ventures, with a specific end goal that focuses on the study between the relationship of globalization and e-trade adoption in the New Zealand SMEs. The aim of the proposal is to conduct a small research that includes quantitative analysis which will give a brief idea about the final conclusion of the actual research and also the methods that will be carried on and the sampling and collection of the data. The objective of this proposal is to target key people from 2-3 business from any commercial sectors for the interview and collect information on the history of the enterprises, influences, challenges and benefits of globalization and e-commerce adoption. The proposal will end with the result from the study conducted and where the final research will be headed and the implications of the research.

### 4. RESEARCH QUESTION

The main question for the research is *"How does e-commerce affect the globalization process in the context of New Zealand?"*

The following are the questions and hypothesis that were carefully developed in order to progress with the research. The questions are based on the New Zealand perspective and act as basis for the research. The final research paper will try to answer these questions.

- What are the challenges faced by New Zealand SMEs for adopting e-commerce and for globalization?
- What is the benefit of globalization?
- What are the main inhibitor and facilitator for New Zealand SMEs to implement e-commerce?

Hypothesis

- H1: The implementation of e-commerce will have a positive influence on the business.
- H2: Higher the IT competence, higher probability of implementing e-commerce.
- H3: Organizations with high globalization tend to have higher overall level of e-commerce implementation.

### 5. INITIAL FINDINGS

Outlining the study on the methods of SMEs, the exploration uncovered that globalization has as of now entered into New Zealand SMEs. Without a doubt, globalization has a moderately long history in New Zealand because of the coordinated impacts of exceptionally different history, populace, marketplace size and segregated topographical area. These can likewise partly clarify another noticeable discovery, that SMEs in New Zealand are likely to have a moderately early timing of globalization. The advantages of globalization as recognized by members included:

- Access to larger businesses and clients
- Increase in opportunity
- Richer resources
- An efficient business system

The major challenges faced by the businesses identified by the SMEs are as follows:

- Monetary challenges

- Lack of knowledge and information:
- Competitive issues

The relationship between e-commerce and globalization can be seen as e-commerce being an important facilitator for globalization. The study also suggests that the founders of the SMEs have realized how e-commerce adoption helps for globalization and have positively influenced their business. Also e-commerce application helps a business to overcome certain barriers like the geographical location, flow of information, bridging the gap between culture and legal frameworks, etc.

### 6. METHODOLOGY

Given the absence of past study on SMEs e-commerce selection and globalization in the New Zealand connection, the study will be focused on empirical research for investigating the SMEs in the local area. Yin (1994) suggested that contextual investigations are generally suitable for an Empirical study, to reply "how" and "why" questions, especially with contemporary facts. So as to give preparatory confirmation on the research issues sketched out in the above area, an experimental examination including three SME contextual investigations was performed. This will be used as the basis for the final research.

Qualitative analysis will be carried out in the research where subjective information is gathered as a part of semi-organized meetings with individuals from small and medium enterprises and also who are doing business overseas. Themes discussed in the meetings included foundation data on the SME, the history and procedure of globalization, the company's utilization of the Web and other e-business advancements for globalization, and components encouraging or restraining the adoption of these advances. Key points from the interview were noted down, and transcribed to guarantee the information was gathered and utilized precisely. Qualitative analysis was further utilized to interpret the information gathered through the interviews and field notes, producing relevant topics and classifications.

### 7. ETHICAL CONSIDERATION

Participants and their association will be anonymous. On the off chance that remarks of the participants are cited straightforwardly, the quote may be credited to a nonexclusive position title and not to the participant. Participants have the choice to check the information gathered during the interview. After completion of the research, information from the study will be filed. The main foreseen expense to the participant is around 20 minutes of their time to partake in a meeting.

### 8. CONCLUSION

Generally, the SMEs interviewed were effectively involved in the globalization process. They intended to go worldwide as quickly as possible. Overall, most of businesses interviewed were entirely OK with the present globalization transform, and were eager to follow in the same direction. Every one of the organizations conceded that the genuine advantages from globalization coordinate their perceived benefits. In spite of the vicinity of a few boundaries distinguished by interviewees, the general readiness of the individual and the businesses were entirely high.

The competitiveness of the SMEs were recognized and considered in this study from two factors, in particular globalization and e-trade implementation. Globalization is not a new phenomenon, and in this examination it was found that the globalization of enterprises is by all accounts irreversible, even under today's worldwide monetary agony. None of the members in this research showed an interest to pull back from

overseas business. Globalization can highly improve proficiency and component driven factors by encouraging the free stream and management of resources and access to bigger marketplace. Despite the fact that e-trade being relatively new, its rise has enormously changed how business is led and has also enhanced the technology driven factors for business competitiveness. This study concentrated on these two foundations of strategic competitiveness, and expected to figure out the present status of SMEs' globalization and e-trade selection in the New Zealand connection, furthermore to investigate how these two aspects cooperate and influence one another.

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