

The Role of Culture in the Development of Electronic Commerce

Najmeh Shahdad nejad ¹, Hamid Nakhaie ²

¹ management industry of education & research (MIER) Kerman,Iran

²Mahan Center, Islamic Azad University, Mahan, Kerman, Iran

Abstract. With respect to the fast progress in science and technology and communication devices, the effect of different countries' customs and traditions in using technology as one of the most essential factors in the progress and influence of those devices in the societies is an issue of debate nowadays. There are important factors which play a role in the application and development of information technology among which cultural issues are one of the most influential. With regard to the growing nature of electronic commerce, active companies in this type of trade should be familiar with different kinds of sales deals and business negotiations according to various cultural and national borders which they confront. Electronic commerce has a great effect on the way people live and the people should get familiar with the issues and problems related to it. The aim of this study is to show the role culture can play in the development of electronic commerce and international trade.

Keywords: Culture, Development, Trade, International Trade, Electronic Commerce

1. Introduction

Electronic commerce has been welcomed by human societies during the recent years. The everyday technological progress, has turned the societies into communities which are based on knowledge and awareness, with an ever-increasing speed. The development of information and communication technology has brought about this opportunity for institutions to carry out their commercial activities quickly. Cultural issues are considered one of the most important and effective issues in the path through which this process is applied. Ms. Susan Strange who is one of the prominent researchers in the field of globalization believes that after the establishment of this technology, we should expect to see the greatest storms in the realm of culture. Neglecting cultural differences, has been the reason for many failures in trade. However, when cultural differences are understood well and conducted successfully, they can lead to creative business operations and permanent competitive advantage(Steencamp , 2001 ; 30).

2. E-commerce

E-commerce may be defined as the new way of doing business and making a profit electronically, using networks and the internet. With e-commerce transitions and / or exchange of goods, services, and information are fulfilled through internet networks. (Hanifzade , 1385 : 17) . This process can also be referred to as the use of information technology in commerce.

Types of incoming

1. B2b business: it is the first method of e-transaction which, based on recent statistics still makes the most earnings. it is used to do whole-sale transactions , excluding retailers .

2. B2c business: the maximum role in retail business. This plays whit the development of web this kind of business has also had a repaid growth so that one can now easily purchase any goods needed online. In b2c business the two parties are, in fact, the producer and the buyer.

3. C2c business: Here auction of goods or putting them out to tender is carried out on line. C2c model is similar to the stratified requirements of a newspaper or a stall in a second-hand market or junk shop. With

this model, the main purpose is to make it possible for the consumer and the producer to engage in transactions without the mediation of others.

4. A2b business: This includes all financial and commercial transactions between and among state organizations and companies. It may encompass tax payment and supplying state requirements by companies.

3. Culture

The term culture in European languages (English, French, and German) is referred to as culture or kulture. The latter root of the term (colure) has a wide semantic range: inhabit, cultivate, protect. (pahlavan, 1382 :3). Culture can be referred to as the behavior unique to human beings, which along with physical tools forms an inseparable part of human behavior. (Salehi Amiri, 1386: 15). A variety of definitions have been offered for culture. The variety results from the overall and detailed definitions provided. Giddiness considers culture as (the values shared by a particular people, the norms those people follow and the material goods they produce). (Giddiness, 1376: 57). Brevets Kwan believes that culture may be defined as the set of behavioral, ideological, and acquired qualities of the members of a specific community. (red, 1381 : 50)

But one may claim that the most comprehensive definition of culture is that of Taylor. He states : culture is a complex of cognizance, beliefs, arts, crafts, techniques, ethics, laws, traditions, habits, behavior, and regulations acquired by an individual as a member of a community towards which he/she is assigned with some responsibilities. (nakhaie, 1378 :2).

4. Culture and commerce

Unfortunately, unlike other sciences in which significant advances and breakthroughs have been made, culture has not received its due attention. On the contrary, disproportionate advances in science and technology has led to a number of problems including cultural alienation. According to shariatis definition of alienation, an alien (a nonhuman character or identity) is reincarnated in human so that one feels an alien taking his place within himself. As a result he loses his very self, giving way to (rad 1381:272). Based on this definition, one may conclude that cultural problems may function as an obstacle to the development of trade and as a factor disturbing trade issues. Consideration of cultural issues can be traced back to only 50 years ago. In fact, its origin goes back to the time when American companies first joined international markets. They worried the inability of foreign companies' employees to understand American companies' staff members might suggest to American employees that they themselves were not capable enough. (Moaned, 1387:2). Statistics indicate that just 10 percent of world companies take other countries' cultural issues into account. Unfortunately those who are engaged in cultural issues are ignorant of the problems with which they are faced (ibid) while there is a close relationship between trade.

5. development and culture

Negotiation is a process through which at least two parties try to reach an agreement about their topics of interest. When negotiation takes place with people of another country with a different cultural background, this process can turn into an obstacle towards obtaining success in negotiations (Peyman Ghafari Ashtiani).

6. The Effect of Cultural Diversity on Electronic Commerce :

International companies are ever-increasingly dependent on the effectiveness of their business negotiations for survival and growth. In search for opportunities in the global markets, managers are engaged in international commercial negotiations to a great extent. Therefore, international negotiation has become one of the most challenging commercial tasks and managers spend more than 50 percent of their time on it (Reynolds et al, 2003 ; 236).

As markets, competition, and organizations are becoming international, businesspeople, politicians and the consumers who form these institutions also, have to interact with, conduct, negotiate and agree with the people from other cultures.

Working with people whose values and beliefs are different from those of yours because of their different languages and traditions, may bring about misunderstandings and even expensive commercial failures. Thus, valuable experiences, have made managers and politicians aware of the fact that commerce and politics are not two separate issues and the intellectual realm of an activity is separate from special beliefs and cultural values of a society. All social behavior has taken shape around a particular issue and is deeply related to the values and beliefs. This means that inefficient management of cultural differences might cause high risks. Neglect and misconduct of these differences may mean inability in preserving and motivating employees, incorrect interpretation of the capability to unite international borders, inevitable mistakes in marketing, and failure in creating permanent sources of competitive advantage. Misconduct of cultural differences may also create barriers in front of other successful organizations and managers and cause inefficiency in their intercultural activities, but when cultural differences are managed successfully, they can lead to creative business operations, better and quicker training in organizations and creating permanent sources of competitive advantage (Hooklin , 1998 ; 51).

7. The Role of Sales Negotiations in International Trade

International trade has had an important role in the increase and growth of global commerce. Active companies in international trade should be familiar with different styles of sales deals and commercial negotiations regarding various cultural and national borders which they face. This means that negotiators interact with people of a different culture and in order to reach success in negotiations they should be able to present different styles of negotiation according to the situation(Simintiras and Thomas, 1998 ; 10).

The obstacles on the way to reach successful agreements in commercial intercultural negotiations, are mostly cultural barriers rather than economic or legal ones. In such situations, both parties in negotiation understand the other one based on their own ethnic and racial backgrounds and experiences and the parties often do not realize the reason why their negotiations have failed. This issue shows lack of awareness and information about the culture and strange expectations of the other party, which is considered an obstacle on the way to have efficient and effective negotiations with people of other cultures. Success in intercultural negotiations depends on the ability to see the issues from the perspective and viewpoint of the other participants in negotiation and understanding their cultural values and backgrounds (Gulbro and Herbig, 1995 ; 19).

Electronic Commerce

Culture and Global Trade

Different Problems Existing in the Realm of Culture

Cultural Problems- Paying attention to cultural issues has a background of only 50 years. This goes back to the time when the US companies, upon their active entrance in the international markets, were afraid of the fact that misunderstanding of foreign companies with regard to the speech of the US companies' employees may make these employees believe that their level of capability is low. However, with the enormous economic leap, this anxiety was gradually over because they did not fear being misunderstood by others but it were the others who had to be afraid of this issue.

Untrue leadership and this misconception that the world of trade belongs to the United States, and the language of today's trade which is English made many of the heads of the United States and their companies become unable to recognize how misunderstanding of the buyer or the seller can destroy the commerce and how the huge and important amounts of product sales might drop drastically. Only some great global companies such as Motorola and Intel have employed some people to work on cultural issues. Other companies realize the importance of cultural issues only when they fail in international electronic commerce. Statistics show that only less than ten percent of global companies pay attention to cultural issues of other countries. Unfortunately the people who are engaged in cultural issues are unaware of the problems that they might encounter.

8. Language

One of the important topics of debate in the expansion of electronic commerce is the language used on the websites. How can one communicate with a salesperson whose language he/she does not understand? This issue becomes more serious if both parties want to provide the other with complicated catalogues. In many articles the problem of language is considered as one of cultural issues and the authors of those articles believe that the language of each nation is a major part of that nation's culture. Therefore, business is successful only when it is offered in the buyers language. Presenting websites in a particular language, for example English, is not enough since all the Internet users are not speakers of English. Willy Brant, the former prime minister of Germany says : When we sell things to you, we speak your language but when we buy things from you, you should speak German.

The results of a study show that if the information on the websites is presented in the language of the users, the number of the people using electronic commerce will be four times of their current number. It is predicted that in the year 2004 only one third of the users are speakers of English and this number is about 914 billion dollars of the exchange limit and about 64.1 trillion dollars is exchanged in electronic commerce by non-English speakers. As mentioned before, the problem of language is a critical issue. This problem becomes much more complicated when buyers with different languages call from their homes, because it is practically impossible to translate the web into all languages, thus speakers of some languages into which the web has been translated can use it. It is observed that the user searches the terms in the language he/she understands. A person whose language is English does not look for Japanese articles.

9. Cultural Hits

One of the major problems which appears in the cultural aspect of electronic commerce is the advertisements on different websites which are against human esteem and human values. Such advertisements affect the human spirit gradually and subconsciously. This issue makes the person become indifferent to the human values little by little. Finally, the person will accept his observations as the objective truth of the universe and will neglect metaphysical issues.

One of the other cultural problems in the websites is cultural perspectives regarding time. Local businesspeople often consider their partners as hasty people who are constantly bothering them. This issue might cause lack of mutual understanding and failure in exchanges.

Another problem which exists in the field of distance working but is not irrelevant to cultural issues is that many of the employees like to work in an office environment. Individuals need to work cooperatively with a group of their colleagues. The employees may feel lonely if they work at home. Working with a team through a telephone line and an electronic network will not be as effective as face to face conversations.

Based on the studies carried out, culture has a very important role in the spread and development of electronic commerce and international trade. Understanding cultures, cultural values and cultural differences of the people with whom we interact brings about different negotiations in a particular situation and management of cultural differences paves the way towards having a successful international trade. The establishment of electronic commerce needs creating a cultural basis in order to familiarize people with this kind of trade. This means removing the obstacles and obtaining special facilities to straighten a type of trade whose goal is recognizing new patterns in business and existing relationships in the electronic world. The world is changing faster than we are able to calculate and in order to face global competitions, we should have a comprehensive understanding of the way cultural variables influence trade. Electronic commerce, especially doing business on the Internet has brought about significant changes in competitive conditions. It has also been able to create new job opportunities to replace the old ones in different fields. Electronic commerce is a set of telecommunication technologies, processing and storage of data related to the markets, organizations, clients and electronic payment systems. Moreover, electronic commerce is a new method to carry out business affairs through which businesspeople offer their products completely to all the buyers in the world. Anyway, the future belongs to the one who thinks about it.

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