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The Effects of E-Commerce on Kandahar Economy

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ABSTRACT

This research studies the effects of e-commerce and its impact on the economy of Kandahar province. Buying and selling products and services through electronic systems and channels is called e-commerce. The key tools of e-commerce are the Internet and some other computer networks, which facilitate transactions electronically and digitally without the use of paper documents. E-commerce is a subset of the broader activities of e-business, focusing specifically on sales and payments. Selling and buying goods or services through electronic or digital systems is known as e-commerce. E-commerce is the key activity of business which focuses on selling and buying online. In this research 50 participants were surveyed by simple randomly sampling method in Kandahar city. The result showed that among from them 88 people knew e-commerce, 72 people used ATM (Automated Teller Machine) in their daily business activities, 40 people used Afghanistan International Bank (AIB) for their business transaction and 40 people replied that E-commerce has positive effects on their business activities.

INTRODUCTION

The primary tool of e-commerce is internet, which enables transactions to be conducted digitally without the use of paper documents. Generally, these types of transactions are controlled and managed through websites specifically designed for this purpose. However, e-commerce is not limited to websites alone. All types of electronic systems, such as telephones, fax machines, Automated Teller Machines (ATM), Point of Sale (POS) systems, and other electronic devices used for transactions, are also considered part of e-commerce. In other words, e-commerce is conducting business through the Internet. Although this is a relatively new concept, it has elements that can transform traditional economic activities. It plays a significant role in major sectors such as telecommunications, finance, retail, and also in education, healthcare, and government sectors. The strong impact of e-commerce is particularly evident in commercial activities (Kambil, 1995).

The advancement of Technology has helped international business. Millions of people worldwide use the internet to do everything from research to purchasing products or services online. The Internet was greatly affecting almost all businesses. The various uses of the Internet by business entities include the ability to advertise, generate, or otherwise perform regular business activities. Therefore, many firms were acceptance the Internet for many of them activates. One effect for Electronic commerce was to increase competition and producing benefits to consumers in lower prices and more choices (Malkawi, 2007).

For e-commerce to be effectively implemented, a business organization must avoid misrepresenting or providing false information about its products to customers. This is important because the customer is physically distant

from the seller's goods and cannot inspect or verify the features of the products or services in person. On the other hand, the features introduced to the customer must accurately reflect the products and services, so that they can be delivered immediately as requested. Additionally, the business should provide its phone number and email address to customers, so they can easily contact the organization in case of any issues (Terzia, 2011).

The importance of this research lies in the ability to share insights about the impact of e-commerce with business owners and customers, helping to further advance e-commerce in Kandahar province. As technology has made significant progress globally, we can leverage it to improve our country's economy and make effective use of e-commerce in our businesses

LITERATURE REVIEW

Information and communication affected both supply and demand sides. Information and communication technology have effects on the economic performance of consumers through the utility function on the demand side, and it was also influential on the producer treatment on the supply side. The relationship between information and communication technology and economic growth and efficiency on the supply side of the economy was determined by some complementary factors including organization and management experience, organizational and legislative part and communication structure as an output on the supply side of the economy, among other factors entering into the capital, thereby leading to the enhancement of the production process through capital deepening, advances in technology, and the quality of the labor force.

Daniel (2000) conducted research on the development and impacts of e-commerce in India. He noted that

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India's e-commerce revenue, which was \$30 billion in 2016, was projected to reach \$120 billion by 2020, with an annual growth rate of 15%, higher than in most other countries globally. The industrial companies in India involved in e-commerce were expected to see their sales reach \$38 billion in 2016. Harish also highlighted that 75% of India's internet and online commerce users were young people aged between 15 and 34, indicating that India has a predominantly youthful population.

Dedrick *et al.* (2003) Empirical study showed that the relationship between Information and communication technology on economic development can be investigated in three ways: If the theories of economic growth had more emphasis on three factors, including population, capital, and alteration of technology, the effects of these factors have examined by classic economists. Adam Smith knew Large-scale production as the economy progress, and Recardo Malthus defined the limits of economic growth by clarifying the principle of "diminishing returns". Joseph Schumpeter knew Innovation and technological changes (traditional vs. modern) as the most important economic process leading to economic growth.

Yang (2002) Redefined the traditional service quality dimensions in the context online services, and suggested an instrument consisting of seven online service dimensions (reliability, access, ease of use, personalization, security, credibility and responsiveness).

Pikkarainen *et al.* (2004) A study was conducted in India regarding the adoption of internet banking by banks. Using data from the Centre for Monitoring Indian Economy, the researchers gathered information from 88 Indian banks between 1997 and 2005. The study employed logistic regression analysis and used two types of variables: independent and dependent variables. For the dependent variable, banks were categorized into two groups: those that adopted e-commerce were assigned a value of one (1), and those that did not were assigned a value of zero (0). The independent variables included factors related to banks and enterprises, such as firm size, age, deposit ratio, average wages and salaries, expenses (fixed assets), Return on Assets (ROA), market share, the number of branches, and the average number of banks adopting e-commerce. The study's findings indicated that factors such as the type of bank, the number of branches, the average number of banks adopting e-commerce, and other mentioned variables played a significant role in the approval of e-commerce by the banks.

MATERIALS AND METHOD

Sample Size and Respondent Selection

A survey was conducted randomly through structured questionnaires and interview in Kandahar province. The questionnaires distributed to business company, financial institution and customers who had an account at any

commercial banks in the Kandahar province.

Research Design

This was a descriptive research and it involved collection and analyzing of data in order to answer questions concerning the current status of the subject of study. Descriptive survey was use because it was intended to provide information about the objective of research.

Sampling Methods

The method which was used in this research was a descriptive method. The primary and secondary data used in this study. The primary data obtained through questionnaires which was distributed to the business companies, financial institution and customers of banks. Secondary data was obtained through the study of literature, books, research journals and articles. The selection of respondents was used simple randomly sampling technique based on the considering the respondents as sellers and buyers entering the market for buying and selling the products and services. A total of 50 respondents were interviewed. Total populations are unknown to draw a statically based sample therefore we have come up with 50 responds which provided enough information for statically conclusion.

RESULTS AND DISCUSSION

In accordance with the pre-determined objectives of the study, the data collected and analyzed by using suitable techniques. This section deals with presentation and description of the result emerged from the research work.

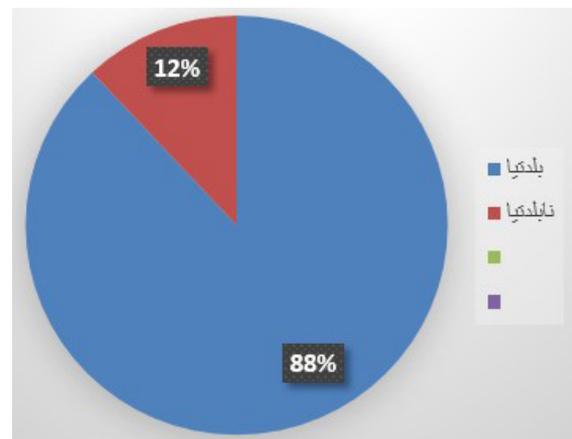


Figure 1: Familiar and non-familiar with E-commerce

The Figure 1. Indicated that majority of financial institutes, business companies and customers of banks were familiar with E-commerce and were using internet services in their daily work. But 12 per cent of the responds did not use internet services in their daily work and they were not familiar with E-commerce.

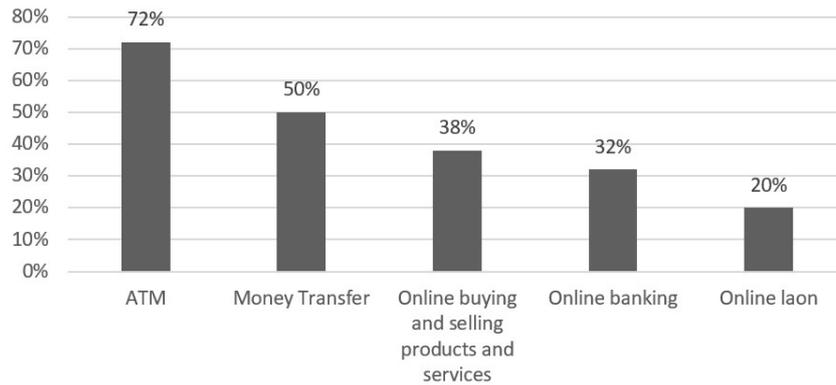


Figure 2: The usage of E-commerce services

The Figure 2. Showed that the majority of responds were using and got advantages from ATM (Automatic Teller Machine) in their daily work. In the second category 50 per cent of responds were using and got advantages from Money transfer through banking services. In the third category 38 per cent of responds

were using online websites for buying and selling their products and services. In the fourth category 32 per cent of responds were using online banking services in their daily works and in the fifth category 20 per cent of responds were getting online loan from banks and other financial institutes.

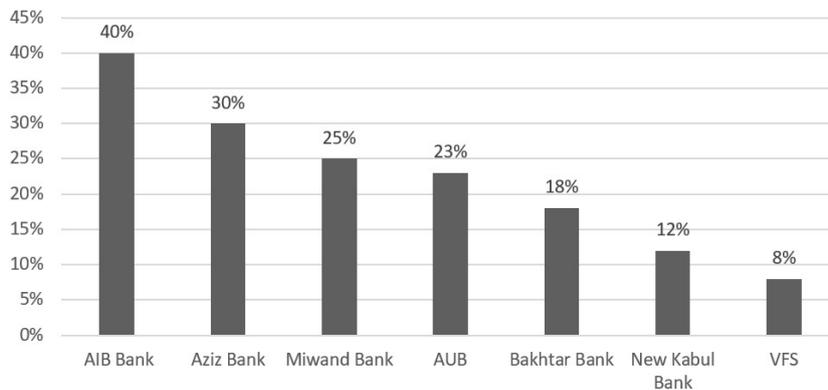


Figure 3: The grade of benefits of E-commerce services from different Banks

The Figure 3 clearly reported that in the first category 40 per cent of responds were getting benefits of E-commerce services from Afghanistan International Bank (AIB) in their business activities and operations. In the second category 30 per cent of responds were getting benefits of E-commerce services from Aziz bank in their business activities and operations. In the third category 25 per cent of responds were getting benefits of E-commerce services from Miwand bank in their business activities. In

the fourth category 23 per cent of responds were getting benefits of E-commerce services from Afghan United Bank (AUB) in their business activities. In the fifth category 18 per cent of responds were getting benefits of E-commerce services from Bakhtar bank. In the sixth category 12 per cent of responds were getting benefits of E-commerce services from New Kabul bank and the last category 8 per cent of responds were getting benefits of E-commerce services from Vision finance services.

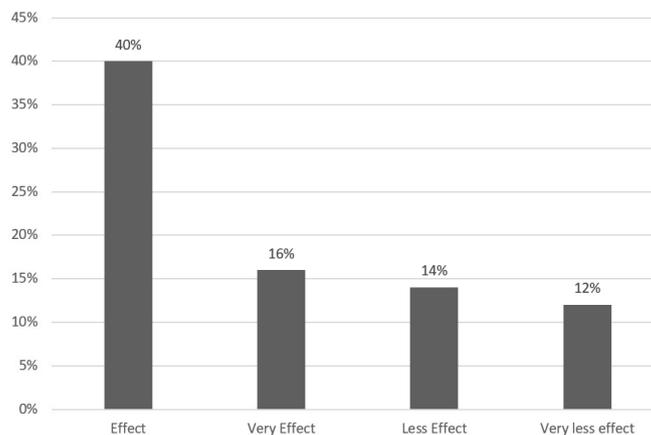


Figure 4: The effects of E-commerce on business

The Figure 4. indicated that majority of responds said that E-commerce had effect on their business activities and it expanding their business activities day by day. 16 per cent of responds say the E-commerce has very effect

on their business activities. 14 per cent of responds said that E-commerce had less effect on their business activities and operations and 12 per cent of responds said that E-commerce had very less effect on their business activities.

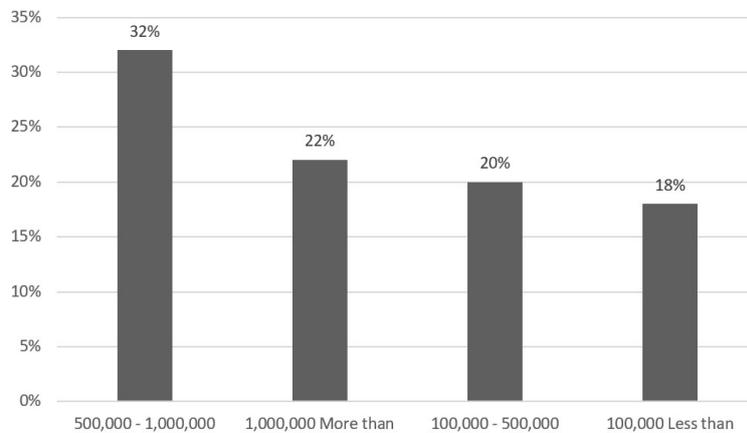


Figure 5: The size of usage from E-commerce in business

The Figure 5. Showed that majority of responds used between (500,000 - 1,000,000) Afghani in E-commerce. In the second category 22 per cent of responds used more than (1,000,000) Afghani in E-commerce. In the third category 20 per cent of responds used between (100,000 – 500,000) Afghani in E-commerce and the fourth category 18 per cent of responds used less than (100,000) Afghani in E-commerce.

CONCLUSIONS

This research shown that a large number of business people are familiar with e-commerce and are using it in their businesses, even though e-commerce is still new and in its early stages in Afghanistan. After 2004, when banks in the country modernized their banking systems with new technologies, people initially only became familiar with money transfers. Over time, banks introduced services like credit cards, debit cards, ATMs (Automated Teller Machines), online loans, online banking, and the buying and selling of goods and services. As people grew more familiar with these services, online job searching and other activities also began to emerge. E-commerce allows for quick and efficient business transactions, reducing transfer costs, which benefits both companies and customers. Through e-commerce, businesses can connect with global markets and easily conduct business transactions worldwide. Customers can access e-commerce services 24 hours a day, seven days a week, allowing them to conduct transactions at any time. In Afghanistan, internet services have expanded, and it can be confidently said that today, all literate citizens with access to mobile phones or computers are connected to the internet. This connectivity allows them to take advantage of e-commerce and further develop their businesses. The results showed that e-commerce has significantly role on Kandahar economy and it had positive effects on economics development and social welfare. According to the findings of empirical research, it is recommended that the government pay further attention

to economic planning in order to improve e-commerce indicators, so that the total government measurements could eventually lead to economic development in the country.

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