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**MANAGING WITH ORGANIZATIONAL ENVIRONMENTS -  
STRATEGY OF E-BUSINESS**

**Abstract**

The last few decades have been very turbulent due to significant growth of the usage and interest in the Internet. Everyday life of each individual has been affected by the development of computers and related technologies, making information more accessible to a wider pool of audience. This, of course, has been significantly changing the way of doing business, emphasizing new possibilities for potential entrepreneurs. Business and companies have been affected by the rising pressure of information and communication technologies, making distances and locations diminish.

The paper is focused on the advantages or opportunities created by the boom of the technology and especially e-business on one side, and of course, the downsides considering the raised exposure in view of the presence of the Internet as a tool in business.

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All the aspects provided should indicate the main influence of e-technology and e-business worldwide, pinpointing the main aspects where especially entrepreneurs need to approach with caution.

**Keywords:** E-Business, Small Business, E-Shopper, Digital Customer, Average Turnover

**JEL classification: L260**

### **Introduction**

The last thirty years have been characterized by a rapid development of the information and communication technology. The information and communication technology affects the overall life in total, and in this respect, the behavior of the entrepreneur. Small enterprises apply the appropriate strategy for electronic operations and the use of e-business and the Internet in their work. This paper elaborates the opportunities and threats which could potentially rise for small businesses and entrepreneurs by addressing the benefits that the entrepreneur has by using the Internet and the electronic business. The use of the opportunities of e-business requires caution on the part of small businesses concerning the approach to electronic business. However, any engagement or business has its own weaknesses or threats. The results of the research in this segment indicate that in addition to opportunities, the use of e-technology in the working operations of small businesses also brings certain drawbacks or threats. Therefore, the negative aspects or weaknesses that e-business can cause in the operations of small businesses are also explained in the paper. At the end of the paper an empirical research is made, concerning the number of digital customers and the average sales per customer regarding the period 2011-2016 in the world. Survey results show that the highest average sales per digital customer in the period from 2011 to 2012 is noticed in Asia and the Pacific and the lowest in Eastern Europe.

## **1. E-business as an opportunity**

E-business provides many opportunities for small businesses and entrepreneurs. E-business and e-technology create conditions for improving business performance and business operations. The use of e-business and the Internet in the context of improving performance of small businesses is possible if companies have an appropriate strategy for managing electronic operations and have the sufficient human resources for implementing the strategy. E-business offers many benefits for small businesses and entrepreneurs. Considering all benefits one stands out, that is related to improved business activities carried out by the company and improving the market conditions. (Deakins *et al.*, 2005, p.165)

Improving the activities performed by the company contributes to increasing the internal efficiency of the enterprise. The E-technology and Internet contribute to establishing a precise order of executing the operations, increased control enforcement activities, effective supplying of the necessary raw materials, and efficient distribution of products, effective documentation redistribution and reducing operating costs.

The use of information in e-business also allows entrepreneurs and small businesses to use online channels to find business partners and build good communication channels with relevant international enterprises. The Internet channels provide simple and smooth communication that contributes to lower operating costs and better performance of small enterprises. Numerous studies show that e-business is more frequent among enterprises or popularly called "business-to-business" relations than the one between businesses and consumers, or popularly called "business-to-consumer" relations. How successful the collaboration between enterprises will be, depends upon the strategy of the enterprise. The presence of e-business in small enterprises contributes for the enterprise to have a simple, quick and inexpensive way to "get into the supply chain", which means acquiring easier and cheaper raw materials compared to traditional ways of doing business. Basically that is small businesses opportunity for creating high and rapid growth and development.

Increased networking between companies is a result of the use of e-business where so-called business networks are created. Business networks are not effective with their mere existence, they need to be used for the aims of small businesses. For an effective communication network it is required to have previously constructed immediate direct

relationship of communication. Without prior confidential relationship built on communication between enterprises, a quality business network cannot be established. With the help of electronic channels and the rapid spread of the Internet, e-business has become an effective way of releasing products and services on the market, because they are becoming more visible. (Tse *et al*, 2003, pp.306-320)

E-technology and the Internet help reducing the barriers for achieving business collaboration in terms of establishing communication networks for businesses and consumers.

Improving the market conditions is the biggest benefit for small companies, due to on-line trading that creates conditions for trading on the global market. The number of consumers who trade through on-line networks constantly increases. Through e-business, small businesses and entrepreneurs have the opportunity to improve and expand their business from the local market onto the global market. Potential benefits for small businesses are evident as electronic commerce grows incredibly fast.

The E-marketplace allows increased interaction with customers. Entrepreneurs have the possibility of a simple obtaining information on the characteristics of their customers directly through communication with their customers or by monitoring their habits when buying or electronic trading.

For example, if the entrepreneur who has a small enterprise has the information that consumers have certain habits on making the arrangements for winter break until October at the latest, a proper strategy needs to be applied. Because the company already has information on the time when consumers make those arrangements, there is no need to send e-mails with information about the arrangements, reducing prices, discounts and so on, which will reduce costs and save time and money for the enterprise in general and at the same time will initiate saving consumers' time.

Good communication takes care of helping enterprises determine the profile of consumers. But successful on-line operators have the tendency to manipulate consumers through unrealistic presentations of products and services. It is very important for entrepreneurs to gain loyalty of customers to certain products in order to overcome the possibility of manipulation and false presentation. E-business provides an opportunity to small businesses for cooperation in areas that were previously unreachable due to certain limitations in terms of availability, cost etc. The successful collaboration between on-line promoters and

consumers depends on the strategy of work in terms of establishing a communication network between an enterprise and the consumers. (Evans *et al*, 2000, p.31)

Benefits of e-business for small businesses are seen in the simpler and easier way of trading on the global market. It is the biggest advantage for small enterprises of e-business. Global trade tendencies can be seen through the increasing number of on-line users who trade on the global market. Studies show that there is an increasing number of people who shop online and this helps small businesses to extend their location of work, from the local to the global level.

The presence of the Internet market is forcing small businesses to compete each other on a global, online marketplace. The Internet market is a more equal market. Equal markets remove differences in terms of size of the enterprises. They create equal trading conditions for small and large enterprises. On the Internet market, the size and location of the company are less limiting factors considering performance. If a new, small company has the proper website for online presentation, it can work better than a bigger and more experienced company. The on-line performance of small enterprises creates an opportunity for participating and competing on the Internet market with large, experienced companies.

One of the major advantages of e-business for small companies is the possibility of continuous operation, or non-stop working, 24 hours a day. It allows consumers a large choice in making decisions, like when and from who they want to buy. Consumers spend less time buying and also avoid the stress of crowding and looking for car parks in front of the stores and shopping centers. Internet companies are "open" 24 hours a day, 365 days a year, for all on-line consumers all over the world. The rapid lifestyle concerning consumer buying changes. E-businesses are increasingly replacing the traditional way of purchasing with on-line buying. Studies show that small retail businesses that have a website have a *certain impact of one quarter of offline sales*. (S.M., 2010, *The State Of Retailing Online 2010: Marketing, Social Commerce, And Mobile*. Accessed 18 November 2013).

Through e- business, small enterprises are allowed to access the global markets and global supply chain of materials, and the so-called major customers and the modern ways of marketing and promotion of products and services as well.

## **2. E-business as a threat**

The full introduction to the characteristics of e-business and their impact on small businesses is not possible without showing gaps or threats of e-business. In order to benefit from e-business, companies must approach carefully by reviewing all aspects of e-business. However, any engagement or business has its own weaknesses.

E-business is followed by additional risks or vulnerabilities. Despite the number of advantages, benefits or opportunities that e-business provides to small businesses, certain drawbacks or threats are present as well, which e-business and technology create in terms of entrepreneurs and small businesses. Possible disadvantages of e-business can be distinguished as follows: achieving a level of customer loyalty, maintaining contact with many buyers and suppliers, providing a certain degree of security, availability concerning information for competitors and increased competition.

Achieving a level of customer loyalty through the use of electronic tools allows competing companies to be up-to-date with the business in a very quick and efficient manner at all times. As e-business provides 24-hour service for the customers and continuous availability, at the same time it creates a potential risk to reduce customer loyalty. Customers have the opportunity to choose. They are at the same distance comparing competitive enterprises. Consumers are as close to the company as to other competing companies.

For any lack of satisfaction and resentment to an incomplete service, customers have an instant choice. They can contact the competitors and choose them as their service provider. Their dissatisfaction can take them to the competitors, so that they become their customers. E-business reduces barriers to customer loyalty. Customers are becoming more mobile. Loyal customers can immediately leave the company and become loyal customers to other competitive companies.

The possibility of establishing a connection network creates an opportunity among many customers to maintain contacts with numerous customers and suppliers. For effective networking, direct and immediate communication is not needed because communication is accomplished through electronic access. The electronic access is a potential danger for building trust with many buyers and suppliers simultaneously.

At the same time, small businesses and entrepreneurs should be ready to meet the needs and demands of many consumers. The branched network concerning e-communication by itself is not sufficient for success, but it may represent one of the disadvantages of e-business. A quite wrong perception is that the ability of electronic access in our enterprise means using the benefits of e-business. The ability to have electronic access and network communication does not mean anything. To have effective networking it is necessary to communicate in person, because that builds confidence and also carries implicit knowledge. (Turban, *et al*, 2000)

Providing a degree of security related to on-line operation is an obligation for every e-enterprise. Ensuring the security of an operation provides optimality in terms of using the benefits related to e-business. Security in e-business is provided by a system of rules and procedures for providing protection and safety. Ensuring safety in the use of an e-information limits and prevents the damage that may be suffered by the company from Internet hackers.

Insufficient protection of the e-system, which operates in the company, generates risk and a potential cause for failure of e-business due to the possibility to abuse the use of electronic devices by employees in the company. The employees can waste the resources of the company for personal matters or for fun and not for activities related to the company. The insufficient protection of the system also creates an opportunity for accessing confidential information related to the company or the partners by people who should not have access to that kind of confidential information. With a weak protection of the e-system, business information that have been characterized as a secret can become available to most consumers or competitors. Therefore entrepreneurs have to protect their email systems and web sites.

Protecting the website can be done by installing a network protection. Prohibiting access to certain web portals that can be visited by employees at work can be secured by limiting the access to specific Internet portals. The risk of non-compliance with the rules and procedures for protecting and securing the business system always exists. Small businesses can apply one of the following ways of ensuring an adequate level of protection: limited access to on-line portals for employees of companies who use the Internet during work, limited availability of on-line portals and Internet at a number of computers, selective availability of on-line portals and access to all employees on

specific, selected e-information and data on the company and responsibility of every employee in the company to sign an agreement related to "confidentiality of information" concerning the operation of the enterprise and consumer information.

E-commerce facilitates the availability of information to competitors. The way of informing the competitors is very quick and simple. The availability of information to competitors creates a risk of rapid detection of business strategy and the operations of the enterprise. Small enterprises that use the Internet tools in their work are at risk of early informing to competing companies. Competing companies can use this information in their work and based on that achieve competitive advantage. Also, small businesses are at risk if they underestimate or fail to predict the impact of Internet marketing and e-business, or if they overestimate the ability to determine their own potential and possibilities.

*Increased competition*, which is expressed by aligning businesses on the global market in terms of size and experience, forces small businesses to jointly compete with larger and more experienced companies. On the one hand, small businesses get the opportunity to play at the open market, and on the other hand they risk working in more competitive environment. Increased competition represents a barrier to growth, faced by small businesses. (Deakins *et al*, 2005, p.165)

This is expressed through increased knowledge of competitors concerning operating small enterprises, because e-business equalizes the market in terms of size enterprises.

### **3. Empirical research on digital customers and generated average turnover forecast for the period 2011-2016**

Using e-technology and the Internet allows better access to the markets. The number of people who use the Internet at home has increased by 76% or a total of 6 million users in the UK in 1998 and the number of people who use the Internet at work has increased by 54% in the same period (Barbe *et al*, 1989). Internet access allows enterprises to strengthen their profile and offers their current information to a much larger pool of consumers. The Internet access provides another channel for creating a brand, advertising and marketing (Fasing, 2000).



The Internet facilitates direct trading on the e-market. The electronic trade is growing with an incredible rate of approximately 50% annually.

Data relating the number of digital customers in 2011 and 2012 and the forecasts for 2013, 2014, 2015 and 2016 in North America, Western and Eastern Europe, Asia, Latin America, Middle East and Africa are indicated in Table 1 below.

**Table 1: Number of digital customers and the predictions for the world, in millions**

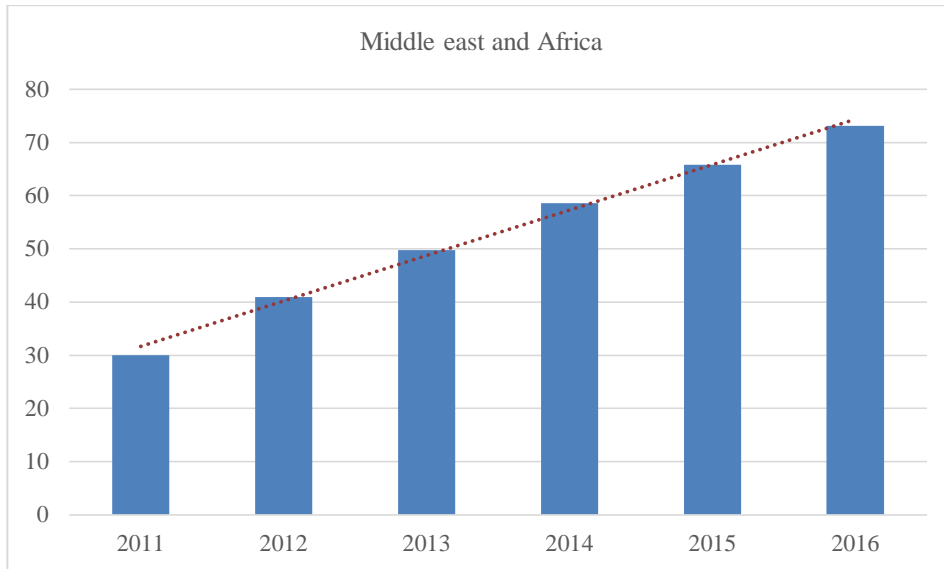
	2011	2012	2013	2014	2015	2016
<b>Asia-Pacific</b>	334.8	391.1	457.6	523.1	591.7	653.5
<b>China</b>	178.4	219.8	270.9	322.1	374.9	423.4
<b>Japan</b>	702	733	756	77	78.2	792
<b>India</b>	145	192	246	30	36.2	418
<b>South Korea</b>	22.2	23.3	24.4	25.4	26.3	26.9
<b>Australia</b>	98	102	106	10.9	112	115
<b>Indonesia</b>	2	3.1	4.6	5.9	7.4	8.7
<b>Other</b>	374	42.2	47	51.8	57.3	62.1
<b>Western Europe</b>	156.8	168.6	178.8	186.1	192.1	197.3
<b>Germany</b>	38.2	41.2	43.3	44.4	45.2	45.9
<b>UK</b>	33	34.8	36.5	37.5	38.2	38.9
<b>France</b>	24.5	26.5	28.1	29.2	29.8	30.4
<b>Spain</b>	13.4	14.5	15.9	17.2	18.6	19.5
<b>Italy</b>	10.5	11.7	13	14.2	15.4	16.6
<b>The Netherlands</b>	7.3	7.8	8.1	8.3	8.5	8.6
<b>Sweden</b>	4.1	4.3	4.5	4.6	4.7	4.8
<b>Denmark</b>	2.5	2.7	2.9	3	3	3.1
<b>Finland</b>	2.3	2.4	2.5	2.6	2.7	2.8
<b>Norway</b>	2.2	2.3	2.4	2.5	2.6	2.7
<b>Other</b>	18.8	20.3	21.6	22.6	23.4	24.1
<b>North America</b>	156.3	164.2	171.3	178.8	185.8	192.6
<b>US</b>	143.4	149.8	156.1	162.6	168.7	175

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Canada</b>	13.3	14.4	15.2	16.2	17.1	17.6
<b>Eastern Europe</b>	63.9	75.2	85.2	95.2	102.5	107.4
<b>Russia</b>	19.6	23.1	26.2	29.3	31.4	32.7
<b>Other</b>	44.3	52.1	59	65.9	71.1	74.7
<b>Latin America</b>	50.3	63.6	73	82.5	90.6	97.5
<b>Brazil</b>	19.1	23.7	26.7	29.7	31.9	33.9
<b>Argentina</b>	64	8.1	9.2	10.4	11.3	11.8
<b>Mexico</b>	5.8	7.2	8.4	9.6	10.9	12.1
<b>Other</b>	19.1	24.7	28.8	32.8	36.5	39.7
<b>Middle East &amp; Africa</b>	30	40.9	49.8	58.6	65.8	73.1
<b>Worldwide</b>	<b>792.6</b>	<b>903.6</b>	<b>1,015.80</b>	<b>1,124.30</b>	<b>1,228.50</b>	<b>1,321.40</b>

*Source: eMarketer, <http://www.emarketer.com/> (accessed 21.10.2013)*

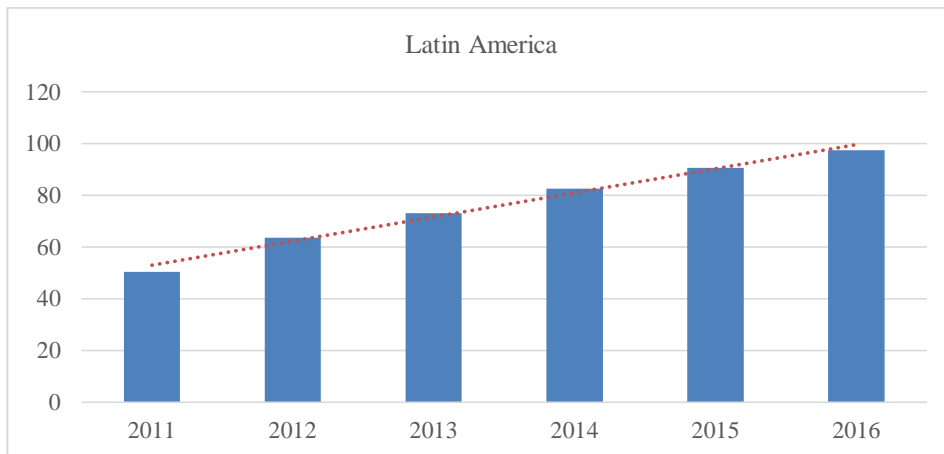
Concerning certain regions of the world, the largest increase in the number of e-consumers in 2011-2012 can be noticed in the Middle East and Africa, where the number of e-consumers increased by 36.3%, followed by Latin America, where e-consumers increased from 50.3 million in 2011 to 63.6 million in 2012 (EMarketer, 2013). It is projected that in 2016 the number will increase by 93.83% compared to 2011. The increase of e-consumers in the Middle East and Africa and Latin America is presented in Figure No.1 and 2.

**Figure 1: Number of e-buyers in the Middle East and Africa in the period 2011-2016**



Source: eMarketer, <http://www.emarketer.com/> (accessed 21.10.2013)

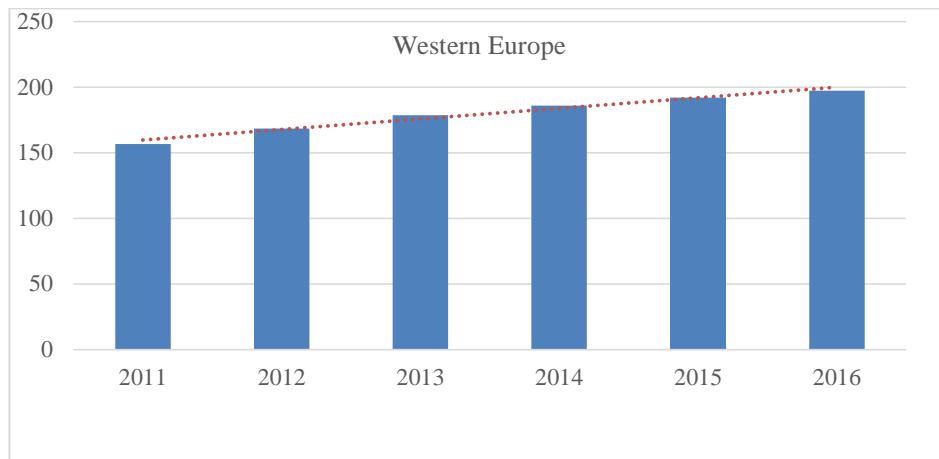
**Figure 2: Number of e-buyers in Latin America in the period 2011-2016**



Source: eMarketer, <http://www.emarketer.com/> (accessed 21.10.2013)

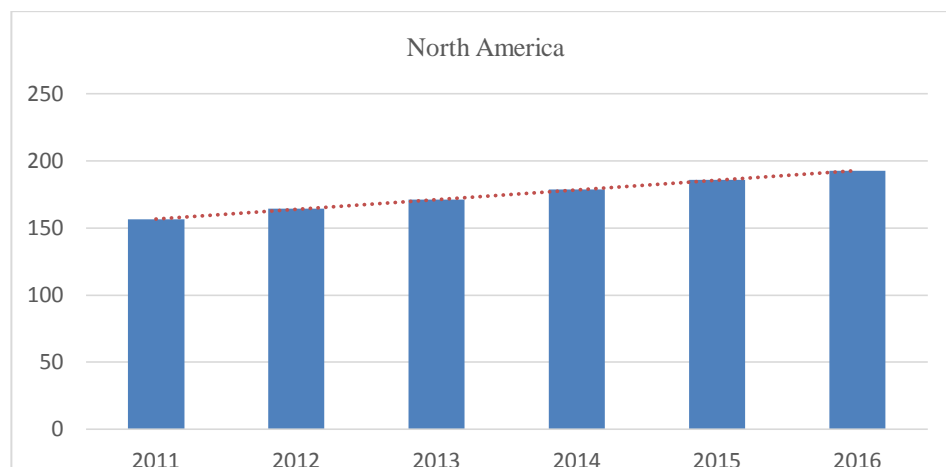
According to the percentage of increase related to the number of e-consumers in different regions of the world, the region of Asia and the Pacific has noticed an increase of e-consumers of 17% in the period 2011-2012 and in Western Europe in 2012 the number of e-consumers has increased by 7.5% compared to 2011. The forecasts for the period up to 2016 indicate that the highest increase in the number of e-consumers should happen in North America and it should be 23.22% followed by Western Europe with the increase of 25.82%. The small percentage of increase in the number of e-consumers in these regions is due to the fact that these regions have already reached a certain number of e-consumers and only some marginal changes are indicated. Figure 3 and 4 present the increase in the number of e-consumers in Western Europe and North America.

**Figure 3: Number of e-buyers in Western Europe in the period 2011-2016**



Source: eMarketer, <http://www.emarketer.com/> (accessed 21.10.2013)

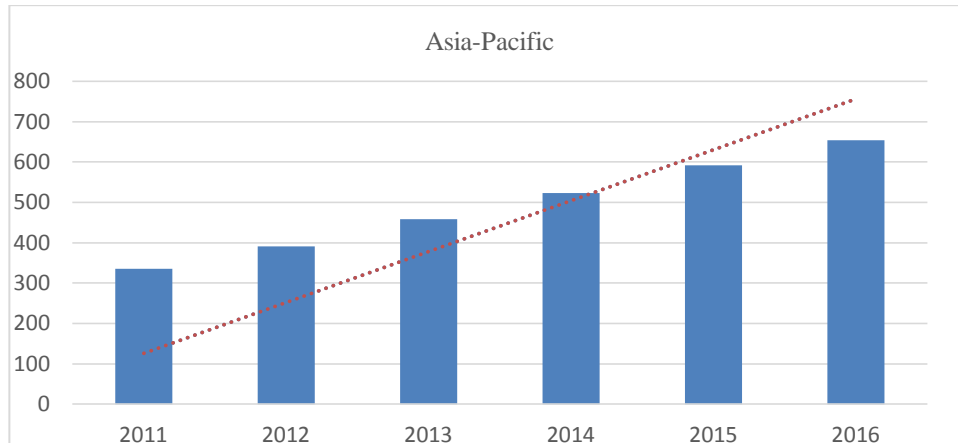
**Figure 4: Number of e-buyers in North America in the period 2011-2016**



Source: eMarketer, <http://www.emarketer.com> / (accessed 21.10.2013)

Contrary to the regions of Western Europe and North America, the largest increase of the number of e-consumers is predicted to happen in the regions of Middle East and Africa where the projected increase of the number of e-consumers is 143.7%, Asia and the Pacific which indicate an increase in the number of e-consumers by 95.65% and Latin America where the predictions indicate an increase of 93.83%. The largest increase in the number of e-consumers in these regions is predicted to be the result of the accelerated process of digitalization and implementation of e-technology in the period 2011-2016 year. Figure 5 shows the increase in the number of e-consumers in Asia and the Pacific.

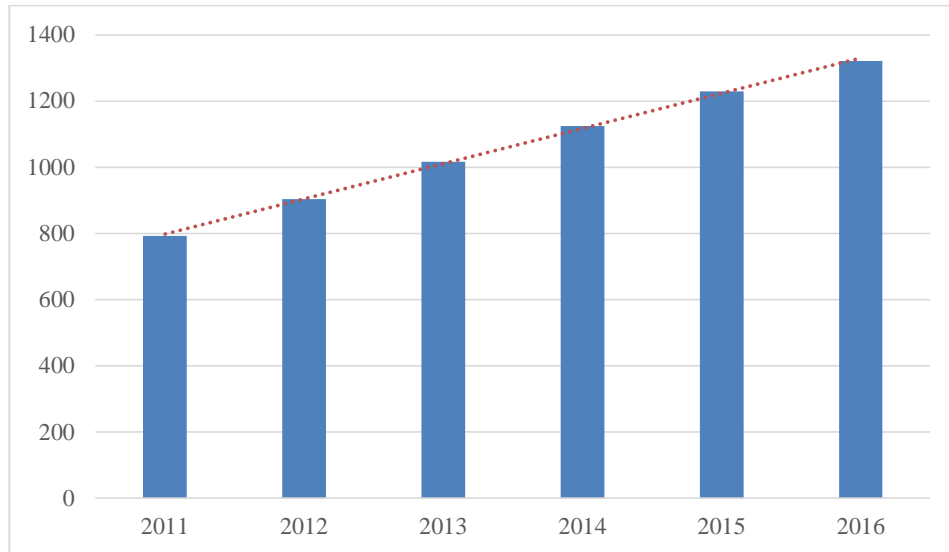
**Figure 5: Number of e-buyers in Asia and the Pacific in the period 2011-2016**



Source: eMarketer, <http://www.emarketer.com/> (accessed 25.10.2013)

According to the data presented, it can be concluded that the number of digital customers or customers worldwide in 2012 increased by 14% and the forecast for 2013 was an increase of 12%. In the coming period, the number of digital customers is forecast to increase by 10%, next year by 9% and 7% in 2016. Analyzing the period from 2011 to 2016, the number of digital consumers would increase by 66.7%. The largest increase in the number of e-consumers has been noticed in 2012. The growth of e-consumers in the world is indicated in Figure 6.

**Figure 6: Number of e-buyers worldwide in the 2011-2016 period**



Source: eMarketer, <http://www.emarketer.com/> (accessed 21.10.2013)

In Table 2 below, the average turnover per digital customer is presented for the period between 2011 and 2012 and the forecast turnover for the period 2013-2016 as well.

**Table 2: Average turnover per digital customer between 2011 and 2012 and forecast turnover for the period 2013-2016**

	2011	2012	2013	2014	2015	2016
<b>North America</b>	\$2.044	\$2.221	\$2.388	\$2.542	\$2.695	\$2.847
<b>US</b>	\$2.104	\$1.293	\$2.466	\$1.626	\$2.785	\$2.937
<b>Canada</b>	\$1.395	\$1.470	\$1.590	\$1.697	\$1.813	\$1.955
<b>Western Europe</b>	\$1.597	\$1.738	\$1.865	\$1.998	\$2.120	\$2.222
<b>UK</b>	\$3.304	\$3.585	\$3.878	\$4.194	\$4.501	\$4.722
<b>Norway</b>	\$2.259	\$2.530	\$2.796	\$3.040	\$3.231	\$3.341
<b>Denmark</b>	\$2.064	\$2.185	\$2.286	\$2.485	\$2.660	\$2.787
<b>Finland</b>	\$1.430	\$1.592	\$1.752	\$1.873	\$3.967	\$2.032
<b>Sweden</b>	\$1.298	\$1.465	\$1.627	\$1.802	\$1.945	\$2.075

	2011	2012	2013	2014	2015	2016
<b>Italy</b>	\$1.230	\$1.380	\$1.522	\$1.678	\$1.804	\$1.885
<b>Spain</b>	\$1.165	\$1.280	\$1.358	\$1.424	\$1.475	\$1.548
<b>France</b>	\$1.211	\$1.258	\$1.316	\$1.382	\$1.462	\$1.542
<b>Germany</b>	\$997	\$1.141	\$1.224	\$1.306	\$1.372	\$1.438
<b>The Netherlands</b>	\$960	\$1.024	\$1.109	\$1.192	\$1.268	\$1.337
<b>Other</b>	\$1.032	\$1.147	\$1.233	\$1.324	\$1.408	\$1.487
<b>Asia-Pacific</b>	\$743	\$850	\$947	\$1.057	\$1.123	\$1.179
<b>Australia</b>	\$3.283	\$3.547	\$3.802	\$4.033	\$4.278	\$4.483
<b>Japan</b>	\$1.407	\$1.743	\$1.857	\$1.953	\$2.050	\$2.140
<b>South Korea</b>	\$783	\$880	\$973	\$1.050	\$1.115	\$1.190
<b>China</b>	\$318	\$501	\$670	\$852	\$956	\$1.039
<b>India</b>	\$597	\$632	\$665	\$691	\$708	\$724
<b>Indonesia</b>	\$282	\$337	\$391	\$437	\$480	\$516
<b>Other</b>	\$545	\$589	\$628	\$657	\$677	\$699
<b>Latin America</b>	\$549	\$578	\$620	\$669	\$686	\$704
<b>Mexico</b>	\$721	\$854	\$952	\$1.030	\$1.049	\$1.065
<b>Brazil</b>	\$730	\$717	\$741	\$792	\$800	\$806
<b>Argentina</b>	\$365	\$380	\$428	\$471	\$508	\$545
<b>Other</b>	\$378	\$428	\$474	\$514	\$532	\$553
<b>Eastern Europe</b>	\$497	\$549	\$587	\$628	\$650	\$665
<b>Russia</b>	\$569	\$628	\$670	\$715	\$738	\$758
<b>Other</b>	\$1.162	\$1.243	\$1318	\$1.399	\$1.459	\$1.513
<b>Middle East &amp; Africa</b>	\$480	\$504	\$542	\$575	\$601	\$6,622
<b>Worldwide</b>	\$1,162	\$1,243	\$1318	\$1,399	\$1,459	\$1,513

Source: Adapted according to eMarketer.com

Considering different regions in the world, the highest average turnover per digital buyer between 2011 and 2012 is indicated in Asia and the Pacific, where the average turnover per digital customer has increased by 14.4%. Compared to 2011, it has been predicted that the average turnover per buyer in 2016 in this region increased by 58.6%. Then follows the region of North America, where the average turnover

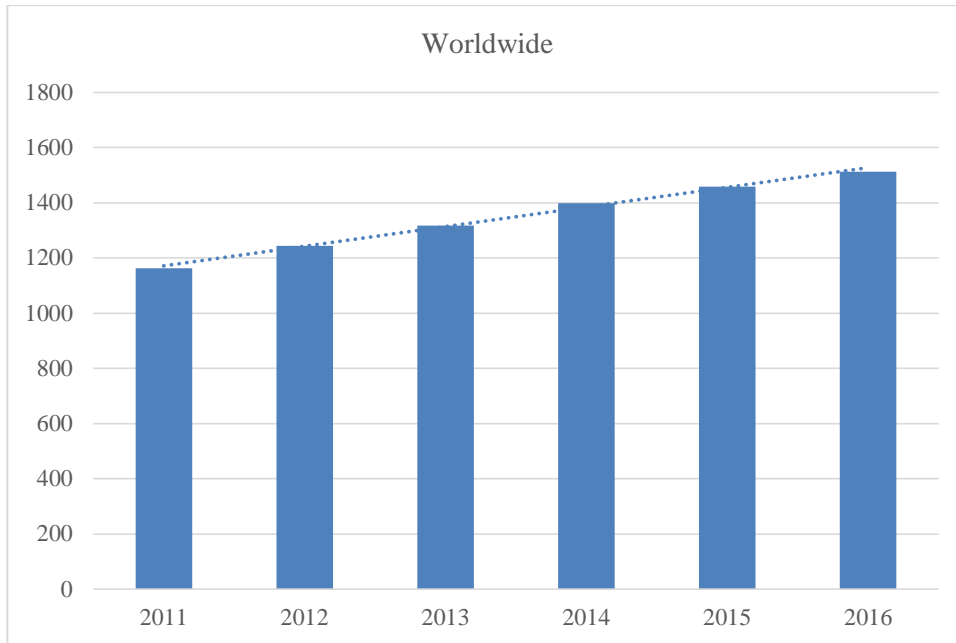


per digital customer increased from \$ 2,044 in 2011 to \$ 2,221 in 2012, or an increase in turnover related to digital shopper by 8.6%. Considering 2011, predictions related to the average turnover per buyer in 2016 is growth by 39.2%. The smallest increase in e-trading per buyer is indicated in Eastern Europe, from \$5,497 per customer in 2011, to \$5,549 in 2012. Also in this region growth is projected related to the average turnover of 3% for the period 2011-2016, which also has the lowest percentage considering prediction of turnover. Particularly, in countries like China there has been the biggest increase in e-trade, from \$318 per customer in 2011 to \$501 in 2012. Studies conducted by the National Union for Retail in the United States indicate that consumers who visit websites of any company spend 33% more money in that enterprise compared to companies that do not have a website. (Baker P., 1999, pp.26-7)

According to the percentage of increase, considering the average turnover per buyer, the forecasts for the period 2011-2016 show that the greatest increase in e-trade (as percentage counts for 58.6%) are estimated in the region of Asia and the Pacific. The forecasts for the period until 2016 indicates that the lowest increase in the average sales per e-shopper is forecast in Eastern Europe and it is only 3%, followed by the Middle East and Africa with an increase of 29.5%. The small increase in percentage of the average turnover in these regions is a result of poor development of e-commerce, informing customers about the possibilities of this method of trading, and poor digital infrastructure. Worldwide, the average increase in turnover had a tendency to increase from \$1,162 in 2011 to \$ 1,243 in 2012 or 6.9% (EMarketer, 2013).

The forecasts for the period 2011-2016, showed positive tendency by growing 30.2%. Figure 7 represents the average turnover for a buyer in 2011 and 2012 and forecasts for e-trade by 2016 worldwide.

**Figure 7: Average turnover per buyer in 2011 and 2012 and forecasts for e-trade by 2016 worldwide.**



Source: eMarketer, <http://www.emarketer.com/> (accessed 23.10.2013)

Compared with the number of e-buyers in the world, where an increase is anticipated of 66.7%, growth in average turnover per e-buyer has the tendency of growing less than 50%. Considering individual regions, predictions are that the region of Latin America will have a much smaller increase in the average turnover per e-buyer compared to the other relevant forecasts for about 3 times. Predicting the growth of small enterprises can be performed with the method of using standard financial variables (Storey et al. 1987).

This method applies an opposite approach in predicting growth because it predicts failure or success by identifying implications.

## **Conclusion**

E-business involves execution of all business activities through electronic ways. All businesses involved in electronic business processes perform business transactions by electronic means and devices. E-business also involves intensive use of information and Internet technology in the performance of all business activities. The concept of e-commerce is applied by all companies and entrepreneurs. At the same time this concept creates an opportunity and on the other hand it creates certain weaknesses for entrepreneurs and their enterprises. E-business affects the overall operation of the company. Using the benefits of its implementation, it requires change and redefinition of the strategy, changing the whole system and manner of handling information in the enterprise and the use of advanced computer-information technology. By applying the appropriate strategy, companies can increase the positive benefits of this concept with reducing operating costs and transaction costs, expanding distribution channels, the simple approach in its use of technology and, most importantly, Internet access 24/7/365. E-business has replaced traditional working models with new ones - the constant availability of product and service information to customers. E-business involves defining and exchanging information within entrepreneurial companies, or between multiple companies, and exchange of information between entrepreneurial companies and consumers. The exchange of information among companies and consumers is subject to empirical research, indicating that the number of digital customers worldwide in the period 2011-2016 will increase as a result of increased exchange of information and it is also simultaneously expected to notice growth of the average turnover per customer. Apart from the benefits or advantages, e-business is followed by certain drawbacks or weaknesses. The system is complex and requires certain investments to integrate existing business processes into a single system. Nevertheless, the main trends that create an opportunity for rapid development of e-business are also the comfort and integration of e-processes.

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