An analysis of E-business practices in the Arab culture
Current inhibitors and future strategies

Mahmoud M. Yasin and Ugur Yavas

East Tennessee State University, Department of Management and Marketing, Johnson City, Tennessee, USA

Abstract

Purpose – This paper aims to shed some light on E-business practices in the Arab culture.

Design/methodology/approach – A qualitative approach based on observations.

Findings – Identified several culturally-based factors which impair E-business practices in the Arab culture.

Practical implications – Provides practical implications to Arab public and private sector leaders for enhancing E-business practices.

Originality/value – Provides initial insight into the nature of E-business practices and their implications in the Arab culture.

Keywords Electronics industry, Arabian peninsula, Business performance, Culture

Paper type Viewpoint

Background

Throughout history, technological innovations interacted with culture to reshape the way people live and do business. Technological advancements in information and telecommunications technologies in the latter part of the 20th century have been truly remarkable and rapidly transformed some societies (notably Western) into information-based cultures. Indeed, this transformation has been intense and fast. It took radio 38 years to be used by 58 million people. However, after its birth, it took only five years for twice as many people-100 million-to use the World Wide Web.

In information-based cultures, communication channels, business practices and business strategies have been rapidly re-engineered to capitalize on the seemingly endless business potential of the Internet and its related products and technologies. Today, terms such as E-business, E-commerce, E-innovation and E-tailing, all of which involve electronic networks utilizing electronic data interchanges to improve business processes, operations and strategies (Chen, 2001; Selland, 1999), are no longer considered trendy buzzwords. Rather they represent fundamental business practices. The diffusion of "E", however, has neither been homogeneous throughout the world nor has the information revolution influenced all cultural settings equally. For instance, more than 40 per cent of all Internet users are in North America, while the majority of the rest are in Japan and Western Europe. Indeed, Eastern Europe, Latin America, the Middle East and Africa combined account for just under 11 per cent of total Internet users. This pattern also holds true for the percentage of households owning a PC or shopping on-line as well as the extent of business-to-business (B-2-B) and business-to-customer (B-2-C) transactions. Our review of the literature shows that the bulk of the conceptual works and empirical studies on "E" are in the context of North America, Europe and Japan. There is a paucity of writings focusing on "E" issues in other parts of the world (Adam *et al.*, 2002; Debreceny *et al.*, 2002; Martinsons, 2002; Ngai and Wat,

2002; Rosenbloom and Larsen, 2002). One of these overlooked areas is the Arab countries (Palmer, 2002) where writings still focus on end-user computing rather than on "E" and its role in business and customer relationships (Palvia *et al.*, 2002).

Against this backdrop, this paper discusses the impediments to adoption of "E" in the Arab business environment and offers some pointers of action for business and public leaders to facilitate the spread of "E".

The Arab culture and "E"

At a time when B-2-B and B-2-C revenues in North America, Western Europe and Japan reach billions of dollars, why are such revenues in the Arab business environment negligible? Constraints confronting the expansion of the Internet and its related products and technologies in the Arab environment appear to be multi-faceted and include cultural, economic, technological and legal inhibitors.

First, the technological infrastructure for electronic exchange of data and payments is deficient. Slow rates of data transfer, continuous disconnections and difficulties in access are rampant. Second, PC ownership among the consumers is low. Third, for B-2-C to be viable, a credit card-based payment system must be in place. In the Arab culture, cash, rather than credit cards, is the payment method of choice.

Fourth, people in the Arab countries favor face-to-face interactions over other modalities of doing business. For example, some banks in Jordan offer Internet-based banking services. However, these services are rarely utilized as customers value the social interaction with the bank's employees and managers. They prefer to visit the bank, rather than use Internet to complete a transaction. Fifth, for B-2-B or B-2-C to work, a trust must be established not only between the parties, but also among the parties and the technology used. Trust in the Arab culture is established through an elaborate social process. Concerns over security and fear of technology exacerbate the situation. Sixth, familiarity with basic English is essential for using the Internet. This language barrier for most consumers coupled with shortage of Arabic software further contributes to the reluctance of consumers.

Seventh, the role of government in promoting an e-business culture and providing the needed infrastructure and investments is critical (Debreceny *et al.*, 2002; Wilson, 1999). Most Arab governments have not been very active in promoting e-business. Even worse, some Arab governments have hindered developments in the private sector with rigid laws and procedures. Eighth, the Arabic culture is high on group and family collectivism and power distance, and low on future orientation (Kabasakal and Bodur, 2002; Yasin, 1996). It is a high-context culture where personal relationships and the context of the communication process are more important than the content of the communicated message. In this milieu, oral communication is preferred over written communication. Thus, face-to-face communication, or even a telephone call is valued more than e-mail or fax-based communication. Furthermore, since the Arab culture is a slow-paced culture, the efficiency in delivering a message is not as important as the method of delivery. Thus, the instantaneous delivery of a message through electronic means is not as valued as in the case of the Western cultures.

Ninth, because of the high significance attached to tribal influence in the Arab culture, information tends to be controlled and centralized. The central authority figure (i.e. government, top management, head of the tribe) is the focal point of information, while others are provided information only on a need-to-know basis. Thus, information

technologies designed to enhance the dissemination and sharing of information is not as valued in the Arab culture as much as in the case of the Western cultures.

Tenth, buying and selling in the Arab culture is a ritual which has a distinct social context. Many customers base their purchasing decisions on the recommendations of family members and friends rather than on a process of gathering and analyzing information, much less from the Internet. Even for customers with computers and the desire to use the Internet for information, as noted before, technical difficulties discourage such behavior. Finally, the supply-chains in many product/service sectors are relatively short. Thus, the need to integrate these supply-chains through B-2-B practices is minimal. This fact coupled with the lack of reliable technology and know-how to implement B-2-B relationships tend to make face-to-face meetings the preferred mode of conducting B-2-B. Not surprisingly, for all these reasons, the use of Internet-based "E" practices is still in its infancy in the Arab business culture.

Action strategies
The introduction, diffusion, acceptance, adoption and utilization of any new technology in a given culture can be viewed in terms of the life cycle of technology. This cycle includes the following five phases: technological discovery, technological emergence, technological acceptance, technological sublime and technological surplus (Kendall, 1997). In relation to Internet-based technologies, the Arab culture, to a large extent, is at the discovery stage. For the Arab culture to move to later stages in the life cycle and accept and utilize the Internet technology, several actions on the public and private fronts are imperative.

Government
Establish a national information technology infrastructure strategy. The following process can guide the programs and action plans associated with this strategy.

(1) Evaluate existing infrastructure.

(2) Identify weaknesses and inhibitors.

(3) Benchmark other countries.

(4) Select an infrastructure.

(5) Deploy resources to implement the selected infrastructure.

(6) Monitor capacity, performance and compatibility with new advancements to update and continuously improve critical success factors of infrastructure.

Establish an innovative educational strategy. To achieve this, the following process is in order.

(1) Emphasize technology-based education in elementary education. This requires making the information technology available in the classroom.

(2) Stress technical education in public institutes of higher learning.

(3) Educate the public through well-designed marketing campaigns about the new technologies and their potential.

(4) Promote academic and practitioners oriented conferences, workshops, training programs where the "E" experience can be shared.

(5) Move systematically and steadily toward an e-government orientation, where citizens can interact with governmental agencies electronically. In doing this, benchmarking e-government practices of other countries is useful.

Private sector
Establish innovative, information technology based business models and strategies. The following process may guide this effort.

(1) Examine existing business strategies.

(2) Identify weaknesses and inhibitors and critical success factors.

(3) Benchmark existing information technology-based business models.

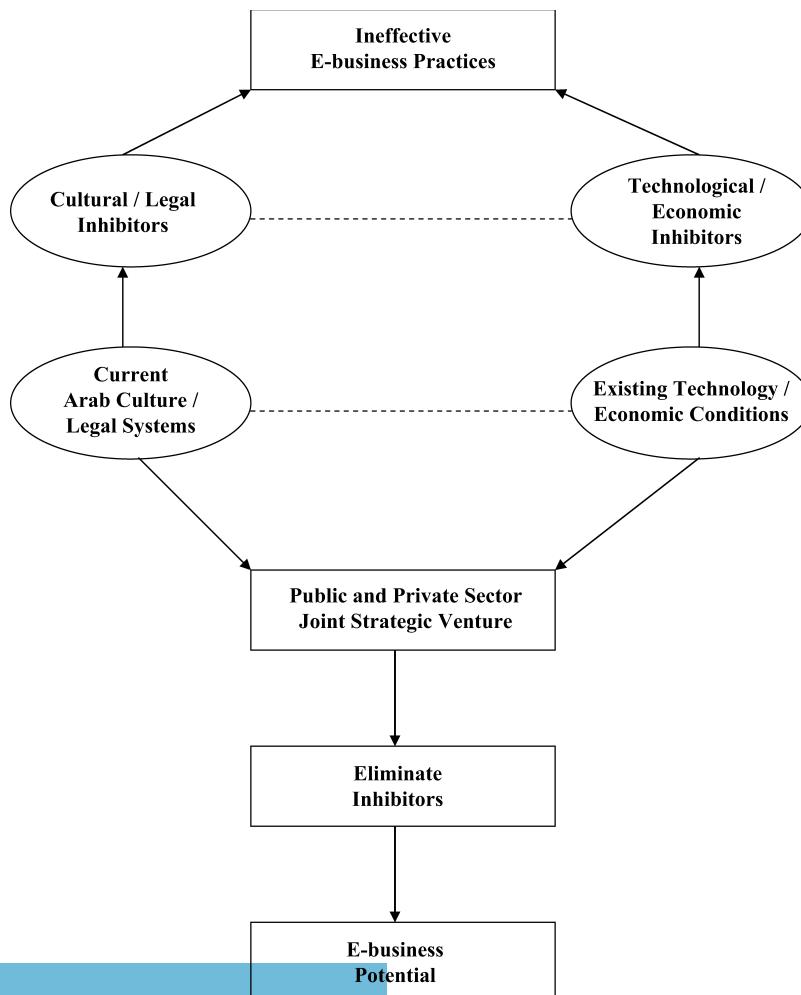(4) Select a business model that is culturally feasible.

Figure 1.
Achieving the e-business potential in the Arab culture

(5) Re-engineer organizational culture, processes, and procedures to fit the new business model.

(6) Implement the new model.

(7) Monitor performance with an eye for continuous improvement.

Establish an educational strategy aimed at employees, business partners and customers. This should entail the following process.

(1) Make customers aware of the benefits of the electronic marketplace.

(2) Give incentives to customers who are willing to engage in B-2-C activities.

(3) Emphasize technical education and training in recruiting employees as opposed to cumulative work experience.

(4) Train existing employees to make them "E" ready.

(5) Establish business partnerships with businesses based on their willingness to engage in B-2-B activities.

(6) Promote transfer of "E" know-how through affiliation with external business partners with proven e-practices.

It is important to note that to facilitate adoption of "E", the efforts of government and private sector must be coordinated as part of a national policy. Government must provide willing private sector participants with tax and other incentives. Also, both the private and public sectors must jointly re-engineer the legal system to make it more conducive to e-business. On a closing note it should be reiterated that while the strategic actions prescribed here are by no means panacea, as outlined in Figure 1, they certainly can speed up elimination of inhibitors and pave the way for E-business to reach its potential.

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Corresponding author
Mahmoud M. Yasin can be contacted at: mmyasin@etsu.edu