Chapter XIV

Technology and Culture: E-Commerce in China

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Abstract

The number of Internet users around the world has been steadily growing and this growth has provided the impetus and the opportunities for global and regional e-commerce. However, as with the Internet, different characteristics (infrastructure and socio-economic) of the local environment have created a significant level of variation in the acceptance and growth of e-commerce in different regions of the world. Our research focuses on the impact of these infrastructure and socio-economic factors on e-commerce development in China and the findings provide insights into the role of culture in e-commerce, and the factors that may impact a broader acceptance and development of e-commerce in China. In this chapter, we present and discuss our findings, and propose some strategies for success for e-commerce in China.
Introduction

In this chapter, we will present and discuss our findings from a research study we conducted that focuses on culture and its implications on e-commerce development in China. To identify the current infrastructure and socio-economic influences on the development and growth of e-commerce in China, we developed a 20-question questionnaire and pre-tested it by administering it to a small group of participants. It was eventually administered to a total of 252 individuals that formed our study group. The study participants were located in Beijing, Shenzhen, Shanghai, Guangzhou, Wuhan, and Shandong during the time of the study, worked for different types of organizations (Joint Ventures, State Owned Enterprises, Multi-National Corporations, etc.), resided and worked in different regions in China, and had different educational levels, professions, and gender.

Over time, similar studies have been conducted in other countries and various models, by Zwass (1996), Wolcott et al. (2001), and Travica (2002), were developed to identify diffusion of e-commerce in different environments, with Travica’s study being the only one that presented some discussion of the impact of social factors in e-commerce development, focusing on Costa Rica. These models have looked at “infrastructure” and “services” as the primary diffusion factors and we did incorporate some of the concepts and characteristics identified in these models into our questionnaire. However, in our study, we combined the “infrastructure” and “services” categories into a broader infrastructure group and focused on cultural issues more so than these models have incorporated in their studies. However, we do recognize the importance of infrastructure-related issues and have collected some information on these issues as well.

Based on similar previous research, we identified three primary infrastructure-related elements and two cultural issues that impact consumer participation in e-commerce in China. The infrastructure elements we identified are access to technology (computers, connectivity, and gateway to the Internet), payment systems for enabling transfer of funds (credit cards, bank transfers, etc.), and distribution systems for physical transfer of goods (physical delivery to consumers). The two cultural issues we consider to be most relevant and unique to China and that we focused on are: transaction trust (representations of the goods are accurate and true, purchased goods will be delivered and payment will be made) and attitudes towards debt (role and acceptance of debt in Chinese society). Previous studies have identified that Chinese rely on face-to-face contact and personal relationships (“guanxi”) much more than other cultures (Davies and Lsung, 1995), and we consider this to be an element and manifestation of the importance of “transaction trust” in Chinese society and support our assumptions about the concept. Our questionnaire was designed to test the relative importance of these characteristics. As we present and discuss the responses of our participants on cultural issues, we will also present our infrastructure-related findings. However, in our opinion, the infrastructure issues, as important as they may be, are in a constant state of change and improvement, and we project that, in a relatively short time, they will cease to be a major constraint for e-commerce development in China. Whereas, the unique social and cultural characteristics of China and the concepts associated with off-site exchange