

The Effect of Culture in E-Business Implementation

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Abstract: *The potential of the Internet as a channel for electronic business has been recognised across many industry sectors. It is likely that business to business and business to consumer communication will be increasingly conducted via the Internet. However, while the potential of the Internet is recognised, the conditions for successful electronic business using the Internet remain to be explored in many industry sectors and different parts of the world. Issues such as organizational readiness, the suitability of the industry sector, the nature of the transactions in terms of standardisation and security, the effect of culture and the requirements for changed organizational infrastructure must be addressed, considered and locally adapted. The scope of this paper is a rich description of the factors that need to be satisfied in order to achieve cultural alignment between the organizational culture and the culture accommodated by e-business uptake.*

Keywords: *E-Business, Culture, Organizational culture*

I. Introduction

E-business is not just about e-business transactions or about buying and selling over the internet; it is the overall strategy of redefining old business models, with the aid of technology to maximize customer value and profits – is about P2P – path to profitability [28]. Improvement in productivity and competitiveness is expected with the use of electronic business by opening the access to millions of on-line customers, products, services and information with new and more cost and time efficient means.

The potential of the Internet as a channel for e-business has been recognised across many industry sectors. However, although it is considered a great opportunity, and some industry

sectors are well positioned to take full advantage of e-business, there is still a gap between appreciation of its importance and the realization of its commercial potential [12]. It appears that there are some important points that need to be considered.

The use of e-business brings new issues that have to be faced. How will businesses be paid? Security and legal actions are being adopted so that financial transactions become reliable and people can trust the new process. The new applications must be extremely reliable, an updated and proper maintenance of all sites is strongly required or the new systems will not be trustworthy. The variety of security threats that can cause heavy losses, that the networks face, have to be solved.

Information and communication systems that do not reflect the human need and user's requirements are likely to receive a negative reaction because of lack of participation and ineffective communication during planning and development between IS and users [32]. There is a widespread recognition by IS professionals that social and behavioural factors are more important aspects of IS failures than the technical ones [37]. However, each business model available is developed in a particular socio-economic setting. Implementing any system developed in one culture for use in another culture may cause problems [23][26]. Institutions have their own organizational culture, influenced by the national culture where the organization is situated. We come to the point that identities are different and different approaches must be made. Issues will certainly differ between different industry sectors and between different cultures.

While the general potential of e-business is already identified, research only now starts to

give the first steps as to its suitability for the specific industry sectors and what adaptations are needed for its success. The scope of this paper is a rich description of the factors that need to be satisfied in order to achieve cultural alignment between the organizational culture and the culture accommodated by any e-business uptake.

II. Research Approach

A literature review was undertaken into the existing literature on cultures in general and on organizational culture in particular, in addition to the literature relating to e-business development.

III. E-business Development

According to Turban [21], electronic business is an emerging concept that describes the process of buying and selling or exchange of products, services and information via computer networks including the Internet. E-business is all about cycle time, speed, globalization, enhanced productivity, reaching new customers and sharing knowledge across institutions for competitive advantage (Lou Gerster, CEO of IBM, in [21]. Also Kalakota [28] defines e-business as not just about e-commerce transactions or about buying and selling over the web; it's the overall strategy of redefining old business models, with the aid of technology to maximize customer value and profits – is about P2P – path to profitability.

The potential of the Internet as a channel for e-business has been recognized across many industry sectors. Business to business and business to consumer communication is increasingly conducted via the Internet. However, the conditions for successful e-business using the Internet remain to be explored in many industry sectors where issues such as organizational readiness, suitability of the industry sector, nature of transactions, critical success factors and culture, must be addressed and identified.

Improvement in productivity and competitiveness is expected with the use of e-business by opening the access to millions of on-line customers, products, services and information with new and more cost and time efficient means. However, although considered a great opportunity, and some of the industry sectors are well positioned to

take full advantage of e-business, there is still a gap between appreciation of its importance and the realization of its commercial potential [12].

IV. Organizational Culture

Organizations in different countries are often structured and behave differently [8]. There are several definitions of organizational culture. For instance, Scholz [39] defined corporate culture as the implicit, invisible, intrinsic and informal consciousness of the organization which guides the behavior of the individuals and which shapes itself out of their behavior. Drennan [16] defined culture as 'how things are done around here' or the habits that have grown up over time and become part of the organization's personality. It is what is typical of the organization, the habits, the prevailing attitudes, the grown-up pattern of accepted and expected behavior. Trompenaars and Hampden-Turner [24] refer to culture as the way in which a group of people solves problems and reconciles dilemmas. Davison et al.[13] say that culture can be seen as a lens through which we view the world – and each of us may have several such lens, depending on the circumstances.

So organizational culture comprises the behavior, attitudes and beliefs of the employees, which lead them to think and act in a certain way. In this definition, behavior refers to the way employees act or react, attitudes refer to employees' responding in a consistent manner (favorably or unfavorably) to a particular thing or idea, and beliefs refer to what employees think is or is not true [1].

There are several other authors that define cultural organization [27][15][25][7][18][29]. Although some of them look similar, each one of them has a different focus. They think that it is through the behavior of the employees that organizational culture develops and exists in an organization. According to Brown [8], each organization is different in the way it is structured, in the way it operates and in the outputs (products or services) it produces. Some organizations may have a strong culture and others may have a weak culture. Very strong organizational cultures can have advantages or disadvantages [9]. A major disadvantage is that they can be particularly resistant to change.

V. The role of Organizational Culture

Organizations in different countries are structured and behave differently [8]. Any company who wants to carry out or manage a construction project successfully in another country should understand the culture of the host country clearly and what are the similarities and differences between the two countries.

Fons Trompenaars interviewed by Bickerstaffe [6] talks about cultural reconciliation – the need to deal with the host of cultural differences between employees or, for that matter, citizens of a country. He defines culture as a series of rules and methods that a society has evolved to deal with the recurring problems it faces, that became so basic almost like breathing; that people no longer think about how they approach or resolve them.

There appears to be two main ways of describing organizational culture in the current literature [1]. Some authors [20] [23] [14] [27] [5] [25] attempt to describe organizational culture by classifying it in one or more ways. Other researchers describe organizational culture in relation to factors that are recognized as influences of culture [1]. Drennan [16] is one of such researchers that describes organisational culture on the basis of influencing facts such as national culture, influence of a dominant leader, company history and traditions, technology, products and services, the industry and its competition, customers, company expectations, computerized information and control systems, legislation and company environment, procedures and policies, rewards systems and measurements, organization and resources, goals, values and beliefs, language barrier, religious inconsistency, difference in traditions, etc., resulting in the behavior, attitudes and beliefs of the employees in the organization.

Ouchi [35] suggests that it is possible to adopt some of the Japanese management practices and to change the culture of individual

organizations. The remarkable success of Japan in the 1980's has emphasized the importance of the values shared (that resulted in behavioral norms that demonstrated a commitment to quality and innovation, exceeding the level of productivity attained in western economies) by Japanese management and workers. Salk et al.[36] say that German managers are known for placing a high reliance on expertise and formal, individual responsibility, and Japanese managers are known for having a generalist and diffuse view of responsibility and also that maintaining interpersonal contact and harmony on an emotional level is vital for daily team functioning for Japanese people but not for Germans.

Some institutions have to change their culture in order to remain competitive or to survive [34][29]. This is because the environment may have changed and therefore, previous cultural values are now not in accordance with those needed for survival [1]. An examination of cultural issues at the institutional level is essential for a basic understanding of what goes on in organizations, and how they have run and how they can be improved [38]. Different countries, different ways of doing business.

VI. The effect of Culture in E-Business

Little research has been done on the effects of culture, whether national or organizational on e-business uptake in the different countries of the world. E-business uptake means change and trust. The transformation that all institutions have to introduce has significant impact on procedures, people, organizational structure, management and business processes [21][28].

There is a pressure worldwide on management, decision takers, companies and also employees, to develop an Internet presence or to expect to be out of the market or of the job. A lot of information flow on selling the idea of adherence and change but few or nothing on how to overcome the real local problems in uptaking this new environment in a culture other than the one where this technology originated.

There are significantly different issues to consider when analyzing the introduction and use of e-business in countries with cultures far from those in the North American world where it originated. Indeed the globalization pressure of contemporary society is leading to e-business being introduced into every country, even the less-developed, but it is important that a better understanding of how to analyze the process of local appropriation of such technologies, is gained and that the organizational approaches are adapted to local culture values and approaches. Globalization needs to adopt a reconciliation more than an imposing mode with the local culture [3][4][24][31][6][22][17].

Global communication cannot flatten the cultural terrain in the direction of the dominance of the modes and material practices of the global economic leaders, most particularly in the USA. It cannot be ignored that the world of economics and business has become dominated by the western (American) cultural frame of reference to the point that the hidden strength of other cultures are being ignored by many organizations. Cultural diversity in business and management has been almost forgotten. Consequently developing countries are due to encounter cultural and social obstacles when attempting to transfer technology created in a social and cultural system other than their own, into their own practice [31][33][30].

A cultural change needs a long time for the new shared beliefs to be modified; very often the IS must be implemented in the short term; therefore, the sequential processes including IS implementation and cultural effects must be carefully analyzed, given the temporal lack of adjustment that may occur [10].

VII. Conclusion

E-business impacts on all aspects of the organization, from management to operational systems. The situation is not only a question of technology and how e-business is implemented but a total reengineering of the processes of working, which can only be successful if a strong cooperation with everyone in the company for the important decision of how to change the traditional processes to face the new challenge is created. The traditional ways of doing marketing

and promotion must also change to adapt to the new technological environment.

As a result of this research, it is recommended that the transformation and change that an organization has to introduce for e-business uptake, takes a long time for the new shared beliefs to be modified and people may learn to trust the new systems.

Indeed the globalization pressure of contemporary society is leading to e-business being introduced into every country, even the less-developed, but it is important that a better understanding of how to analyze the process of local appropriation of such technologies, is gained and that the organizational approaches are adapted to local culture values and approaches. Organizational culture can be managed and changed but not from one day to the other. It takes time and patience.

VIII. References

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