

# THE CHALLENGES OF THE WORLD ECONOMY COHESION FACTOR – THE INTERNET: WORLD REORGANIZATION, VULNERABILITIES, DISCREPANCIES AND POWER DISCERNMENT

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Times are changing continuously. The changes are in continuous acceleration, and the way in which we are able to greet them and to adapt will become an important issue for any organizational structure. No organizations, economical or not, can afford not to be interested for the challenges of *new economy*.

Philip Kotler said the *future will not come fast; future has already happened; unfortunately, it is not same for all firms, companies, economical sections or nations*. The answers that we are looking for is actually the future of our organization is in the present time. For having acknowledgments of the realities can be the same thing with knowing the *future realities*.

Nothing can prevent us from collecting information. In a global economy, everything is faster and in continuing change. The digital revolution has imposed new market ideas of economical organization side. Competition is stronger day by day, and the consumer has metamorphosed into an omniscient person whose main purpose is how to gain these E-evolutions.

There is nothing new in the fact that Internet has achieved a big advance and that, for this reason, there are implications in any country and any (regional or global) economic activity. The Internet is the binder of the actual economy, it is the only process able to transform, invent or reinvent communications of all entities. The Internet and E-commerce are fundamentally changing all aspects of the global economy.

The global population has reached 6, 5 billions, and around 1 billion of the total have already Internet access (*Internet World Stats*, in 31 December 2005). The distance between different regions or countries is no longer a problem because with only one mouse click they become the same entity, being able to use and receive equally the same information at the same time. Internet is changing the way of socialization; the way we gather education, the way in which we are able to individualize each aspect of life.

In our day's business are done in a much-accelerated rhythm, the period given for taking a decision is becoming smaller and smaller. New technologies are making possible the connection of two different persons from different countries in any moment and at the same time. The permanent connection 24 hours per day, 7 days of week to the global market determines the undertaking of decisions in a short period of time, frequent changes of priorities, thus forcing the human limits. Overstressing may have as effect the impossibility of isolating things, which are very important for taking any decision from the information mixture, which are at our disposals (*isolations of the noise from the signal of what is important to know in order to make good decisions*). In addition, we have to consider the vulnerability increasing of e-civilization at cyber terrorism,

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informational pollution (information omissions, pornography, spam, aggressive media activities) and attracts with different informational viruses.

It is estimated that the human being created so much information in the last 30 years as our ancestors did in 3000 years. The Internet makes the information to be available to everybody, at any moment. The difference is in the way of receiving and using the information. Our life is transformed day by day because of the Internet changes the way we are acting in personal life and business. If in the virtual shop which you have accessed the price or the characteristics of the product are not convenient for you, you have the possibility to type the name of the product on all web search engines and in a few moments you will discover and access a lot of other addresses which can bring you what you are looking for. *Clearly the Internet has changed and continues to change the way we do business*, said Scott F. Geld, Marketing Director for MarketingBlaster.com.

The Internet continues an amazing development from one day to another, being able to transform the whole world in the global village of Marshall McLuhan or Alvin Toffler, where there are no frontiers for business, communication and commerce. According to Internet World Stats, in the last 10 years Internet had a spectacular development, from 16 millions of users in December 1995 (0.4% of global population) to 1 027 millions users in 31 December 2005 (15,8% of global population).

The way in which Internet is used at global level is not equally and creates big discrepancies between the regions. Asia is leading in terms of the number of users, with 332,5 millions users (34,2% of the total Internet users), being followed by Europe with 285,4 millions users (29,3% of the total Internet users) and North America with 224,1 millions users (23% of the total Internet users) This situation is generated by the unequal distribution of the population on continents, the leading region having almost over half of the global population (56,4%), much more than the other regions.

Within Asia, from the total of 332, 5 millions users, China has almost a third – 111 millions users (30, 5% from the total of Asia users), being followed by Japan with 86, 05 millions (23, 7% from the total of Asia users), and India with 13, 9 millions users (50,6% from the total of Asia users). Within Europe, from 285.4 millions of users 79.8% are in UE, the first 3 places are occupied by Germany, England and Italy. In North America, from 224,1 millions of users 90.3 % are in United States.

In terms of the share of Internet users in the total population, Asia with a 9,2% percent is not ranked in the first 3 places, occupied by North America (68.2%), Australia (52,9%) and Europe (35,5%).

From 2000 to 2005 the biggest growth of the users number was registered in Africa, followed by Middle East and Latin America/Caraibe. The growth can be explained because of the major existent deviation in different regions from a period to another, and because of the fact that, at the beginning of the period, Internet access was restricted by the costs related to connection. Today, even they are remaining with a user rate quite reduced, the underdeveloped or developing regions present significant growth from a period to another, because of the facility course of Internet access through the reduction of costs at global level.

Internet offers to the underdeveloped regions a number of growth possibilities. Used in the adequate way, the existent development gaps may be reduced, significantly easier than in the case of using traditional methods. The advantages must be judged in the context of a global competitively structure. In comparison with these, the developed areas

register less growth in the new users number, one of the explications being the trend of growth areas of connection quality (broadband). Practically, in these areas, from the Internet access point of view of, thru any type of connection, being actually in the situation in which only who is not interested is not present on Internet (the determinant criteria being the age, social status, and so on).

<b>World Internet Usage</b>				
<b>World Regions</b>	<b>Internet Usage</b>	<b>% Population ( Penetration )</b>	<b>Usage % of World</b>	<b>Usage Growth 2000-2005</b>
<b><u>Africa</u></b>	<b>23,917,500</b>	2.7 %	2.5 %	429.8 %
<b><u>Asia</u></b>	<b>332,590,713</b>	9.2 %	34.2 %	191.0 %
<b><u>Europe</u></b>	<b>285,408,118</b>	35.5 %	29.3 %	171.6 %
<b><u>Middle East</u></b>	<b>16,163,500</b>	8.6 %	1.7 %	392.1 %
<b><u>North America</u></b>	<b>224,103,811</b>	68.2 %	23.0 %	107.3 %
<b><u>Latin America/Caribbean</u></b>	<b>72,953,597</b>	13.3 %	7.5 %	303.8 %
<b><u>Oceania / Australia</u></b>	<b>17,690,762</b>	52.9 %	1.8 %	132.2 %
<b>World Total</b>	<b>972,828,001</b>	<b>15.2 %</b>	<b>100.0 %</b>	<b>169.5 %</b>

NOTES: Internet usage information comes from data published by Nielsen/NetRatings, by the International Telecommunications Union, by local NICs, and by other other reliable sources.

Source: [www.internetworldstats.com](http://www.internetworldstats.com). November 21, 2005

Population access from development areas at Internet is facilitated by investments of those countries in infrastructure and by the quite reduced costs that are generated by the connection. The low costs are determined by the existent competition on these markets for offering these services, by existent infrastructure, by various ways on which the connection can be accomplished. When we are discussing about the accessibility of costs, we will have to consider also the incomes, which every country has for each citizen and by the weight of the expenses generated by connection.

Using the Internet with high speed usually in development countries was and it is generated by evolutions which businesses registered and will register, representing one of the new way of doing business at the global level. On the other hand, in development countries the usage of the Internet became usual, being transformed in a contemporary life necessity. The arguments are various and can be individualized from one person to another. Maybe this feature – adapting to everybody needs – fuels the development of this global phenomenon – the Internet.

According to the categories drawn up by Internet World Stats at the end of year 2005, on the first 5 places at global level, from the point of view of access to the Internet (Internet users % from the total population) were Malta (with 78,3% users from the total

population), New Zealand (77,6%, Iceland (76), Sweden (75,5%) and Hong Kong (70,7%). United States is placed on the 7<sup>th</sup> place with 68,7% users from total population, United Kingdom on 15<sup>th</sup> place with 63,1%, Japan on 20<sup>th</sup> placed with 60,9% and Germany on 25<sup>th</sup> place with 57%. On the first five places are in general countries with a reduced number of people, where the income distribution and the education are equally.

<b>TOP 10 COUNTRIES WITH THE HIGHEST NUMBER OF INTERNET DSL BROADBAND SUBSCRIBERS</b>				
	<b>Country or Region</b>	<b>DSL Broadband Subscribers</b>	<b>Internet Users Latest Data</b>	<b>Source and Date of Usage Data</b>
1	<b><u>United States</u></b>	<b>33,900,000</b>	199,861,345	Nielsen//NR Feb./05
2	<b><u>China</u></b>	<b>25,800,000</b>	94,000,000	CNNIC - June/04
3	<b><u>Japan</u></b>	<b>12,739,564</b>	66,586,234	Nielsen//NR Nov./04
4	<b><u>Korea, (South)</u></b>	<b>11,900,000</b>	30,670,000	KRNIC - June/04
5	<b><u>Germany</u></b>	<b>5,950,000</b>	46,455,814	Nielsen//NR Oct./04
6	<b><u>France</u></b>	<b>5,253,000</b>	24,803,250	Nielsen//NR Oct./04
7	<b><u>Italy</u></b>	<b>3,680,000</b>	28,610,000	C.I.Almanac - Dec/03
8	<b><u>United Kingdom</u></b>	<b>3,335,000</b>	34,874,469	Nielsen//NR Oct./04
9	<b><u>Taiwan</u></b>	<b>2,900,000</b>	11,602,523	Nielsen//NR June/01
10	<b><u>Canada</u></b>	<b>2,568,351</b>	20,450,000	C.I.Almanac - Dec/03
<b>DSL - TOP 10 Countries</b>		<b>108,025,915</b>	<b>640,219,011</b>	<b>IWS - Jan.20/05</b>
<b>Total World - DSL Users</b>		<b>128,870,433</b>	<b>819,931,592</b>	<b>IWS - Jan.20/05</b>

Source: [InternetWorldStats.com](http://InternetWorldStats.com)., March 31, 2005

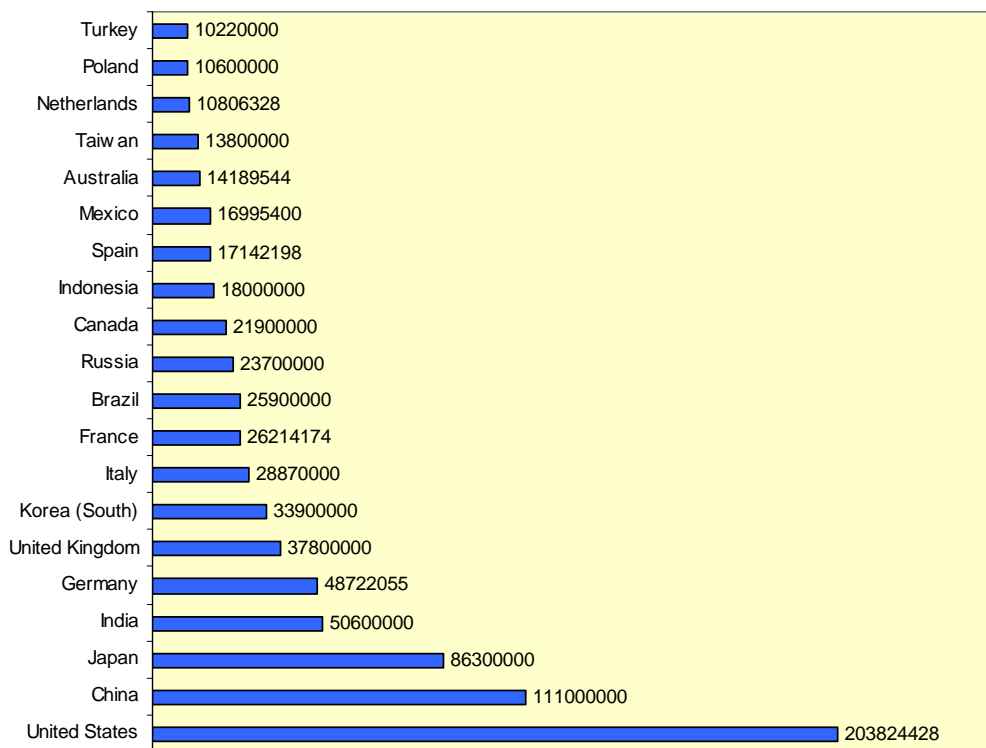
In terms of the number of users, on the first place is United States of America with 203, 8 millions users, followed by China with 111 millions users and Japan with 86, 3 millions users.

As one can notice, there are significant differences among the first fourth countries. United States strongly dominates this ranking, the occupant of second place, China, having approximately half of user numbers registered by these. China and United States are, in fact, two of the most populated countries, being place on the first place and respectively the third place in the world.

An important element, which influences the usage of Internet at global level, is the acknowledgement of a international language. The most used language in the World Wide Web, even if this is not official, is English language.

English is one of the most used languages for global communication because of old colonialist tradition, of economical and political importance of the countries that officially use this language as native language. In general, the knowledge of this language, depending on business environment and the affiliation to different geopolitical influence sphere, is a necessity for integrating local socio-economical life. Therefore, it is increasing substantially the chances for any individual to succeed in any country of the world. In this context there are many countries that have introduced the teaching of this language even from the elementary school, transforming it in fact in the second spoken language.

**TOP 20 COUNTRIES WITH THE HIGHEST NUMBER OF INTERNET USERS**



Source: [www.internetworldstats.com](http://www.internetworldstats.com), December 31, 2005

Developing regions with cheap labor, in which English is widely known and used as language, and as a plus have a relatively stable environment, are becoming attractive destinations for international investments. Simultaneously, the social-economic environment will improve and will generate, as a necessity, the technological infrastructure necessary to facilitate the Internet access of the population.

It will be observed how the Internet importance will grow in any kind of activity, being present in any aspect of human life, with bigger implications of what communication and affiliation mean to groups and society. People will become aware of the fact that using

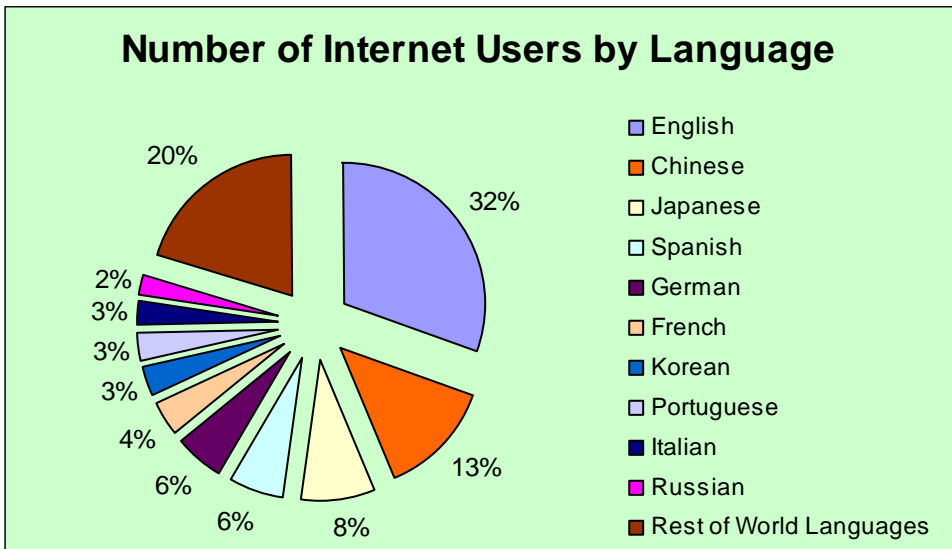
Internet is more and more important day by day and that, therefore, having knowledge of an international language is essential.

Talking the same language is one of the important conditions that not only the international companies take in consideration at the moment they want to get involved in international business, but also two persons being in different countries and different continents and who are trying the discuss about the last preferred musical album. Any frontier is destroyed when the same language is used and the Internet is accessed.

Internet is able to enlarge the discrepancies among people, both in the developing countries and developed countries. Replacing the traditional communication ways will challenge people, and some of them will hardly manage to adapt, or maybe they will never try to. In general, older people have problems with the accommodation to the actual life in this changing world.

Not only using Internet may create damages. For a beginner it can takes several hours and maybe weeks to learn how to use the Internet, depending on his capacities and activity, in comparison with several years necessary to learn any foreign language. This is why one of the reasons to have Internet access is to speak a foreign language. The use of English imposes to the Internet user to known at least a minimum of this language, and using the Internet, in turn, can be an advantage for learning English.

By analyzing the Internet users, which have as native language the English, we will observe that their percent is a small one in comparison with the global level. Consequently, most users (around 69% from the total number estimated by Internet users) need to work harder to improve their written and spoken English.



Source: [Nielsen//NetRatings](#), December 31, 2005

During the years, there were different attempts to build an international communication language, which will not affect or favors any national economy, and

which makes an easiest way of communication. It appears that everything failed because there were no strong ideas for supporting this purpose.

Another solution for the problem of using only the English language on the Internet will be the employment of new technologies (machine translation software) and, in this case, the translation will be done automatically. However, even in this situation problems arise because the translation is not always perfect.

Taking into consideration all these, having knowledge of English became a determinant element in having access to the global information and to turn into profit all the advantages offered by the Internet.

Also, the importance of this language can be explained because of the United States influence over the Internet. There are international debates regarding the way in which the United States influence, in a “unilateral” way, the administration of the Internet. The main source of this conflict is the fact that Internet Corporation for Assigned Names and Numbers (ICANN), which is a non-profit organization, has a contractual relation, which will expire this year, with the USA Commerce Chamber. ICANN may have effects both to the individual Internet users, and the all-organizational users, through the technical requirements about how the computers and networks are working together, and these rules establish the safety and freedom of all information.

Various states, especially developing nations, are opposed to the permanent supremacy that USA has over the Internet, which is in continuous extension on global level. They wish to replace the USA from their position of administrator and to transfer all responsibilities to a multinational authority. The issue of Internet Governance at global level is still under discussions after World Summit on the Information Society from Brussels in 15<sup>th</sup> of November 2005.

Regardless of the conclusions of these worldwide debates on such a sensible subject, the Internet should be out of any particular influence. The regulation of the Internet so that it may have advantages only to one party, may transform this system into a powerful weapon with strong impact to human rights, endangering the safety and development of the entire global economy.

The actual importance of the Internet is the result of the extraordinary development it had in the last years and of the potential for the future. Practically, we can say that there is no country without Internet access, maybe with one exemption and this is North Korea. Governments especially those of the developing countries have to be aware that liberalization of the Internet provision will enhance growth and will improve the social-economic climate. Governments are, in a way, important beneficiaries of Internet services (G2B - government-to-business and G2C - government- to-citizen).

Information and communication technologies are vital for any country's competitiveness, and for the development of any society. However, without education of different categories of beneficiaries in using Internet, we cannot say that the right effect will result.

Developing countries can reduce the existing development gap through investment in infrastructure. It is well known that the distribution on age's categories in these countries is dipping the balance in the favor of young population. Education of young people is one of the important elements, that needs a special attention, and may have important long term effects on the development of e-business environment and of society at large. Allocating funds for education, assuring the Internet access to all educational institutions,

facilitating the acquisition of personal computers for young people by special programs (as public-private partnerships), represent secure investments in the future of a nation.

Creating a favorable social-economic and legal environment will capture investments in modernization and development of different regions. There are also some regions where this kind of investments would not have any profitability (because of the poverty of rural areas), and the state should have an interest in private sector, having different projects in participation public-private or only public, for a while.

The real opportunities of the Internet economy can be tapped to a large extent in many developing nations, provided the real obstacles get identified and acknowledged. With sufficient dialogue and cooperation between the various public, private, and civil sector players, the Internet market can indeed become quite real for many emerging economies.

With more than 1 billion users in the present and with another billion foreseen for the next 10 years, Internet will represent one of the most important issues of the global economic development, and the main instrument in shaping human relationships and the way of life, being more important day by day. Internet will offer on the one hand, the possibility of diminishing the gap among different countries or regions, and on the other hand, will enlarge this gap because of the lack of investment in IT infrastructure; because of the lack of support by the society and business environment, because of the old educational system, and of the fact that still there are schools where an international language is not yet taught, which is the reason for which not everybody has yet access to the Internet.

The technological development will increase the range of possibilities to get an Internet connection, and will reduce the cost of old technologies and will increase the number of those who can afford them. Internet is and will continue to be a big challenge for all of us.

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