The Analysis of the Difficult Points on Developing E-Commerce of the Western Region in China

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ABSTRACT

From 1999, China started to the project of "Development of Western Region of China" and many preferential policies were issued by the central government. However, after almost 5 years, compared with eastern region, the development of infrastructure is still relatively lower. As to the development of E-commerce, the most typical phenomenon is unbalance which means that the eastern region is much faster than the western because of territorial and economic factors. So it is necessary to get a whole picture and get a clear understanding of problems of current situation of E-commerce in west part of China in order to accelerate it. In this article, the difficult points of E-commerce development in west region are discussed, such as the law issue, infrastructure, information service providers and talents people and some strategies will be given finally based on the current situation of E-commerce in west part of China.

Keywords: Western Development, Electronic Commerce, Internet, Informationization

1. INTRODUCTION

Because of advanced economics environment, E-Commerce of the eastern region has been growing quickly in China. After 1999, China started to the project of "Development of Western Region of China" and at the same time many preferential policies were issued by the central government. From then, the E-commerce in western region has been developing dramatically. According to the reports of CNNIC, from 1999 to 2004, the proportion of the Internet users in the Eastern developed region (Including Peking, Guangdong, Shanghai, Jiangsu, Shandong, Zhejiang) and the western non-developed region (Including Chongqing, Sichuan, Yunnan, Guizhou, Xizang, Shanxi, Gansu, Ninxia, Qinghai, Xinjiang, and Neimeng, Guangxi) has keeping changed gradually. The proportion of the Internet users in the Eastern region occupied in total amount all over the country has been cutting down slowly. But the proportion of the Western region has been growing obviously and the unbalance between Eastern and Western region has improved. Now the infrastructure of E-commerce in the Western region has been improving very quickly and the Internet environment has also been ameliorated gradually. Now almost all kinds of E-Commerce business model and network companies based on business website can be found in west part of China. However, Compared with the Eastern developed region, the level of the infrastructure is still relatively lower. At present, the networks available still can not satisfied with the needs of development of E-Commerce there. If the Western region wants to walk the road of developing its E-Commerce, it is necessary to find the whole picture of existing difficult points of the western E-Commerce. Then, based on the current situation, the proper developing strategies of E-commerce for the Western region will be given.

2. THE EXISTING PROBLEMS ON DEVELOPING E-COMMERCE IN THE WESTERN REGIION

Developing E-commerce of western region can promote the economic development greatly and improve its benefit as well. The Western region should grasp the good developing opportunity to make the government and enterprises advance side by side. In the meanwhile, the propagation and study can promote each other to speed up and make the Western region E-Commerce develop healthily through building a good business environment. In order to realize the unity between developing Western region E-Commerce and coordinating the whole western economy, it is necessary to analyze and study the existing problems of E-Commerce in the western region.

2.1 The improvement of market environment of developing E-Commerce in western China

2.1.1 Law issues

E-Commerce is the main content of Network economy, which is a manifest form of market-oriented economy. To some extent, the market-oriented economy means legal system economy. To develop E-Commerce, apart from solving technical problem, it is important to know how to rule the law problems related to the business activities. How to ensure the secure performance of trade on the Internet and other E-Commerce activities is not only a problem of western region, but also is a difficult of problem in all China. It is necessary to restrain some problems related to E-commerce such as proof problem, request of the written form, attestation to trader, consumer, the bank of settling accounts, attestation way of contract effectiveness, working out the effective

electronic contract, the time and place of contract establishment, the rule of exchange behavior between trader and medium, exchange risk and duty problem etc.

E-commerce is a kind of new models of doing business, so there is not a standard legal document in China, even in the world. Although China published its Electronic Signature Regulation of Republic of China (draft) in July, 2002 and made public the Measurement of Management for the Internet Publish and the Temporary Supervision Rules of E-commerce on August 1 2002. But it still can't adapt to the development of E-commerce far and far because part of laws and regulations of electronic trade need to be emended, and some laws and rules need to be added such as the law of Electronic Signature, the law of Electronic Contract etc. So in order to speed up the E-commerce, a fair legal environment is important to protect the consumer rights and secure the trades between the sellers or buyers.

As to the western region, one of vital tasks is familiar with the related laws and rules existing now and to set up additional regulations to improve the law environment of E-commerce there. However, the most import thing is learn to solve the contradictious dispute and issues to safeguard the consumer's legal rights and benefits.

2.1.2 The issues of the infrastructure

In the western region, the start of infrastructure for the networks is later than the eastern China, which resulted in the weak of network applying service. So the networks existing now can not satisfy the need of the development of E-commerce. According to the latest report of CNNIC, most of the Internet users there still use the way of dialing the phone to access to the Internet. The speed of internet is slow and the connecting time is longer too. Although most of new buildings there lay the internet access line into doors while they build them, most of them can not provide any practical content and services except the basic facilities for the community. Especially, the breadth grows slowly because many real estate developers just take the breadth network as a selling spot. Most Internet users can't understand the technical index of breadth network, speed and network service in community as well as some developers. To some extent, those facts restrain the development of E-commerce in the western region.

In western region, the universal rate and the applying level of the computer are law. For example, many people there don't know how to use computer and the Internet. At present, the applying level of the computer in many enterprises is behind, meanwhile, many of them lack the information system to support there work. Even for the enterprises who introduced computer and the Internet into their companies, the main uses of computer are word process and calculation. Most of business activities in companies, such as product, supply, market, management of human resources are lack the support of

information technology. Such undeveloped management only enable the computer to simulate the operating process of original handicraft simply, and make it difficult to realize E-commerce system and increase the invest cost as well as cut down the rate of E-commerce returns.

As the third-part authority provider and fair attestation department, CA is an important part which ensures the safe activity of E-commerce. However, an effective supervisory of CA and the safety system of information are lack or weak. Because the rights and duties of CA can offer a person's true ID and use higher encrypt technology, it also related to the function of government department and the safe problem of the network. Up to the present, many organizations which take CA as their main business started because there is no integral measurement for CA from stating to operating in China. However, many CA owners may lack the capability and reputation, and technology. In case that the CA owners lost their business, it will be a big problem to handle the user's data.

Electronic payment system of the bank hasn't been established completely in the western region. The payment system of E-commerce has been set up by China Telcom, China Agriculture Bank, Chinese Bank, Merchant bank and other domestic bank etc. But because the system is not perfect, only half of the users who shopping via the Internet pay online. Another half still adapt the cash payment means on delivery.

As for the logistics, the modern logistics and its socialization are still staying in the stage of conception. In the logistics enterprises, it is obvious shortage on the information application, overall planning and the fine turns organization, as well as the ability of the management. On the other hand, the level of the specialization and technique in logistics system of the western region are all lower that they can't adapt to the requests at all on developing information flow and funds flow of E-commerce.

In summary, the government of the western region should pays attention to the infrastructure of E-commerce, and increases the investment into the construction of hardware facilities in order to solve the existing problems.

2.2 The development of information industry in the western region can't be satisfied with the need of the E-commerce.

2.2.1.The current situation of information system in western region

The developed countries such as Europe, American and Japan, the integration of the three greatest systems including SCM (supply chain management), ERP(business enterprises resources),and the CRM(customer relation management)have been ripe

basically. From MRP, MRPII to ERP, SCM, CRM, its development has gradually experienced for more than ten years. But the western region sprang over the developing process gradually, they introduce advance management thoughts and technique directly, most adapt the difference E-commerce business mode in many large enterprises, only a few make a success. This states that the western region business still can't break away from the traditional business mode in the course of carrying out E-commerce at the present stage. The information turns of the western region business is still in the stage of the beginning and exploring. They should set up electronic commerce terrace according to the present condition, all kinds of technique and developing conditions in the present business flows.

2.2.2 The information service industry in the western region

The software and hardware products mainly depend on the products of the foreign companies because the manufacture of the Chinese information equipments and the software industry can't satisfy with the demands of soft-hardware products in the course of the development of the information and E-commerce in the western region .In addition, the actual strength of economy in the western region is poor.

2.3 Lacking strategic planning on developing E-commerce because of lower information level in western region business

On account of the proportion of the websites amount is one of the index to measure the level of the information, according to the reports of CNNIC, he proportion of the registered websites under CN in South west and northwest has increased a bit in recent years, but at the same time the proportion of registered websites in the North, the South, the East and Northeast has been occupying more than 85%, this reflects the gap between western and eastern region in the development of information infrastructure.
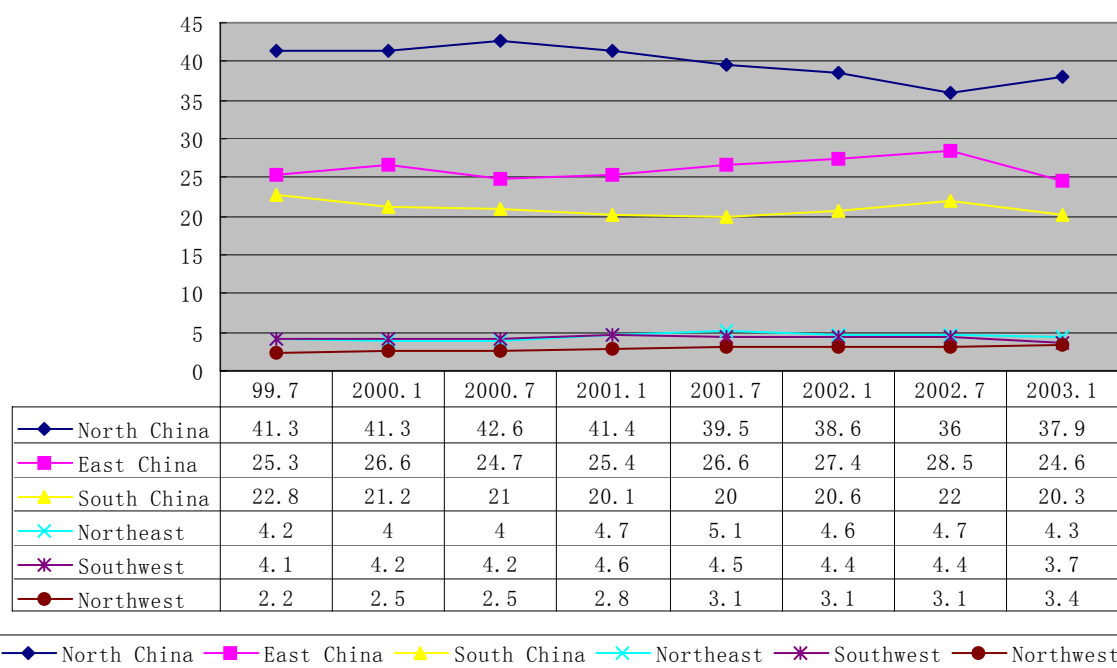

	99.7	2000.1	2000.7	2001.1	2001.7	2002.1	2002.7	2003.1
North China	41.3	41.3	42.6	41.4	39.5	38.6	36	37.9
East China	25.3	26.6	24.7	25.4	26.6	27.4	28.5	24.6
South China	22.8	21.2	21	20.1	20	20.6	22	20.3
Northeast	4.2	4	4	4.7	5.1	4.6	4.7	4.3
Southwest	4.1	4.2	4.2	4.6	4.5	4.4	4.4	3.7
Northwest	2.2	2.5	2.5	2.8	3.1	3.1	3.1	3.4

Figure： The registered area name and area distribution under CN

There are 2000,000 enterprises in the western region in China, and 10,000,000 families in the town, but the proportion of Internet access is relatively smaller. There is a very great margin between western and eastern region. According to the study of national statistic center, the ability of the information in the western region not only fall behind the developed regions such as Peking, Guangdong, Shanghai, but also fall behind other region such as Hubei, Henan and Liaoning as well. The development in domestic is very imbalance. There is a big margin in Internet users and computer owners between the western and eastern regions. Because the computer application in the western region starts lately, at present, the construction of the business information in the western region is low, especially in the aspect of Network. The most only registered local area name and announced the basic business information on Internet. About Internet applying, many enterprises were still in the stage of exploring. Most business haven't realize the information turns, the means of information process and handle lags behind, so does the ability of information processing. So the demand of business for E-commerce is still at the primitive stage. Though the Internet users in the western region have increased doubly, the number of the Internet users only 1600,000.

Lacking the long-term planning of the E-commerce for many enterprises in the western region, even though many business begin to give energetic impetus to E-commerce, the invest returns to build their website is less, and prestige is also lower. The business website constructed themselves can get the purpose of publicity, but it is unknown that how many people can buy commodity on Internet because of influencing under the scales of business and the position of the website in the same industry. The repeated construction of the website will become the disadvantage for sharing Internet resources with the same industry. Therefore, only by working out the developing E-commerce plan consequently, the business in the western region will have a long-term development.

2.4 The issue of lack talent people

The talented people that the E-commerce needed can be divided into three levels. The first is the support layer of technique service. The staff in the first layer has mainly pay their attention to the technical aspect of E-commerce such as Network building, system management, main page creation, developing program etc. In China, the amounts of programmers is enough, the means of education can't basically meet the need of development. The first grade talented persons on system management are still scarce, especially in the western region. Lacking of web manager, Unix system manager, and the payment of training is still expensive. The level of many system managers is low, which only can be used to do some daily upholding work. They can do little job on higher management like safety and performance adjusting, for this reason, many systems in the western region exist hidden trouble. The second is the manage layer (middle-level manager, financial staff, middle and lower government staff etc). The secondary staff is the largest and they are the personnel of the business or section and the direct beneficiary of E-commerce. They don't care about the technical details about E-commerce. It's enough for them to do their work under the electronic way. But to a large extent, the E-commerce education neglected the needs to this layer. The third is the higher level of the manager. To the third level of structure, that means higher manager, it is not considered on the whole by E-commerce education. It is a very key link to push the popularization and training of E-commerce quickly if the E-commerce can grow smoothly in the western region in China. And go a further step, paying attention to attract the talented person, train and educate them are the key factors too.

2.5 The issue of the role of the local government

Compared to the developed region, the information technique in the western region fall behind, it will contribute to introduce technique and promote the development of E-commerce if the government can participate in it. The macroscopic planning and guide of the developing E-commerce will contribute to coordinate the developing balance and the benefits among various areas. But the main role of the E-commerce development still belongs to enterprises. The government should mainly have the eyes on the macroscopic planning and guiding, not interfere the business, on the contrary, they should put the power to it and obey the international standard of E-commerce. At present, the western region is faced with the following environment such as a part of enterprises can't be separated from the government, the credit system is incomplete and the local protectionism is very severe too. Facing this kind of situation, how can the government department work well and adjust and guide positively will play an important role to the development of the E-commerce in our western region.

2.6 The issues of conception and consciousness

Because the development of E-commerce is still on its early stage, the consumers still remain the traditional consume habits of "see, touch, hear" and this shopping habits is deep-rooted, the majority still remain the shopping principle of "delivery when pay". Most consumers suspect the security of pay, quality of goods and hesitate to shop online because they can not see and touch the good via the Internet. At the same time, the density of the physical market is very large in the city structure in western region, so the consumers can buy anything what they like as soon as they go out. Compared with the E-commerce that has unperfected in the current logistics system, on the contrary, the consumers feel that the traditional shopping ways is more convenient. This makes the advantage of the "convenience", "fast", and "a good function of alternativeness" that the E-commerce depends on can't be reflected, to some extent, it will restrain the development of E-commerce in the western region.
On the other hand, there is a little information that Internet can directly bring economic benefits for business, but the general information is more. They often can't find profit about what they imagine on Internet and this will discourage the initiative of business.

3. The strategies on developing E-commerce in the western region

Developing E-commerce is a social system project which relate to the government, business, financial industry and individual as well, and it needs the coordinating of the social environment, overall planning gradually and cultivating actively in the course of construction of the basic facilities. Therefore, the western region should grow according to the whole designs and goals on developing E-commerce.

The first, having the positive attitude, the government will play an important role to push the development of E-commerce. Particularly, on establishing Internet basic facilities, building common terrace, forming electronic attestation and the standard of electronic payment, at the same time, they should create a good support

environment of technique, finance, legal system etc. At present, the government is issuing the law related to the E-commerce, regulations and management methods to ensure it to be developed healthily. With the development of the western region, the local government should be based itself on the actual states and worked out the developing plan of local E-commerce. Besides this, they should coordinate the basic facility construction of the Network and communication, they also should try their best to save funds and reduce the repeated funds to minimum. In the meanwhile, giving the preferential policy of the tourism, industry and finance, tax revenue, communication, financial examine, funds and science study to the mature region and unit to encourage experimental unit and other invest businessman to invest strongly, At the same time, They should develop and study the E-commerce so that they can further explore the road to develop E-commerce.

The second, introducing the medium to enlarge the publicity dint degree of the E-commerce and encouraging scholar and business managers to study and publicize the E-commerce in order to get a good ready for developing E-commerce in the western region. It is a good way to enhance the correct knowledge of E-commerce to the business managers in a discussing way at a proper time. It is necessary to organize the business managers to study theoretical knowledge systematically. It also can organize them to put into practice where the E-commerce can be carried out well. It needs to make a long effort in the whole society to change the shopping habit of the public and establish the reliable system of consume as well as the operating ways of market.

The third, we should attract and educate the talented person to adapt the development of E-commerce. This is a basic and difficult point. It is difficult to attract the higher talented person because the western region is located in remote place, the level of economy and productive force falls behind, and the living standard is poor, too. So we should try our best to take the feasible measure to attract those who are willing to contribute themselves to the development of the western region. At the same time, it is important to provide a good working environment for them to enable them elaborate their talent. At the same time, it is important to pay attention to training the existing talented persons.

The fourth, with the market and performance as a target to enhance the of business management when the construction of the information is proceeding. Some famous enterprises in the world can keep the competitive advantage because they think highly of coordinating all kinds of productive forces and enable the links of decision, production and market to operate efficiently through gathering every kind of technique together. So the construction of business information turns can't only consider the business itself, they should still consider to connect with other unit through Internet including some

issues about the sign, confirm, pay, goods arrival of national contract etc. That is to say, the enterprises should improve their modern management level and establish internal information management system of the computer to enable itself to adapt the development of E-commerce in the future. The local government can specify technique organization or scholarship groups to offer consult and technical support for internal information management system of the computer and the development to ensure the business to get a good development in the future.

The fifth, it is important to draw lessons from the domestic and international advanced experience and take the current situation as a development base. Up to now, about the development of the E-commerce, there are many experiences in the advanced country and domestic examples of success for the business in the western region to learn from. For instance, the three greatest Bottle Neck problems on Internet attestation, ration system, electronic payment that had been restrained the development of E-commerce in China, now have already solved some to some extent. Some Internet businesses are also exploring a little successful experience in their actual operation. Combined the condition by themselves, the western region enterprises should use the successful experience and study carefully about which business and areas can fit to develop E-commerce in order to explore a new road for the western region to develop E-commerce and ensure it to have a good beginning in the western region.

The development of E-commerce is a systematical project which concerns with the corporate, consumers and government as well. The development of E-commerce in the western region is in its early stage and many difficult points are still there, so it will be a long way to go to catch up with the step of E-commerce in eastern China. It need the whole society makes a joint effort to coordinate and cooperate to promote E-commerce of the western region.

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