

# Strategic Study for China Western Region to Develop E-Business

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**Abstract:** The E-Business development of China west region has become the research focus in recent years. The paper studies the environment and restrictive factors and presents some corresponding countering measures for china western region to develop E-Business with more details. Firstly, the development environment and restrictive factors are analyzed from the corner of economic environment, network infrastructure, policy environment, environment for talents, safety problem, logistics problem. Then some corresponding development strategies, including enhancing information infrastructure construction, strengthening governmental macro planning and instruction, sound law environment establishment, strengthening logistics and distribution construction, quickly introducing and training talents, pushing forward external exchange of enterprises and promoting Its competition ability, are advanced.

**Keywords:** E-Business; China west region; Development environment; Restrictive factors; Development Strategies

## 1. Introduction

Along with extensive application of Internet technique in the world, E-Business has become an important characteristic in the age of "network economy", and provides a rare development opportunity for our country, particularly western region. However, the E-Business risen just in the western region is still not very perfect and exists in many restrictive factors. In view of general situation of the E-Business development in the western region, its supporting policies and environment are weak relatively in comparison with PC penetration rate, information-based application level of enterprise as well as credit, attestation, payment and logistics of E-Business in the eastern region. As shown in a survey, the proportion that medium and small manufacturing enterprises purchase and sell through the E-Business does not reach 1% of total proportion. According to Alibaba's survey, the enterprises that carry out the E-Business activities in the southwest region are less than 20% currently, but nearly half of enterprises have already decided to develop the E-Business businesses in recent period. At the end of 2005, Alibaba held a forum in the southwest region for the very first time and called more than 500 enterprises in Sichuan-Chongqing region. CEO Ma Yun admitted that "the enterprise amount of E-Business participation in Sichuan only accounts for 1/40 of Alibaba's national net company amount, so this market is not developed yet". But he also definitely showed that the southwest region would be Alibaba's important battlefield. For this, it is

very meaningful to study the E-Business development in the western region[1].

## 2. Environment and Restrictive Factors

### 2.1. Economic Environment

As far as coastal and central China areas are concerned, the economy in the western region falls behind relatively as a result of small total economic amount, few per capita land, low industrial structure level and weak market competition. At present, while the eastern region of our country occupies 13.4% of areas, 41.15% of population and more than 60% of GDP in the whole country, the western region accounts for 23.11% of populations, 56.9% of areas and 14% of GDP. Like these disadvantages, the western region must make full use of the advantage of backwardness to mobilize industrialization with information base and carry out leap-forward development. In this process, the E-Business is an inevitable choice of western region. Although the information-based degree in the western region is obviously lower than in eastern region, it doesn't mean that the E-Business in the western region will also lag behind that in the eastern region. For the third generation E-Business, eastern and western regions are basically placed in the same starting line, so the E-Business development of the western region is full of opportunity and challenge and utilize the advantage of "backwardness" to promote the E-Business development. Next, I will analyze the environment and talents strategy of the E-Business develop-

ment in the western region so as to explore the conditions beneficial to developing the western region's E-Business[2].

## 2.2. Network Infrastructure

The Internet users are extremely few because of the backward telecommunication infrastructure in the western region. The E-Business based on the Internet needs wideband, fast and safe network system and a great deal of Netizens. According to statistics till June 30, 2006, total amount of online computers in China reached 54,500,000 sets that was 182.3 times 299,000 sets in the first survey in October 1997; total Chinese Netizens was 123 million that was 198.4 times 620,000 Netizens in the first survey in October 1997. Among them, the Netizen number in Beijing takes up 12.39% of the total Netizen number, 9.69% in Guangdong, and 8.92% in Shanghai; the occupied percentages of 12 provinces of the western region, municipalities directly under the central government and autonomous regions are as follows: 2.03% in Chongqing, 5.03% in Sichuan, 1.46% in Yunnan, 0.80% in Guizhou, 0.03% in Tibet, 2.02% in Guangxi, 1.21% in Inner Mongolia, 1.47% in Shaanxi, 1.13% in Gansu, 0.48% in Ningxia, 0.31% in Qinghai and 1.51% in Xinjiang. The Netizen number in 12 provinces of western region, municipalities directly under the central government and autonomous regions is 17.48% of total nation Netizens, which is not up to the sum of the Netizen number of Beijing and Shanghai. In the western region, the Internet penetration is only limited to very few central cities, some regions have not solved the online problem yet, and the regions that can get to the Internet do not possess the quick online speed. In addition, the monopolization of telecommunication lines makes the price higher than such the developed countries as the United States and so on. The lagged telecommunication infrastructure causes insufficient Netizens and unreasonable price, and restricts the E-Business development in the western region[1].

## 2.3. Policy Environment

Enterprise is a leading role in the E-Business development. The governmental departments should treat the E-Business mainly with macro planning and instruction and without excessive interference, follow international E-Business standard and decentralize power to the enterprises as far as possible. Currently the E-Business development in western region faces the non-separation of government and enterprise, imperfect credit system, confused circulation order and serious local protectionism. Regarding this situation, how governmental departments do well macro control and positive instruction will completely function the E-Business development in the western region of our country.

## 2.4. Environment for Talents

To develop the E-Business, talents are key. The western region affected by various factors is extremely short of the E-Business talents, especially senior IT talents. Such factors as lagged telecommunication infrastructure, insufficient Netizens, backward idea as well as no network credit system cause a lack of IT talents in the process of the E-Business development of the western region.

## 2.5. Safety Problem

The E-Business system operation has two safety problems such as technique safety and law problem.

(1) Technique safety. Because various network safety troubles take place continuously for unstable network environment in the western region now, more and more enterprises or related government personnel are aware of the significance of E-Business safety.

(2) Law problem. The laws and regulations govern such problems as how to use legal action for the assurance of Internet trade safety in the E-Business activity of the western region, main law problems related to the E-Business like evidence problem, written request, attestation of the sellers, consumers and account banks and attestation methods of contract validity, electronic contract effectiveness, date and place of contract establishment, regulation of transaction action among the buyers, sellers and agents, and transaction risk and responsibility[3].

## 2.6. Logistics Problem

Although the logistics enterprises in the western region have obtained certain achievement, they cannot keep up with the great development speed of the western region generally and also meet the demand of economic development. At the same time of the combination of the E-Business and the logistics, the logistics development in the E-Business of the western region exists in the following problems:

- (1) Lagged logistics idea and management system.
- (2) Old logistics facilities and low utilization rate.
- (3) Divorce of Logistics and E-Business, attaching great importance to E-Business and ignoring logistics.
- (4) Low professional logistics level and single technique.
- (5) Low efficiency of logistics management and lacked scale effect.

## 3. Development Method and Corresponding Development Strategy

### 3.1. Enhancing Information Infrastructure Construction

To develop the E-Business of the western region does not get away from the information infrastructure construction of the western region, and is also the material guarantee to operate the E-Business normally. The economic development is restricted because there are high mountains and dangerous terrain, inconvenient transportation, bad natural condition, unbalanced ecological environment,

slow city progress, long external transportation line and weak industrial foundation in the western region. However, the strategic meaning is shown by information highway and network construction. Starting from far-reaching strategy, our country should support the network and information infrastructure construction of the western region from the manpower, material resources and financial resources to reach great growth as developing the western region. While establishing the highway in the western region, our country should consider general situation for unified planning of the whole western region.

### **3.2. Strengthening Governmental Macro Planning and Instruction**

To function the governmental macro planning and instruction must draw up the active E-Business development strategy of the western region. Firstly, the government has to provide preferential policies for the E-Business development. Secondly, in line with existing conditions of the western region, it is not very realistic to develop the E-Business universally in certain period, but should select the prior development strategy. Again, the government's positive attitudes play essential roles in promoting the E-Business development. Finally, in the development of western region, the local government should have an eye to its practical conditions to draw up the local E-Business development planning, fully coordinate the infrastructure construction like network, communication, etc. in the western region, save the funds as much as possible and make great efforts to minimize the repeat investment.

### **3.3. Sound Law Environment Establishment**

Sound law environment establishment creates a condition for the E-Business development of western region. All levels of government in the western region should strengthen law publicity and enhance legal consciousness of the masses. The enterprise personnel should also study related law knowledge so as to protect their own rights and interests against the threat and the damage in the process of E-Business growth. The safety threat that the E-Business faced comes from the computer mostly. Therefore, it is very important for the technique safety to develop the E-Business in the western region. The enterprises and government in the western region should strengthen their own network safety construction to guard the network against the attack, the threat and the eavesdropping outside. Moreover, some techniques of digital encrypted technique, firewall technique, techniques of key management and public key management and digital authentication are of importance. At the time of adopting the technical guard, the E-Business activity should be carried out normally in line with national laws and regulations in order to standardize the law environment for the E-Business of western region.

### **3.4. Strengthening Logistics and Distribution Construction**

In order to ensure the smooth progress of the E-Business in the western region, the logistics and distribution construction must be strengthened. To develop the logistics system greatly, the logistics defect arisen from planned economy and shortage economy must be made up. An integrated E-Business includes information flow, commercial flow, capital flow and logistics, but logistics is key. The development of western region should do a good job in sound logistics system. Basically logistics means the process of physical distribution that the material entity (commodity, raw material, parts, semi-finished products, etc.) is transported to the demand place from the supply place as the users (purchaser, demand party, next operation, goods owner, etc.) require, including a series of economic activities such as transportation, package, warehouse storage, distribution, loading-unloading and carrying, distribution processing, logistics information, etc.. To solve the logistics problems in the western region still needs the key supports from government and policy, develops the logistics alliance and introduces the techniques combined with actual circumstance.

### **3.5. Quickly Introducing and Training Talents**

Not only does the E-Business development need a strong hardware environment, but also a soft environment like social consciousness and high-tech talents. We should actively utilize the advantage of higher institutions concentration in the large and medium cities of the western region and enhance the policy guides and the supports to be a training base of high-tech talents and a main force of the E-Business development, and popularize the E-Business consciousness of the masses. In addition, lots of E-Business technicians and senior management talents introduced from the eastern region can provide strong personnel reserve for the E-Business development of western region.

### **3.6. Pushing Forward External Exchange of Enterprises and Promoting Its Competition Ability**

Since the E-Business gets the development, the enterprises in the western region can draw lessons from the enterprises' successes in the eastern region of our country and the experience of developed countries, and carefully study which commodities, which businesses, which enterprises and which departments are suitable to develop the E-Business, explore a new path for the E-Business development of western region, insure a good starting for the E-Business in the western region according to the actual conditions and encourage the enterprises in the western region to actively participate in the dialogues of southeast coastal areas and international society for promoting experience exchange and keeping up with the latest situation of E-Business development at any time;

while adopting the E-Business, the enterprises have to carry on scientific verification in view of their own conditions to use the existing information infrastructure and technical means as far as possible, and not to invest blindly. In the meantime, setting up modern enterprise system quickly must construct scientific corporation management structure as early as possible.

#### 4. Conclusions

E-Business represents the commanding height of the trade development in the future and represents the future developmental direction. Analyzing its development environment and restrictive factors and studying and presenting corresponding solutions will bring the opportunity for the economic development in many areas, particularly in the western region where the economy falls behind relatively. This paper puts forward some suggestions to speed up the E-Business development through the analysis and study of current E-Business development in the western region.

#### 5. Acknowledgment

This work is supported by the education department of Jiangxi Province (GJJ13300).

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