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### **ANALYSIS OF ELECTRONIC BUSINESS INFLUENCE ON THE WORLD ECONOMY**

**Introduction.** *The key feature of the economy development in the 21st century is digitalization - the transition to a digital economy. Digital is considered an economy based on digital computer technology (also called the Internet economy, new economy, or web economy). The rapid proliferation of digital technologies accelerates the pace of development of international economic relations: increasing of competition in national and international markets, liberalization of economic policies of states, especially in developed countries.*

**Purpose.** *The purpose of the research is to analyze main trends of e-business development and what impact does e-business have on national economies and world economy in general.*

**Results.** *The article deals with the main trends of the influence that the development of e-business on the world economy has. Thus, the United States and China have been and remain leaders among the countries in terms of the capacity of the e-commerce market, however, India and the countries of Latin America are actively involved in this trend. The rapid development of e-business is gaining in the poorly developed countries where in recent years there has been a tendency to increase the share of the population with access to the Internet. It should be noted that the positive results from the development of e-business for national economies have both quantitative (value) and qualitative character, in particular, new technologies considerably facilitate business procedures, which is confirmed by the increase of the place in the Doing Business rating for countries where e-commerce is developing at a fast pace.*

**Conclusions.** *The development of e-business accelerates economic growth, so new players are rapidly selecting a part of the market from countries that have exhausted their potential for rapid growth (Latin America vs. Europe). E-business influences all spheres of economic relations and one of its key advantages is simplification of business (as evidenced by examples of countries such as the US, China, and India). Thus, in the era of the digital economy, the development of electronic business has evolved from an opportunity into a necessity - the necessity of constant development in order to remain competitive in the world economic arena.*

**Keywords:** *digital economy, information economy, e-business, e-commerce, the Doing Business index.*

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### **АНАЛІЗ ВПЛИВУ РОЗВИТКУ ЕЛЕКТРОННОГО БІЗНЕСУ НА СВІТОВУ ЕКОНОМІКУ**

Ключовою особливістю розвитку економіки у 21 столітті стала так звана діджиталізація або перехід до цифрової економіки. Цифровою вважається економіка, що базується на цифрових комп'ютерних технологіях (її також іноді називають інтернет-економікою, новою економікою або веб-економікою). Стрімке поширення цифрових технологій прискорює темпи розвитку міжнародних економічних відносин: зростає конкуренція на національних і міжнародних ринках, відбувається лібералізація економічної політики держав, особливо в розвинутих країнах. У статті розглянуто основні тенденції впливу, який чинить розвиток електронного бізнесу на економіку у світі. Так, США та Китай були і залишаються лідерами серед країн за ринком електронної комерції, до активного розвитку цього напрямку долучаються Індія та країни Латинської Америки. Стрімкого розвитку електронний бізнес набуває у малорозвинених країнах, де в останні роки спостерігається тенденція збільшення частки населення з доступом до мережі Інтернет. Позитивні результати від розвитку електронного бізнесу для національних економік мають як кількісний (вартісний), так і якісний характер, зокрема нові технології значно полегшують процедури ведення бізнесу, що підтверджується підвищенням місця у рейтингу *Doing Business* для країн, у яких електронна комерція розвивається швидкими темпами.

**Ключові слова:** цифрова економіка, інформаційна економіка, електронний бізнес, електронна комерція, індекс *Doing Business*

**Target setting.** E-business in the modern world performs two main functions: it is more effective method of collecting and transmitting information and a kind of substitute for traditional economic activities. Internet significantly expands business opportunities and erases boundaries, making personalization the main trend of interaction with customer. The Internet and e-commerce transform the core business activities by rethinking how feedback operations are conducted - design and product development, procurement, manufacturing, inventory, distribution, after-sales service and even marketing. In this process, the Internet and e-commerce change the roles and interconnections of different parties, contributing to the creation of new supply networks, services and business models.

**Actual scientific researches and issues analysis.** Important theoretical and practical aspects of the impact of e-business on the economies of countries and the world economy are reflected in the works of D. Tapscott [1], T. Mezenburg [2], M. Castells [3], but the issue of the impact of the development of e-business on facilitating business conditions in the country remains undisclosed.

**The research objective.** The purpose of the research is to analyse main trends of e-business

development and what impact does e-business have on national economies and world economy in general.

**The statement of basic materials.** The Oxford Dictionary identifies the concept of e-business and e-commerce, defining them as a process for commercial transactions in electronic form (in particular through the Internet) [4]. The same definition is provided by the Cambridge Dictionary [5]. Thomas Mesenbourg defines e-business as one of the components of the digital economy as a whole, which includes: e-business (how business is conducted, any process that an organization conducts over computer-mediated networks), e-business infrastructure (hardware, software, telecoms, networks, human capital, etc.) and e-commerce (transfer of goods, for example when a book is sold online) [2]. We consider this definition is more correct, because e-business is wider concept, that can include e-commerce, but it is not the same category. But no doubt, e-commerce is one of the most significant component of the digital economy system.

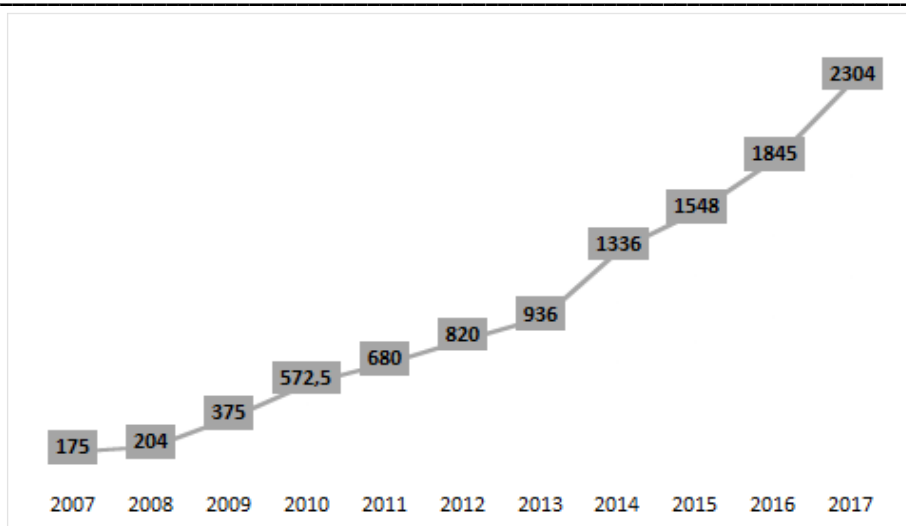


Figure 1 – E-Commerce Volume in the World, USD Billion

Source: [7]

Statistics illustrate the rapid pace of integration of e-commerce in the business environment. In 1999, e-commerce sales worldwide were over \$ 150 billion [5]. In 2017, the volume of e-commerce in the world exceeded 2 trillion dollars. The trend of e-commerce development in the world is reflected in the figure.

E-commerce in the United States and China is one fifth of the world's share of digital sales - 20.4% and 20.2% respectively [8]. Third place - Japan with a share of 5.4% - is only a quarter of the capacity of Internet markets in China or the United States. Given the slow pace of growth in Japan, it is projected that India will take 3rd place in a few years. India increased its sales from \$ 818.33 billion in 2015 to \$ 941.08 billion in 2016 and ranked fourth in the wake of Germany. This suggests that the growth rate of e-commerce in India is the highest in the world - 15% in 2016, which is a consequence of significant investments in e-commerce development. Such high growth rates continue to remain at this level as well as in 2017 and 2018 [9].

West European countries: Germany, Great Britain, France, Italy and Spain continue to be among the top 15 e-commerce markets, but their future status is questionable. For example, it is expected that total retail sales on the Internet in the period from 2017 to 2018 in

Spain and Italy will decrease by 10% and 20% respectively. E-commerce is growing in South American markets in countries such as Argentina, Mexico, Brazil and Chile. Latin American countries are constantly undermining the market of e-commerce in Europe, taking away market share. Every year, more and more people use the Internet from their computers or mobile phones, which leads to the fact that online sales continue to flourish in the region. The average annual growth rate of the population with access to the Internet in the Latin American region is 4%, while in Europe this figure is only 1%. For comparison, the average annual rate of growth of the share of the e-commerce market (from the total value of trade transactions) for the Latin American region is 3.2%, while for the European region it is -2% [9].

The spread of e-business significantly simplifies the performance of trading operations, thanks to the use of electronic payment systems, the convenience of choices for customers, the emergence of new forms of interaction between business and customer, etc. In addition, with the development of e-business, documents circulation operations are greatly simplified, including interaction with state authorities on this issue. With this in mind, it can be assumed that the spread of e-business and business simplification are

correlated concepts. This trend can also be traced on examples from individual countries. The basis of the analysis is the country's place in the ranking of ease of doing business and the growth rate of sales in the field of e-commerce. For example, in the US there is a tendency

according to which the slowdown in sales growth is accompanied by a further fall of the country in the rating (2012-2013 and 2015-2016 years) and vice versa - 2016-2017 years. 2009-2010 do not reflect the main trend since it is post-crisis years.



Figure 3 – Comparison of country's place in the ranking of ease doing business and e-commerce growth rate in China

Source: [10]

Indian e-commerce market is also interesting to examine, because according to analysis estimation this market shows rapid growth in recent years.

Fluctuations in all previous years insignificantly reflect the trend, but India has

been investing a lot in the development of e-commerce last years. As a result we can observe rapid growth of e-commerce sales rate and the improvement of the country's position in the doing business ranking (a leap from 130 to 100 in 2017).

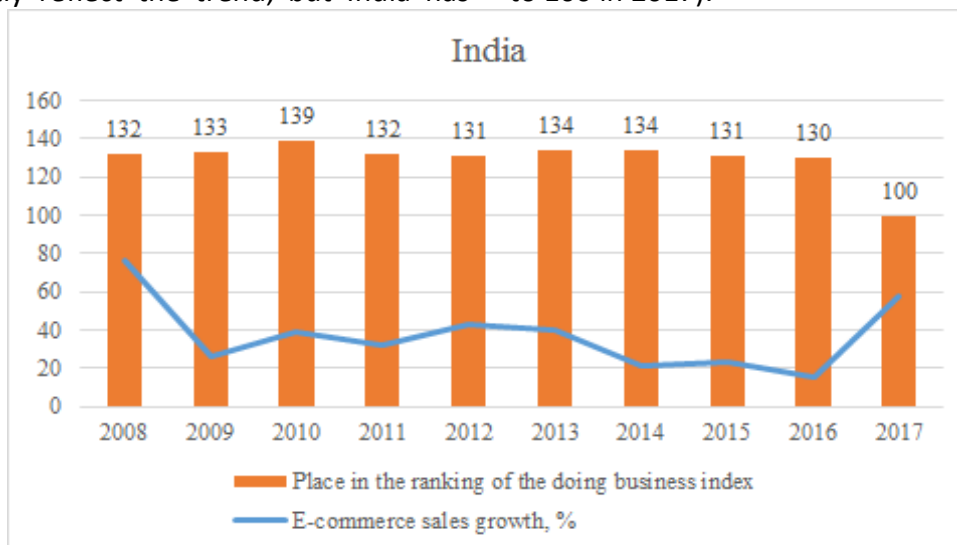


Figure 4 – Comparison of country's place in the ranking of ease doing business and e-commerce growth rate in India

Source: [10]

The situation in Ukraine looks rather ambiguous. On the one hand, e-commerce sales growth slows down (but still growth), and the place in the doing business ranking is improving (which contradicts the above hypothesis). However, the value of sales is estimated in USD, and taking into account

changes in the hryvnia exchange rate to the US dollar during the analyzed period, sales growth rates in hryvnia equivalent are much more rapid. This confirms the hypothesis of the between the development of the e-commerce and simplification of business processes in the country.



Figure 5 – Comparison of country's place in the ranking of ease doing business and e-commerce growth rate in Ukraine

Source: [10]

In recent years, business in Ukraine got opportunities for communication with regulation and fiscal authorities through digital channels (for example, online public procurement system prozorro.gov.ua). Reforms aimed to implement and optimize online tax payment, document processing, especially related to export-import operations, registration and real estate. This facilitates the relationship between business and the state, reduces administrative costs, minimizes corruption.

**Conclusions.** The share of e-business is steadily increasing and e-commerce turnover is increasing. In our time, active growth is observed in the regions of Latin America and

the Pacific. The share of people with Internet access in these countries was much lower than in developed countries (the USA, European countries), but now this trend is changing rapidly. Therefore, the markets of these countries are perspective, because of weaker competition.

In addition, it has been revealed the correlation between accelerating the development of e-business and improvement of country's place in the doing business ranking, as the development of e-business significantly simplifies business processes, for example, document flow operations and interaction with government agencies.

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