

Study on the Influence of Network Economy on the Modern Enterprise and Chinese Enterprise Tactics

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Abstract

The network economy is a new economic model after market economy and network mutual integration, it makes information alternative capital becomes dominant in the economy, due to the Internet characteristics of rapid spread and across geographical, thus make the product transaction costs to reduce and improving the efficiency . This article outlines the concept of network economy and the current situation, analysis of the influence of network economy on the modern enterprise, and Chinese enterprises countermeasures to adapt to the network economy development.

Keywords: Network Economy; Virtual Economy; Modern Enterprises; Economic Globalization

1. Network Economy Overview

1.1. Concept of Network Economy

Network economy is an information technology, especially is the new economy and a new production mode based on Internet technologies, take elements of knowledge as the main driving factor. (Lin, 2004) United States Electronic Commerce Research Center at the University of Texas's definition of network economy: "networked economy is based on the network, especially Internet generated the economic activity, It is in information network times produced of a new of economic phenomenon, performance a series of economic activities for economic main of production, and exchange, and distribution, and consumption, and economic behavior of financial institutions and government functions sector, these economic behavior are increasingly more to rely on information network, not only to get large economic information from network , relies on network for forecast and decision, and many trading behavior has directly accomplished on network. Network economy is based on the information industry economy, take knowledge as its core, relying on network information, using the most direct way to narrow the distance between service providers and service objectives. Under the network economy, traditional economic activities networking trends is increasing, networks become the major media and achieved place on enterprise value chain".

1.2. Characteristics of Network Economy

Network economy as a new economic model, compared with the traditional economic models in the past, it has unique characteristics:

1.2.1. Internet economy is globalized economy

Due to information network technology of quickly development, makes entire world of geographic distance is ignored, the world became "Earth village"; (Wu.2000) network makes information flow speed to seconds to calculation, makes entire world economic of globalization process greatly speed up; States of mutual dependency greatly strengthening; has clock operation of economic features, makes based on network of economic activities does not restricted by time factors , can continuous to carry on whole day.

1.2.2. Network economies is virtual economy

Virtual economy refers to the information network architecture of virtual space for economic activity, is based on a network of virtual and formation. Instead of the commonly referred to as the trading activities of virtual capital in securities, futures, options and formation virtual economy

1.2.3. Internet economy is "direct" economy

Use of network technologies, economies organization structure tendency simplified, various production organization is at the network endpoint of individual producers and individual

production systems, necessity of intermediate level lost, producers and consumers can directly for information communicate and commodity trading, is a "direct" economy.

1.2.4. Network economy is speed of economy

Modern information network rapid transmission to make information collection, processing, and delivery of accelerated development. Network economic activity rhythm gradely accelerates. Product replacement quickly, the innovation cycle shorten, between the enterprise competitive gradually became competitive ability of competition, speed competition, time competition.

1.2.5. Network economy is the economy of innovation

Network economy comes from high-tech and Internet. To this on the basis of the network economic emphasis on research and development and education and training, so as to ensure continued innovation and updating of the network economy. Accompanied by technological innovation also requires system innovation, organizational innovation, management innovation, concept innovation.

1.2.6. Network economy is a high risk economic

At the same time, Networks economy for businesses brings more higher and faster benefits; there is also a high risk. In the early development of the network economy, there is even a "bubble" economy. Specific performance in: first is economic risk, due to many nations of financial business and customer mutual into and cross, online trading volume may appears moments reduced or moments surge, increased paid and liquidation risk due to trading links interrupted; (Zhang, 2008)Second is management system risk, if enterprise cannot adaptation network economic by brings of changes, corresponding adjustment themselves of management system and management mode, will face the great risk, such as enterprise intellectual property and commercial secret leaks; third is network security risk, Current areas of computer crime and Internet abuses in terms of quantities, sizes, means already at flood stage, network security issues became one of the biggest challenges of human are facing .

2. Effect of Network Economy on the Development of Modern Enterprises

2.1 Modern Enterprise Awareness to the Influence of Network Economy Is Not Enough Deep

At present, many modern entrepreneur or enterprise managers do not really understand the significance of network economy, not aware of the impact, challenges and opportunities of network economy. They usually think, networked economy will only have an effect on high-tech industries, and for enterprises in traditional industry does not produce too much influence. (Zhang, 2007)In fact, that perception is wrong. Wider use of the Internet, a lot of commercial activity the enterprise over the network, rise of the Internet economy has had a significant impact in all aspects on research and development, production, operation and management of modern enterprises, affected modern enterprises includes both of high-tech

enterprises and traditional industries. Even more important is that further development of the network economy under the background of economic globalization may well have changed the basic operating mode of modern enterprise.

2.2. The Enterprise Informational Construction Delays

Under the background of rapid development of the Internet economy, has generally a lag in the construction of modern enterprises information technology, modern enterprises do not have made the information and networking to rise to height of the enterprise development strategy, did not grasp the market opportunities by the Internet economy provided, did not take full advantage of technology innovation to improve the modern enterprise market competitiveness. In China, whether in State-owned enterprises, private enterprises, information level is not high, external market information, customer relations and up-downstream industry chain could not be dealt and integrated according with the network economy requirements, various business processes within the enterprise and management procedures has not been in accordance with the requirements of information and networking optimization and reorganization. (Huang,2001).While above has details of network economy on modern business management, sales and other aspects have a significant impact, but for most companies, the enterprise is still in use of existing business models and organizational structures in the development process, it cannot adapt to the network economy development, many companies even does not have an internal network.

2.3 Modern Enterprises and Networks Economy Integration Is Not Deep

At present, many domestic enterprises and networked economy integration is still not deep; misconception that built corporate Web site is OK. Mainly due to the network knowledge to spread narrow, understanding limitations and understanding deviation on the networked economy. After many modern enterprise establishing a Web site, ignored the ongoing management and maintenance. (Ge, 2008)Data indicate that 500 domestic Internet enterprises website, there are 6 months of no updates or adds new content on 85% website , there are only general Manager photos and product introduction of the 90% Web site. Enterprise website construction is also the same, fall into the conventional. Network is a very good way of enterprise publicity, but after the most enterprises established Web site, does not promote to its own Web site. end products of combination with modern enterprise and network economy is e-business, e-commerce features are customer-oriented, service first, make customers can enjoy the most excellent service and products by the enterprise provide. (Lin, 2002)Therefore, combination of modern enterprises and the Internet economy, should not simply understood to computers, networking, building websites, but enterprises need to be able to use information technology, carry out a series of upgrades for links including the development, production, management, marketing, sales, logistics, to better meet the needs of a particular customer. The modern enterprise only into network economy, and to promote its image and products with around-the-clock, comprehensive, diversified into the world, and development and growth with the help of network economic.

2.4 Influences on Enterprise's Internal Mechanisms and Management

Information technology and information system will make enterprises internal mechanism and management further electronic and information, promoting the reform of enterprise management technology. Based on a series of methods and tools of internal management information and network technology to continue be developed and internal mechanism of enterprise and management more efficient, coordinated and timely. By Internet implementation enterprise internal of information communication, formed internal of height integration is enterprise information of first step; second step is that looking for customer on Internet, and expanded new of sales channel, formed new of management functions; third step is that full integration for value chain or supply chain, implementation efficient operation to electronic of management, makes enterprise internal mechanism and management occurs substantive changes; fourth step is by online sales expanded the related service range, further perfect enterprise business management.

2.5 Effect on Enterprise Organization Structure

Network economy makes the enterprise operation and management means further innovation, so as to make the management more efficient. In fact, in the context of information technology, networking, on the one hand, business environment presents a complex and ever-changing and unpredictable tendencies, pyramid hierarchy of management and organization structure under industry economic condition is becoming more difficult to adapt; (Chen & Luo,2001)on the other hand, the rapid development of information and network technology to respond to this trend provides a variety of means, promote the innovation and development of management and organization structure. In terms of organizational structure, tight enterprise-level organizations of the industrial age is strong being impacted, and under the condition of information and network technology, non-hierarchical organization is present the advantage, specific performance is networking, the flat, flexible and separation of trends. With the rapid development of information technology, network economy will continue to demonstrate its tremendous change. At the same time, it means that the enterprises' operation and management mode have unlimited scope for innovation.

3. The Countermeasures Of Chinese Enterprises To Adapt To The Network Economy Development

3.1 Chinese Enterprises Should Adapt To the Development of the Network Economy and Vigorously Implement Reforms

In the economic globalization trend, modern enterprise must have the right knowledge and understanding to information and network economy. In a certain sense, modern enterprise perceptions and attitudes to networks economic to determine their survival and development. Therefore, modern enterprise must adapt to the development of the network economy and requirements, active participation, improve the competitiveness of modern enterprises in network economy. (Zheng, 2002)Only change ideas thoroughly, modern companies can understand and grasp the basic direction of future societies through learning, adjustment and

reform enterprise' strategy, operating model and organizational structure, and actively identify strategies adaptation for the development of the network economy.

3.1.1 Innovation of Management Model

Management innovation is management model of innovation, it also refer to specific innovation in management methods. Therefore, contains two aspects of enterprise management innovation, one is the case for change, transformation of enterprise management mode, make it be managed by a management model into another mode; the second is maintenance management mode, but changing the specific management way. Due to traditional management models have been difficult to adapt to the current network economy development, therefore, modern enterprise must be conducted management innovation in order to survive and develop better in the network economy.

3.1.2 Enterprise Culture Construction

Enterprise culture plays a very important role in the process of modern enterprise growing up, but in reality, many companies overlook the building of enterprise culture, or do not have to establish a good corporate culture of services to enterprises development. Modern enterprise culture can be constructed on the following: created as a concept of customer service; make maximum effort to do a good job; growth in the risk and change. (Sun, 2002)Enterprises cultural innovation in network economy must fully research the market and competition, and must create a good corporate culture atmosphere as soon as possible, so as to enable enterprises to improve their competitiveness in international markets.

3.2 *Speeding up the Modern Enterprise Information Technology*

Modern enterprise information technology is the process of application of information technology in the areas of production, technology, business management, constantly developing and using information resources, improve the level of management and development capacity, and operating, and access to information economic benefits. Enterprise information technology is the cornerstone of network economy, the competitiveness of enterprises and the degree of enterprises information technology is closely related, competitive advantage is not just limited to costs and differences, and the unique competitive advantage of enterprise information formation--knowledge of superiority is becoming enterprise competitive advantage. With the rapid development of network information resources, (Wang & Xu. 2003)because collecting the first hand information needs to put a lot of manpower and financial resources, take a long time to conclusions investigation results, modern enterprises may collect passive information in internet, help enterprises to research market changes, determine the market trend. By implementing enterprises information technology, modern enterprise will improve on the utilization of information resources, at the same time, developing more information products, improving the competitiveness of international trade in the network economy.

3.3 Deepened Integration of Modern Enterprise and Network Economy

Under network economic environment, modern enterprise and network economic of combination process is divided into following several steps: first step, modern enterprise should construction itself of internal network, deployment enterprise of network foundation facilities, for construction enterprise of electronic information management and e-commerce platform provides foundation hardware and software environment; second step, while, in enterprise internal established online collaboration environment, is office automation, meet requirements of information shared and timely convey , implementation efficient of network collaborative work, on the other hand, established enterprise external website, to strengthening enterprise internal running efficiency, timely publishing internal, and external information; third step, construction enterprise of core business management and application system, one of most typical system is enterprise resources planning management; fourth step, using e-commerce platform full promotion marketing enterprise products, makes customer can purchase merchandise at home; fifth step, cooperation with large logistics enterprise, established throughout national and world of logistics distribution network, make customers around the world can enjoy the home delivery of quality services without leaving home (Zhao & Hao ,2006); the sixth step, develop a comprehensive after-sales service network, convinces customer after bought goods can feedback the information of products quality and products functions in a timely, make the enterprises can do fast response and fast processing for the product quality problems , so as to enable customers satisfaction.

Conclusion in summary, network economy impact is broad and far-reaching on modern society, especially on business. With the rapid development of information technology, network economy of huge power has further been demonstrated. And this also means that the production and operation of enterprises or even economic approaches to development are of unlimited scope for innovation, enterprise operation mode will be diverse, to adapt to the new changes, the enterprise should make timely adjustments and innovations. Networks will vigorously promote the development of China's enterprises in the future, make enterprises to have the ability to participate in the global competition, and become strong in the competition.

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