Chapter II

Role of Culture in Electronic Business Diffusion in Developing Countries

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Abstract

This chapter includes discussions pertaining to the role of culture in influencing electronic business diffusion in developing countries. In this chapter, the author discusses specific cultural factors and their influences on the individual components required for Internet rollout and use in developing countries. Cases from developing countries are also presented to illustrate the effects culture produces on the levels of electronic business technology usage. The discussions of the lessons learned from those cases along with the theoretical foundations presented throughout the chapter, culminate in the author’s provision of recommendations to the reader, deemed necessary for effectively increasing the diffusion of electronic business in developing countries as well as for reaping the potential benefits generated from its use.

Introduction

The importance of the role of culture as a major factor influencing electronic business diffusion in developing countries has been acknowledged for quite some time. Only recently, however, have researchers begun to investigate the specific cultural elements
propagating technological change and electronic business diffusion (Volken, 2002). As such, this chapter provides discussions of the cultural specificities involved in moderating the rate of diffusion of electronic business in developing countries.

The chapter starts by providing a definition of developing countries. It then proceeds to provide a general introduction to the role of culture in technological diffusion. The rollout of the Internet in developing countries in general is then discussed, before moving on to investigate specific electronic business technologies and challenges facing their diffusion, culture being one such major challenge. The specific cultural elements which play a role in influencing electronic business diffusion are also discussed, with cases from developing countries presented so as to illustrate the effects culture produces on the levels of electronic business technology usage. Through combining the lessons learned from the cases discussed and the theoretical foundations presented throughout the chapter, the reader is finally provided with supporting guidelines useful for future electronic business implementation in developing countries.

**Background**

**Introducing Developing Countries**

What are developing countries? Before discussing the role of culture, an answer to this question provides an adequate first step to achieving the stated objectives of this chapter. According to the World Bank (1996), the main criterion for classifying countries and distinguishing different stages of economic development is Gross National Product (GNP) per capita. In this respect, countries are classified into three categories, namely, low-, middle-, and high-income countries, with the middle-income countries subdivided into lower-middle and upper-middle income groups. It is the low-income and middle-income countries that are generally referred to as developing countries.

The term developing, however, does not imply that the other countries have reached a preferred or final stage of development. It must be noted that the classification of countries by income does not accurately reflect the level of Internet or technology diffusion within a country, especially since high-income countries experience different levels of technology diffusion. The Internet and technology developments in the US, Canada and Australia, for instance, are far more advanced than in Kuwait or Qatar despite the fact that all of these countries belong to the same income group. The classification of countries by GNP per capita, however, provides a sufficient starting point for the definition of developing countries as deemed relevant to the objectives of this chapter.

**The Role of Culture**

Defined as such, it is safe to assert that developing countries are in fact usually perceived as being problematic hosts of information and communication technologies. This is
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