

THE IMPACT OF NATIONAL CULTURE ON ONLINE SOCIAL NETWORK USAGE AND ELECTRONIC COMMERCE TRANSACTIONS

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Abstract:

Computer-based social networks have become the new phenomenon in the Internet era. Millions of people are networking and exchanging contents. In the real world, one may have a very small number of friends to exchange with, whereas, in the virtual world, virtual fiends, who sometimes may convert to real friends are counted by hundreds if not thousands. Previous research has largely documented the impact of national culture on information technology usage. It has been clearly noticed that the number of social network users in the Arab world has always been dramatically increasing in the last decade. This paper presents the theoretical explanation of this phenomenon and argues that the high power distance and collectivist dimensions of the national culture in the Arab world are major factors which may increase social network usage. However and paradoxically, we argue that the same factors may pose barriers to electronic commerce business transactions in the Arab world. Arabs prefer to conduct transactions in face to face mode and not in the online world.

Key Words: National culture, social networks, electronic transactions

Introduction

Computer-based social networks have become the new phenomenon in the Internet era. Millions of people are networking and exchanging contents. In the real world, one may have a very small number of friends to exchange with, whereas, in the virtual world, virtual fiends, who sometimes may convert to real friends are counted by hundreds if not thousands. Previous research has largely documented the impact of national culture on information technology usage. It has been clearly noticed that the number of social network users in the Arab world has always been dramatically increasing in the last decade. This paper presents the theoretical explanation of this phenomenon and argues that the high power distance and collectivist dimensions of the national culture in the Arab world are major factors which may increase of social network usage. However and paradoxically, we argue that the same factors may pose barriers to electronic commerce business transactions in the Arab world. Hofstede (1993) and Trompennars (1998) claim that national culture in the Arab world is characterised by high power distance and collectivism. In high power distance countries, the family ties are strong and the unequal distribution of power is legitimately accepted by people. In collectivist cultures, groups matter and are given more weight and more importance than individuals. We argue in this paper that the usage of virtual social networks such as Facebook, Linkedl, Twitter. In high power distance and collectivist culture would be very high than in other cultures. We also argue that paradoxically, these dimensions may explain the shy volume of online transactions.

Social networks

Social network refers to a category of internet applications that support the connection between the two parties through several online tools. The interaction includes developing and sharing contents to one another. Barnes (2006) further claim that social network sites (SNS) are web-enabled services that “allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system”.

In this paper, we use the term online social network (OSN) to refer to the computer-based social network. The OSN has become a big phenomenon in the last five years or so. The behavior of internet users has changed from using emails and search engines to creating, uploading and sharing personal content to connect with cyber friends. Social networks and consumer-generated content give users opportunities to interact in real time as well as to create constant and large user base (Kozinets, 2002, Harris and Rea, 2009). Wattanasupachoke (2011) argues that since there are more people joining social networks, it becomes a great tool for a company to communicate with consumers. He further adds that the 2010 marketing budget on social networks was as high as 3.3 000 million dollars (3.3 billion dollars). In expect to grow continually around 30% in 2011. Facebook has the highest market share at 39%.

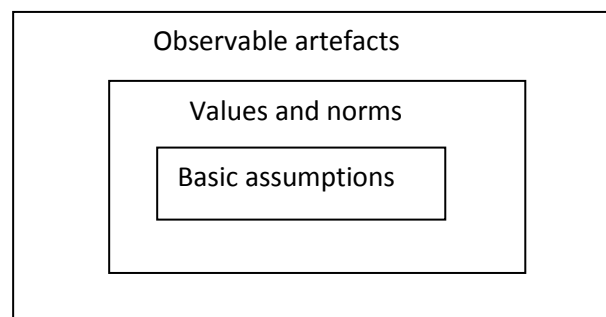
It becomes a fact that holding people data about their profiles and to reach them is the major asset organizations may own. Large organizations such as Skype, FaceBook, Twiter... which provide free access to their systems, are worth billions of dollars in the market. Holding people data may help firms know people profiles, design customized products and services and conduct business transactions. I wouldn't be surprised to find out that a very large portion of OSN users ignore this business goals and reasons why these systems are free of charge. In the following sections we will discuss national culture and how it may act as a major factor that boosts the number of users in the OSN and at the same time act as a barrier against online business transactions.

National culture

Culture is a term that was originally developed in the field of anthropology and has recently become a prevalent research area in organizational studies. Unfortunately, a consistent definition of this ambiguous concept is extremely difficult to isolate (Lammers and Hickson, 1979). The complexity of the concept of culture derives then from the multiplicity of the perspectives that investigate it. One thing that all researchers agree upon it the fact that culture is related to people. In 1952, the anthropologists Kroeber and Kluckhohn claimed that there were more than 150 definitions of the concept of culture. Baligh (1994) also argues that there are many ways to describe and define culture and that one may conceive of culture in terms of its parts and its components, and the two are related. Culture concerns a group of people who share a common understanding and meaning of things around them. It is a shared system of meaning (Trompenaars and Hampden-Turner, 1998) or, the collective programming of the human mind that distinguishes members of one group from another (Hofstede, 1993). Trompenaars and Hampden-Turner (1998) propose the following model to understand culture.

Figure 1

Trompenaars and Hampden-Turner (1998) cultural model



The above model indicates that the products of a culture (observable artefacts) are symbols of the norms and values of the people, which in turn are based on fundamental basic assumptions about human existence and life. National culture is a major type of culture.

National culture is a concept that helps determine similarities and differences between the cultures of the countries.

The literature provides some models which try to capture the concept of national culture. Hall (1993) uses a single dimension; high context versus low context to differentiate between national

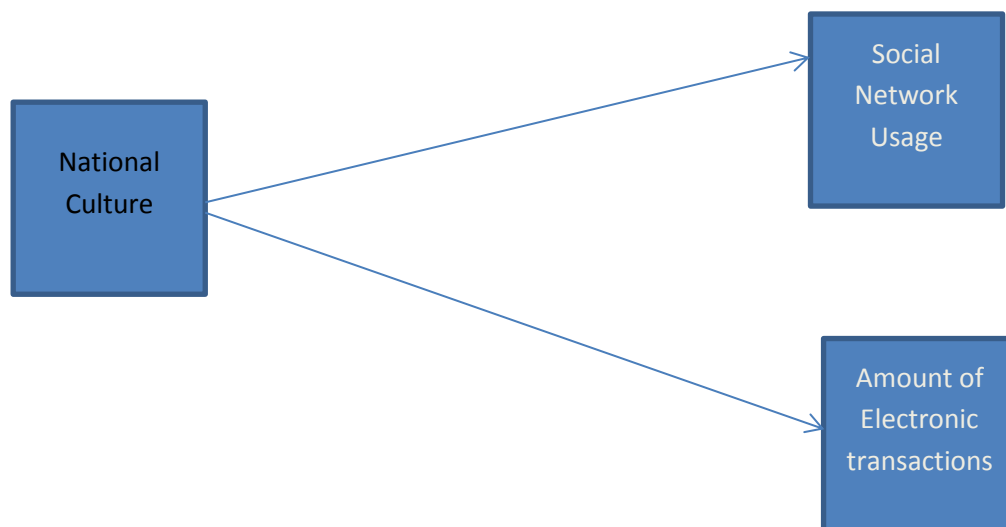
cultures. high-context cultures (including much of the middle east, asia, africa, and south america) are relational, and collectivist. People in these cultures emphasize interpersonal relationships. According to hall, these cultures are collectivist, preferring group harmony and consensus to individual achievement. Explicit information are not so important as context, which might include the speaker's tone of voice, facial expression, gestures, and posture. Low-context cultures (including north america and much of western europe) are logical, linear, individualistic, and action-oriented. People from low-context cultures value logic, facts, and directness. Decisions are based on fact rather than intuition.

Hofstede (1993) proposes a multidimensional model and suggests that national culture and values, as they affect the work environment and its management, could be categorized on the basis of four dimensions, namely: power distance, uncertainty avoidance, individualism–collectivism, and masculinity-femininity.

The values of people in a particular culture are the most widely used concept or variable in cross-cultural studies (Glenn and Glenn, 1981; Hofstede, 1993 Triandis, 1982). The reason for the popularity of values as cross-cultural research variables is the deeper layer of culture; basic assumptions are preconscious (taken for granted) and are powerful because they are less debatable than espoused values (Lachman, Nedd, and Hinings, 1994). Trompenaars and Hampden-Turner (1998) suggest differentiating between norms and values in claiming that values direct our feelings of good and evil, and that norms are the basis by which a group of people judge something as right or wrong.

Research Model

We argue that in Arab countries where the culture is characterised by a high power distance and collectivist indexes, the usage of online social networks would be very high but the online commerce transaction would be low.



The dimensions of “power distance” and “uncertainty avoidance” are the most studied variables in Corss-cultural research. Power distance “is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally”. Individualism and Collectivism refer to the “degree to which individuals are integrated into groups. In individualistic societies, the stress is put on personal achievements and individual rights. People are expected to stand up for themselves and their immediate family, and to choose their own affiliations. In contrast, in collectivist societies, individuals act predominantly as members of a lifelong and cohesive group or organization” (Wikipedia). The Arab countries have high power distance index and are very collectivist cultures. The collectivist characteristics imply that people in the Arab world would be willing to stay in constant contact with other people. They would prefer to share ideas and be members of groups. OSN provides a virtual and a logical extension to the

collectivist environment sought by Arab people. New groups are added to the traditional family and close relative ones. High power distance index in the Arab world means that power is not shared equally between members of the family of institutions. For example the fathers in high power index culture have more power on the remaining members of the family. If one accepts the legitimacy of the unequal distribution of power, he or she would likely prefer to exercise power and seek the privilege to possess it over others. The OSN provide a virtual environment where Arab people would be willing to exercise power of the words and information. The interactions between people and the exchange of information and ideas help a user see where he or she stands in terms of words leadership. She or he is always would be trying to be convincing and advancing others to accept that his or her ideas. Add to this, the natural human desire to share knowledge, ideas and information with other people and to know how people think about different things combined with the willingness to test your views and intelligence in the virtual world. Yeslam and Begg (2004) found that users of OSN in an Arab country “became more flexible in their thinking, more aware of the diverse nature of people within their society, less inhibited about the opposite gender, and more self-confident.

People in collectivist high context cultures prefer to interact between each other. Face to face negotiation is very much appreciated. The desire of feel-and-touch is very high in collectivist cultures than in individualistic low context cultures. Consequently, it is no surprise to notice a shy volume of Electronic commerce transactions in the Arab world.

Implications and Conclusion

The implications of this discussion to the owners of social networks are numerous. First, they would innovate on strategies that attract more users and therefor build a very large database of users. Second organizations who own pages on social networks should use the content of the users interactions to design new product and services that can be aligned with the psycho-cultural aspect of the Arab users and push users to buy them from the physical store.

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