

Culture And The Acceptance Usage Of E-Business: Is There A Dilemma?

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ABSTRACT

This paper explores a cultural factor that contributes to the usage pattern of e-business in different forms of society. A Hofstede's theory is adopted as part of a guideline in determining the underlying factor towards this technology usage partly in Malaysia. A comparison is made between private and public organizations in US, Australia and Malaysia to identify the clues whether culture has an impact towards the e-business adoption trend. The findings in this study were compared with those from previous studies using similar models and it was found that cultural issues are important in determining the acceptance usage of the technology among the Malaysia travel industry.

Keywords: E-business, Internet, culture, Malaysian travel agencies

1.0 INTRODUCTION

The advancement of technology in the market has transformed industry structure and the means of conducting a traditional business. The emergence of commercial facilities due to rapid development of the Internet has brought a major breakthrough in the form of modern and new ways of conducting businesses. Nowadays, e-business has become a new trend to many companies in conducting their businesses. The opportunities engendered by the technology have brought great impact for companies and industries to innovate and to utilize it as strategic tools. The usage pattern of e-business each year is promising due to the explosion of new technologies, phenomenal increase in demand for digital communication, advancement of network infrastructure and affordability of the technology usage (Bell 2001). Avoiding to adopt the technology in any industries or organizations would now be seen as major threats in a global competitive environment.

Nevertheless, the pattern of adopting the technology may differ according to its features, distribution channel, time and society (Roger 1983). One of the ideas introduced by Roger (1983) on the barrier of using a new technology may depend on the behavior pattern of the society. Nature of the social system such as norms, culture and interconnectedness also plays an important role in contributing the growth of e-business practice. Hence, would the Malaysian culture be part of the factor in the usage pattern of e-business technology?

The purpose of this paper is to explore the underlying factor of Malaysian culture in adopting Internet based e-business technology within the context of Malaysian travel agencies. An anticipated outcome of the research was to generate an understanding and

prediction of the potential for e-business opportunities within Malaysian travel industry in the near future.

How are cultural factors affecting the adoption of Internet based e-business in Malaysian travel agencies?

- Under what circumstances have Malaysian travel agencies adopted the technology?
- Who are the main initiators of the decision to adopt Internet based e-business technology?
- Have cultural factors affected the Internet adoption rate among Malaysian travel agencies?

2.0 LITERATURE REVIEW

The classical theory of Hofstede's (1997) cultural dimensions has been studied and explored by many previous researchers. Based on his research study, he isolated five independent dimensions of national cultural differences. The dimensions include:

- *power distance (the existence of hierarchical relationships)*
- *individualism versus collectivism (I, we and they)*
- *masculinity versus femininity (he, she and [s]he)*
- *uncertainty avoidance (what is different, is dangerous)*
- *long term versus short term orientation*

Power distance is described as the degree of inequality that exists among a society and the willingness of members of the society to accept a level of hierarchical structure involving being a subordinate and/or to have subordinates. *Individualism versus collectivism* refers to how the society sees the importance of being different as an individual or being closely united in a group. *Masculinity versus femininity* is related to the gender roles within the societal expectations, and how roles between sexes are distributed among a society. *Uncertainty avoidance* is defined as "the extent to which the members of a culture feel threatened by uncertainty or an unknown situation" (Hofstede 1997, p.113). It deals with a feeling of a society towards an unpredictable event that may occur. *Long term versus short term orientation* was the last dimension associated with virtue versus truth. The *long term orientation* consists of values that are more oriented towards the future, eg. thrift and perseverance, being tenacious in pursuit of goals, being sensitive to social contacts and commitments. On the other hand, the *short term orientation* is associated with values that are more oriented towards the past and present.

Based on Hofstede's (1997) cultural dimensions theory, Malaysia was classified as large power distance (PDI-104), collectivism (IDV-26), an average balance between feminine and masculine values (MAS 50), and low uncertainty avoidance (UAI-36).

Jarvenpaa & Ives (1996) explored some fundamental aspects that contribute to the success of technology

diffusion within a particular organization. Their study was based on a survey involving interviews with organizations' chief information systems managers, followed by case studies of two large US-based computer manufacturers. In exploring how the web technology successfully diffuses within the industry, they came out with five propositions as shown in Figure 1.

Proposition 1:	The IT function should be only peripherally involved with the early organizational and business transformations of the Web technology.
Proposition 2:	The introduction of the Web technology should occur without the direct involvement of top management.
Proposition 3:	The introduction of Web technology should be accomplished by an ad-hoc, cross-functional group that has no formal organizational responsibility for promoting technology.
Proposition 4:	A performance crisis can be used to stimulate radical change, but a crisis is not necessary for the change to occur.
Proposition 5:	Anticipated (or proactive) radical change can be triggered by event-based milestones.

Figure 1: Propositions for managing the introduction of transformational technologies

Source: Jarvenpaa and Ives 1996, pp.109-116

Romm & Wong (1998) used Jarvenpaa & Ives' conceptual model as a starting point to distinguish the essential aspects of the diffusion of web technology within an organization. A case study was conducted among 20 university members in an Australian public university, which included academic staff, administrative staff and members of the Information Technology Department. The differences between their results and Jarvenpaa & Ives' propositions were striking. Their findings demonstrated that the diffusion of Web technology was very much led by the information technology unit, a high level of involvement from top management, was not triggered by a performance crisis and was not punctuated by an event based crisis initiated by the project team. Thus, they claimed that differences in industry and national culture were the reason for the disparities in the results.

Possible explanations for the marked discrepancies between the two sets of results were related to the fact that the data collected were from two different industries. The authors believed that these two industries not only differ in organizational structure and work processes, but also in organizational culture, which lead to different strategies of adopting the technology. The disparity of Jarvenpaa & Ives' findings with Romm & Wong also relate to the fact that the studies were conducted in two different countries. Thus, the authors concluded that the cultural difference between US and Australia was also a determining factor in the success of the diffusion process of web technologies.

Kedia and Bhagat (1988) suggested that cultural variations across nations and differences in organizational cultures involved in the transfer of technologies were two major factors that influenced

the success of the technology transfer. Some relevant cross-cultural studies on management and organization were integrated into the literature on organizational culture and diffusion of innovation before developing a conceptual model. Based on their analysis of the relevant literature, they came out with a conceptual model which suggests that the societal culture-based differences and the recipient organization's capacity to absorb the technological change are significant factors which influence the effectiveness of technology transfer across nations (Kedia and Bhagat 1988).

Endeavouring to test Jarvenpaa & Ives' propositions, Standing, et al. conducted a survey of 100 senior managers and managers from a travel agency company in Perth, Western Australia. In their discussion, Standing, et al. downplayed industry differences as a significant factor - their study involved a privately owned travel company and Romm & Wong centred on a public university - but their results were similar. Standing, et al. concluded that national culture could have a significant impact in terms of producing similarities and differences, but observed that they had not had the chance to compare their results with travel agencies from other countries.

The findings of Ferle, et al. (2002) presented a stronger argument as to what was suggested and speculated upon by previous researchers, where culture is a significant influential factor which leads to the efficacy of technology diffusion. Their studies examine cultural variables to find out the differences that exist in the penetration rate of the Internet technology across countries. Based on theoretical concepts derived from Roger's diffusion of innovation theory and literature and Hofstede's cultural dimensions theory, the authors were able to

show that cultural factors do influence the adoption rate of the technology. Four propositions presented serve as a guideline to understand the diffusion of the Internet in other countries around the globe;

- *The more individualistic a society, the faster the rate of Internet diffusion*
- *The higher the uncertainty avoidance that exists within the society, the slower the rate of Internet adoption*
- *The larger the power distance existing in a society, the slower the rate of Internet adoption*
- *The more masculine a society, the slower the rate of Internet diffusion*

3.0 RESEARCH METHODOLOGY

A survey method was conducted in this study. Based on data recorded on Malaysia Association of Tour and Travel Agents' homepage (MATTA 2001), there were approximately 1600 travel agencies registered in Malaysia at the time of the study. The sample selected for this study comprised a subset of 200 travel agencies, located throughout Kuala Lumpur, Malaysia that incorporated the function of "ticketing agent." The "ticketing agent" function was targeted in this study as indicating a broad range of travel activities. The study participants were to be people holding senior positions such as Chief Executive Officer, Managing Director and Manager of the company. Both printed and electronic questionnaire and also interviews were selected to capture relevant information from Malaysian travel agencies. A questionnaire was structured into several sections to reflect the objectives of the survey. The sections include company profile, knowledge on e-commerce,

Internet usage, company use of the Internet, perceptions towards e-commerce and Internet-based technology and contact details. A face-to-face interview was conducted with a representative from 8 travel agencies. The participants were senior executives with their companies. Each session was conducted combining structured and unstructured questions. All interviews were tape-recorded with the permission of the interviewees. All eight interviews were fully transcribed. The data was analyzed to identify specific categories suitable for further analysis.

4.0 FINDINGS

High percentage of the respondents came from an independent agent (65%) and more than 50% of them were involved in ticketing for leisure and corporate customers. Most respondents came from a small sized agency with 39% comprising between 6-15 employees and 20% with less than 5 employees. 27% of respondents came from medium sized agencies with 16-35 employees, and 14% from large sized agencies with more than 35 employees.

Figure 2 explains the reasons why respondents decided to adopt the Internet for their company. The most important reasons were to *improve and have better ways of communication and interaction*, with a total of 83%. The least important reasons include to *copy competitors* (27%), to *survive* (20%), to *reduce threats* (7%) and *other* (15%). The *other* category includes obtaining travel information, gaining a competitive advantage and having fast access on any travel related matter.

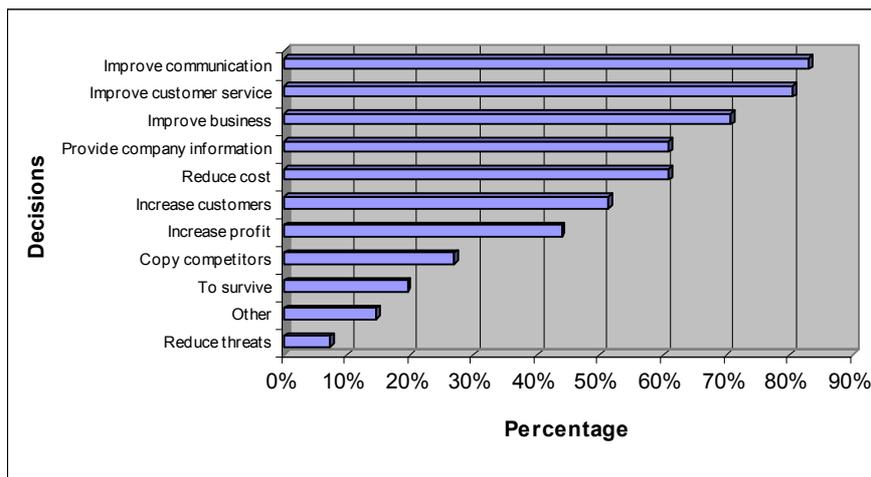


Figure 2: Decisions on adopting the Internet based E-business Technology

Table 1 shows the main initiator/s or decision maker/s highly involved in deciding the adoption of the Internet within their company. The top executives

were the primary initiators of the decision to adopt the Internet, with a total percentage of 81%.

Decision maker/initiator	Frequency	Percentage
CEO/Top Executive	33	80.5
Manager	13	31.7
Employee	9	22.0
Customer	7	17.1
MATTA (Malaysian Association of Tour and Travel Agents)	4	9.8
MOCAT (Ministry of Culture, Arts and Tourism)	3	7.3
Malaysian Government	3	7.3
End User	1	2.4
Other	0	0

Table 1: Initiator/decision maker for Internet based E-business Technology adoption

The questions discussed during the interviews were essentially the same as those in the survey questionnaires. Three key themes were found to recur, which were:

Category	Number of interviews	Number of responses	Percentage
Generational differences	8	5	63
The value of personal contact	8	6	75
Risk taking	8	8	100

Table 2: The three major cultural themes

Generational Differences

The power from higher authority construct acknowledges the significant of hierarchical status. An example is the deference paid to top management as decision makers or initiators within their company. A large power distance ratio means that there is little chance subordinates will act on their own initiative. The differences in status and power are permitted to exist and are generally well accepted. In other words, the top people are considered to be entitled to have all the wealth, power and status, and whoever holds the power shall be considered right and good and to have the ability to enforce their decisions (Hofstede 1997).

A respect for older people or *generational differences* is one way in which the effects of the *power distance* dimension are felt. Abdullah (1996) argues that differences in status and wealth are normal and very much tolerated in the Malaysian society. High respect is paid not only to higher-ranking people but also to people who are senior in age. Respect for elders means that the elders are expected to take the lead and to be regarded as significant role models. The younger generations and followers should in contrast show compliance and deference by remaining silent and unquestioning when interacting with their seniors or people who they consider wise, religious, educated and more experienced. Elders are in effect always right and not to be challenged.

It follows that Malaysians are likely to be willing to accept and expect the slow adoption of the Internet within the industry. Older people who manage companies are expected to move at their own pace and in their own directions without permitting the younger generations to interfere and influence them with their new knowledge and skills. Older people in fact held most of the top management positions in the

agencies. Subordinates and young members were therefore unlikely to volunteer their opinions, meaning that knowledge does not flow freely between the two groups.

On of the practical effects of *generational differences* is that there is no forcing of the issue. The comments listed below show the ready acceptance of the respondents to allowing older managers to move at their own pace without interruption from younger people eager for change.

Respondent 2: *“People who travel normally are pensioner, age of 40 and above and this generation don’t have knowledge in computer. Students are more computer literate and maybe when these students reach the age of 40 and above, then things will change and they will take over from the older generation”.*

Respondent 3: *“Yes, when this group of industry leaders goes out of the industry and the new leaders emerge who would be those who are so used to the Internet.....We know about Internet but ask us to buy something from the Internet, we will not do it. But our children will do it. As for my son, he is doing it so confidently”.*

As discussed, *generational differences* are representative of the power distance factor. The following example shows the respondent accepting the fact that the subordinate should remain in silence and obey orders in order to show respect for the eldest. In other words, the respondent would rather see the Internet penetrate slowly and gradually within the industry in the future rather than seeing abrupt changes initiated by younger people.

Respondent 6: *“But like my other partner who has been in business for 35 years, he finds it very difficult to accept.....he only learns the 3 steps on how to open up his email but when he needs to reply to it, he will request the secretary to do it for him. It is so difficult for him and he is now 62 years old.....I’m sure like your parents could not use the Internet but they are the ones who have money to travel. So, that’s the problem. Until then when we are becoming parents, and we know how to use the Internet only then things may change”.*

The Value of Personal Contact

The respondents’ attitude to personal human touch was consistent with Hofstede’s cultural dimension theory of *collectivism* and Abdullah’s interpretation of the Malaysian values of *relationship-orientation* (Abdullah 1996; Hofstede 1997). Hofstede categorized Malaysia as a *collectivist* society saying that the society tends to view itself as “we” instead of “I”. Their sense of belonging indicates high sensitivity towards other people’s feelings. They tend to have great concern for others to always keep other people in mind, to promote a sense of oneness with other people and to consider the group as a basic unit for survival. Their identity is shaped by the social network to which they belong and their opinions are predetermined by their membership of the society.

The emphasis on *personal human touch* between customers and themselves as travel agents was very evident in the interview sessions. Customers’ decisions to make their choices on travel were strongly influenced by direct contact with travel consultants or advisors from the agencies. If the customers were to make their travel arrangement via the Internet, the direct personal support they expected to gain could not be found and therefore would discourage them from taking up the service.

As a *collectivist* society, Malaysians feel more comfortable working with other people. A comment presented below is an example where the respondent chooses to work with people rather than through the Internet.

Respondent 2: *“Something that is not personalized like going to the Internet where you will feel more like a machine. Thus we have to change our approach and be more human”.*

Apart from expressing the advantage of having good relationship within the company, the need to establish good relationship with their customers in the Malaysian business environment enables agencies to feel at ease when explaining their products and services to their customers.

Respondent 3: *“The personal touch is very much in need. There are lot of elements that you need to explain and elaborate, especially when describing and explaining about tours products”.*

Other comments including the following were along similar lines.

Respondent 6: *“I think in terms of travel, people still want to go for a personal touch.....Mentality and culture means our people here are warm and friendly where they want to meet the people to find out and be assured what they are buying is good..... travel is where you just pay and buy a piece of paper and until the product takes off it means that you enjoy the products only when the tour is on. So you need that kind of personal touch. Therefore we find that in Malaysia you cannot do it in the travel industry effectively thru e-commerce”.*

Good customer relations means meeting their customers directly.

Respondent 8: *“Malaysians want a personal touch and so that’s why we want to make ourselves well known with our client by showing that. If you look at our website, there is no way people will click and get all the itinerary. We just entice them with the picture and we want them to send enquiries to us or come to our place”.*

Risk taking

The classification of *risk taking* relates to Hofstede’s (1997) cultural dimension of *uncertainty avoidance*. Based on Hofstede’s index, Malaysia is classified as a weak uncertainty avoidance society. Uncertainty is in other words seen as a normal feature of life leading to an acceptance of risk. People are comfortable with ambiguous situations or unfamiliar risks. It is argued that *weak uncertainty avoidance* comes from the cultural belief that Malaysians have a close relationship with Nature (Abdullah 1996). As previously explained in Chapter 4, mental and spiritual aspect are intertwined, so that event outcomes are determined by Nature. This belief tends to promote a healthy way of life and acceptance of things the way they are.

The findings on risk assessment were ambiguous. Respondents were evenly divided on whether e-commerce was a risk worth taking. Some respondents accepted the challenges and risks that they felt that they would be facing due to the emergence of e-business in the travel agency industry.

Respondent 1: *“So managers were first worried because their staff will start playing games, and looking at the pornographic. But if they want to see pornographic, somebody will see them and if they still want to see it secretly, ok but is that worthwhile sacrificing the benefit of Internet for this one or two black sheep who are using for the wrong purpose.....So we cannot be intermediaries. We must stop being intermediaries. We must value add such that it will become our products”.*

Respondent 2: *“Actually, it can be a threat and it can be an opportunity. A threat means they will bypass us where there will be no more middlemen and commission. But we can change that into opportunities where we can offer new way of selling our products.....Actually this terrorist attack is isolated. You cannot all the time grieving. You must carry on. Sooner or later these feelings or sentiment will die and we still got to invest in e-commerce”.*

The acceptance of risk as a natural consequence of action was also evident.

Respondent 5: *“So I guess it will endanger us in terms of the middlemen but that doesn’t mean that we are going to be out of business”.*

Meanwhile, there were also some travel agencies who felt insecure adopting the new innovation. This rejection of risk was however at least partly attributed to the cultural perspective that the Malaysian public was seen as not ready for e-commerce.

Respondent 4: *“Usage is very low. Many of the travel agencies do not want to take the risk of developing e-commerce. Our Asia market on e-commerce is low. They couldn’t see the prospect in the future on e-commerce.....Our market is not there or not ready for e-commerce. That’s why most of the travel agencies are afraid to invest in it because the cost to develop e-commerce is very big.....Our market were actually afraid of the online payment and security. I myself don’t trust on making payment through online.”*

5.0 DISCUSSION AND RECOMMENDATION

Travel agencies reported that the adoption of the Internet based e-business has enhanced the flexibility and convenience of their business activities and enabled the introduction of cost cutting strategies. The Internet has also assisted them to reach a large number of potential new customers as well as to promote their products domestically and internationally. Conducting business with external customers however is not seen as an important factor influencing the adoption of the Internet at this particular stage, as use of a website and email were ranked as the least preferred methods for the provision of services to the customers

The research question involved an investigation into whether the Malaysian culture may influence the adoption rate of the Internet based e-business technology among Malaysian travel agencies. The Jarvenpaa & Ives model was used to compare the results collected and analyzed in the research findings. As well as using the five propositions to understand the diffusion of Internet usage amongst Malaysian travel agencies, the analysis was designed to identify specific influential factors from the Malaysian culture.

Applying the five propositions by Jarvenpaa & Ives (1996) to my findings showed that:

1) *The introduction of web technology is likely to occur with only peripheral involvement of the information technology function.*

The IT function or people from the IT department did not appear to be involved in the adoption of Internet based e-business technology in the travel agencies.

2) *The introduction of the Web technology is likely to occur with minimal if any involvement by top management.*

This was not true for Malaysian travel agencies. The decision to adopt Internet based e-business was relied on support from the top executives or CEOs of the travel agencies.

3) *The introduction of Web technology is likely to be accomplished by an ad-hoc, cross-functional group that has no formal organizational responsibility for promoting technology (informal champions of web technology).*

This was not true for Malaysian travel agencies. There were no informal champions to lead the introduction of Internet based e-business technology within the companies.

4) *A performance crisis can be used to stimulate the introduction of web technologies to an organization, but it is not essential for this change to occur.*

Malaysian travel agencies did not appear to perceive any performance crisis in their operations. Their decisions to adopt the Internet technology were mainly because of a wish to improve internal interactions and communications.

5) *The introduction of web technologies to an organization can be triggered or supported by staged events, some of which could be deliberately manufactured.*

There was no evidence of anything of this nature. Most companies appeared to be content to wait and let events take their natural course.

Culture is seen an essential element in determining the adoption of e-business amongst Malaysian travel agencies. This is consistent with findings from Romm & Wong’s (1998) study where national culture was shown to influence the diffusion of web technology within organizations. A similar issue was also raised by Standing, et al. (1999) where national culture had a significant impact on web technology diffusion. A strong finding in this study concerned the *generational differences* that occurred within the Malaysian travel agencies. Top management comprised older people with limited skills in computers and technology. Younger subordinates have had greater exposure on computers and the Internet. But because high respect for the older generations is deeply rooted within the Malaysian culture, their sense of respect for older generations was apparent. The young generations expected to be

silent and not to question their boss's ability. Hence, the exchange of knowledge on technology for the purposes of innovation was limited.

As discussed previously, the emphasis on personal touch which is characteristic of the collectivist and relationship-oriented societies causes the decision to adopt the technology to be slower. The importance of the group and the need to develop mutually good and friendly relationships with customers and business partners in Malaysian business discourages the rapid development of Internet usage amongst the agencies. The Internet is in other words seen as a barrier to the establishment of good commercial relationships.

It is argued that there are elements in the Malaysian culture which encourage personal dealings, and tend to inhibit the adoption of "impersonal" techniques. This has so far been a significant factor slowing the adoption of Internet based e-business technology.

6.0 CONCLUSION

The effects of the e-business on the Malaysian travel industry have so far been less than expected. The unique Malaysian culture has characteristics which tend to inhibit the adoption of automated modes of doing business, and which encourage the preservation of personal relationships.

It is likely that this situation will start to change in the near future. The Malaysian belief in strong hierarchical relationships is the dilemma that we could see where change is most likely when younger entrepreneurs and managers start to replace older people less familiar with the new technologies. The generally favourable attitude to e-business techniques should ensure this happens fairly quickly in the travel industry. This study and the recommendations the researcher have made should help the process.

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