Chapter V

Global E-Business Alliances:
The Socio-Cultural Perspective, Influence, and Mitigation

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Abstract

With increasing ability to interact globally through the electronic medium, businesses are able to tap into newer business opportunities externally as well as capitalize internally on pools of resources and talents spread across the globe. However one of the major hindrances to the utilisation of these opportunities and talents through global alliances is cross-cultural issues. While technology renders the geographical boundaries redundant, it aggrandizes the chasms in socio-cultural value systems of physically disparate alliance partners. This chapter discusses the gamut of global e-business alliance: the primary reasons for their needs, their socio-cultural perspective, and the various factors that influence such alliances. Finally the corresponding mitigating approaches to those negatively influencing factors are suggested.

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Introduction

Electronic commerce requires sound business alliances. This is because electronic business can reach far and wide, transgressing geo-political boundaries instantaneously. In order to succeed in a global electronic business, it is essential to create alliances that are not merely of the electronic world but also based around the physical world. This is so because however easy it might be to form an electronic link between two businesses, there are numerous non-technical factors, such as social, political, cultural (Laudon & Laudon, 2002), and legal, that influence the outcome of global e-business alliances. In fact it is the balance between these non-technical factors that usually determines the success or failure of a global e-business alliance, as the technical factors are a “given” for these alliances. Understanding the socio-cultural perspective resulting from the non-technical factors is at the heart of e-business alliances in this communication age (Unhelkar, 2003a). However while globalization continues to promote organizations to ascend their technological capabilities, when it comes to physical (non-technical) alliances, as already mentioned, organizations stumble across relatively unexpected challenges in terms of cultural and sociological issues (Unhelkar, 2003c). Increasing competitive pressures make it imperative that companies develop new capabilities in providing timely goods and services, improve internal management of their businesses, and decrease costs. These requirements are better served by strategic alliances that bring together disparate skills, capabilities, resources, and environments. Interestingly the electronic world not only creates the need for this synergy but also facilitates bringing these skills together, which would otherwise not have been possible in mere physical alliances. Despite their potential benefits, the majority of alliances do not survive even in the early periods. According to some statistics 55 percent of alliances fall apart within three years; only 23 percent of them can barely cover the costs of forming those alliances in the first place. One of the major reasons for this failure appears to be the inability of the organizations to accommodate differing cultures (Grambs & Zerbib, 2000) These cultural differences are not merely socio-cultural but also related to corporate cultures and political cultures (Laudon & Laudon, 2002; Unhelkar, 2003c). Thus for an effective globalization process, it is crucial that a fine balance between electronic expansion and creation of physical alliances with global trading partners is achieved.

The fact that the socio-cultural issues are now gaining importance in the e-business world is not surprising. This is because these “soft” issues usually follow the successful handling of technological and methodological issues within any process (Unhelkar, 2003b). Therefore, in the context of processes for globalization and related global information system (GIS) issues, programming for Web sites (technology) and modeling within the context of software