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Reshaping e-commerce in Thailand: An exploratory study of Internet technology for inter-firm communication adoption in the Thai tourism industry from a cultural fit perspective

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Abstract

The Thai government has emphasised in building technical infrastructure to mimic e-commerce models from western countries. However, evidences shows that Thailand has not yet succeeded in the e-commerce adoption. This study addresses the cultural barriers of Internet technology for inter-firm communication¹ adoption in the Thai tourism industry. The results outline various issues emerging from the affect of the Thai's national culture in business to business communication that impact the B2B e-marketplace² and e-mail adoption. These are: personal relationship, long term relationship orientation, inter-organisational trust, ability to communicate in English language; and materialism. The data were collected by in-depth interviews with the government and practitioners in the Thai tourism industry.

Keywords

Appropriate technology, B2B e-commerce adoption, B2B e-marketplace, cultural fit, national culture, strategic fit, technology transfer, Thailand, Tourism industry

INTRODUCTION

It has been predicted that Internet based business to business (B2B) e-commerce will enable firms in developing countries to have wider and cheaper access to the global marketplace (Kraemer et al., 2002; UNCTAD, 2001, 2002a, 2002b). Thailand, which is a developing country in South East Asia, has attempted to use e-strategies for their economic transition. The Thai government has established a national IT 2010 plan and aimed to use e-strategies as a new national trade strategy. According to the national IT 2010 development plan, the Thai government supports five major areas: e-government, e-commerce, e-industry, e-education and e-society. However, the adoption of B2B e-commerce is still very limited in Thailand (NECTEC, 2002a, 2002b). Our interest is, therefore, to investigate the cultural appropriateness/fit³ in the adoption of B2B e-marketplace and e-mail for business to business communication in the Thai tourism industry.

For businesses in Thailand, a concern is that e-commerce, which seems to be a predominantly western product, in particular, the U.S., may not be appropriate in the Thai cultural context. Appropriate technology is a term that represents a particular view of society and technology. It recognises that different cultural and geographical groups will have different technologies that are appropriate to their circumstances (Bruun, 1996; Seror 1996; Shore and Venkatachalam 1996). Koannatakool (2002) addresses, the issue of e-commerce adoption in Thailand at the United Nations Asia Pacific Conference on e-commerce strategies for development, that the basic technical infrastructures such as telecommunication, hardware and software are no longer a major problem in the e-commerce adoption in Thailand. The main point is addressed over how Thais can adapt knowledge and technologies from the Western world to maximise the benefits in the social and economic development. In addition, research by Gray and Sanzogni (2004) reviewing Thai national e-commerce plans and strategies point out that "how do you change cultural impacts on technology developments? This seems to be the real and imposing question in Thailand". Nevertheless, there is little research investigating on how socio-cultural factors impact on the Internet technology adoption in the Thailand (Intrapairot and Srivihok 2003). Therefore, this

¹ This includes B2B e-marketplace and e-mail because these are the two major e-commerce applications that are currently used for inter-firm communication in the Thai tourism industry. The use of EDI and Internet EDI are extremely rare (Ngaorungs, 2004).

² This research studies the adoption of Thaitravelmart.com, which is the pioneer of an e-marketplace in the Thai tourism industry. It was launched in the August 2004. It is claimed to be the Thailand's largest and most effective business-to-business (B2B) trade portal that helps buyers and suppliers of products and services to overcome the major hurdle of locating suitable trading partners.

³ This research uses the term cultural fit and appropriateness interchangeably.

research proposes the question: Is Internet technology for inter-firm communication appropriate/fit to the Thai's cultural context?

The study was conducted in the Thai Tourism industry. Tourism is one of the most important industry sectors contributes to the Thai economic growth (NECTEC, 2002a, 2002b). Although the Thai government has a vision in supporting the development of e-commerce in the tourism industry, the information about the e-commerce adoption in the Thai Tourism industry is limited and it is still considered as a new phenomenon in Thailand (Ngaorungs, 2004). Very little research has been published in this area. One piece of research conducted by Intrapairot and Srivihok (2003) found that most SMEs have information based websites only. E-commerce was found to be a threat to Thai's SMEs. Companies were afraid that suppliers would use e-commerce for direct sales to cut down the business processes by removing intermediaries and enabling direct sales with customers.

This paper is organised as follows: in the next section, the definition of national culture and the overview of the Thai culture are discussed. Then, a research method employed by this study is presented. This is followed by a section in which presents the results of the influence of the Thai national's culture in the B2B e-marketplace and email adoption for the business to business communication in the Thai tourism industry. Finally, research implications and conclusions are discussed.

DEFINING NATIONAL CULTURE

National culture has been defined in many ways. Anthropologist, Clifford Geertz defines culture as a "historically transmitted pattern of meanings embodied in symbols by means of which men can communicate, perpetuate and develop their own knowledge about and attitudes towards life" (McGrath, 1992). Hofstede (1991) defines culture as the collective programming of the mind that distinguishes one group from another. He identified and validated five independent factors of national cultural differences. These are power distance, individualism, masculinity, uncertainty avoidance and long-term versus short-term orientation. To serve the purpose of this research, the definition of the Thai national culture by Komin (1991) was adopted. Komin (1991, p.687) defines the Thai national culture that "characterizing a national culture, of course, does not mean that every person in the culture arranges all the characteristic dimensions in the same order of importance. Therefore, in describing the Thai national characteristics, we are only referring to the common characteristic elements within the Thai culture – the national norms, or group norms in the case of describing a particular group".

OVERVIEW OF THE THAI CULTURE

Thailand's population is relatively homogeneous. More than 85 % speak a dialect of Thai and share a common culture. Up to 12% of Thai are of significant Chinese heritage. Malay-speaking Muslims of the south comprise another significant minority group (2.3%). Other groups include the Khmer, the Mon, who are substantially assimilated with Thai. Theravada Buddhism is the official religion of Thailand and is the religion of about 95 % of the population (U.S. Department of State, 2005).

For centuries, Buddhism has a significant influence in the Thai's society and also economic development. Buddhism emphasizes the non-materialistic way of life (Komin 1991). However, in the past decades, there has been a change in the Thai cultural values influenced by western values and globalisation. Komin (1991) asserts that "the Thais generally value material symbols, as they are seen as 'forms' of being 'modern' (thansamai⁴) and 'developed'". Suprub (2000) observes that this has a strong influence from western countries. Thais admire the technological progress of developed countries and adopting western technologies is a symbol of success (or the so called Possession-defined success) (Richins and Dawson, 1992). In addition, Komin (1991) points out that an ego orientation and face-saving values of the Thai culture accelerate the degree of material acquisition as a symbol of success.

Thailand is the only country in South East Asia that has never been under a western colonial power. Colonisation affects the development of culture (Bhabha, 1994). Countries that had been conquered by western countries are most likely to have a hybrid characteristic in their cultures. 'Hybridity' represents the partializing process of two contradictory sets of knowledge that has integrated in a cultural value (Bhabha 1994). As the result of non-western colonization, this has an impact on the ability to communicate in foreign language (Chieochan et al., 2003; Corbitt, 1999). In contrast, high population in Singapore, Hong Kong, Myanmar, and Malaysia can communicate in English language as a result of colonisation by the United Kingdom (Irwin 1996).

According to Hofstede (1997, 2001), Thailand is considered a collectivist society. In the collectivist society, members in the society are concerned with a group interest rather than individual interest (Hofstede, 1997, 2001). The distinctive between in-group and out-group is strong. "As the distinctive between in-group and out-group, treating one's friends better than others is natural and ethical, and sound business practice. In addition, sociologist also calls this way of thinking 'particularism'" (Hofstede 1997, p.66). Particularism opposites to

⁴ In Thai language

'universalism', which "preferential treatment of one customer over others is considered bad business practice and unethical" (Hofstede 1997, p.66). "Particularist societies are those where "particular" circumstances are more important than rules. Bonds of particular relationships (family, friends) are stronger than any abstract rule and the response may change according to circumstances and the people involved" (Trompenaars 1996). Furthermore, Komin (1991) asserts that Thailand is a society of interdependent orientation. Thai people have high community-oriented value of Brotherhood spirit in helping one another and for being interdependent and mutually helpful.

Similarly to many countries in Asia such as China, Korea and Japan, maintaining a long term relationships is important in the Thai society. Thailand is a long term oriented society and this is also known as a high Confucian value, whereas the UK, the USA, New Zealand, Canada, Australia and Germany are more towards the short-term oriented cultures (Hofstede 2001; Fang, 2003). In the long term oriented societies, "in business, building of relationship and market position", while in the short term oriented societies, "in business, short-term results: the bottom line" (Hofstede 2001, p.366).

Thailand has high uncertainty avoidance (Hofstede 1997). Hofstede (1997) defines uncertainty avoidance, which is one national cultural dimensions, as the extent to which the members of a culture feel threatened by uncertain or unknown situations. Societies that are high in uncertainty avoidance (e.g. Thailand) possess an intolerance for and anxiety toward uncertain or ambiguous situations. In contrast, in a low uncertainty avoidance society (e.g. the U.S.), members do not fear the future and tolerate risk easily. They are willing to sever existing relationships and enter into relationships with new partners.

RESEARCH METHODOLOGY

This research aims to have a deep understanding as how to the Thai culture influence the adoption of the B2B e-marketplace and e-mail in the Thai tourism industry. This can best be achieved by employing an interpretive research approach. The interpretive research can help IS researchers to understand human thought and action in social and organisational context. It attempts to understand phenomena through meaning that people assignment to them (Klein and Myers, 1999; Walsham 1993). This research conducted a field study in the Thai tourism industry.

Data were collected by a fieldwork study in Thailand for two months period during June and July 2004 by the author. Each interview was about 1 hour. Overall, 14 interviews were conducted (see Table 1). This research started off by conducting face to face interviews and collecting internal documents from Tourism Authority of Thailand (TAT) (Ngaorungs, 2004) and President of Association of Thai Travel agents (Soorangura, 2004) of the current e-commerce adoption in this industry. Then, it followed by interviews with another 11 firms in Thai tourism industry. Travel Agent and Hotel & Resort were selected because they have been identified as the most potential and active companies in the adoption of Internet technology (Ngaorungs, 2004). In addition, an interview with the Thai-Australian culture expert was conducted to obtain the westerner's view point of doing business in Thailand.

The interviews started with a few companies. Then, the participants were asked to identify companies that they have business collaboration with, such as their suppliers, customers and competitors. The contacts to the new companies may be made directly by the researchers or the participants may kindly initiate the contact to the new companies then the researcher follow up to arrange the interviews. By doing this, it helps the researcher to have better understanding on the linkages in the interorganisational network and the collaboration in the Thai tourism supply chain.

Types	Size	Number
Government Institution	-	1
Industry association	-	1
Travel agent	SME	6
Travel agent	Large	2
Hotel	SME	2
Hotel	Large	1
Thai-Australia Cultural expert	-	1
Total		14

Table 1. Numbers of interviews

The interview processes started with the broad overview of the discussion on the current Internet and e-commerce applications that interviewees use in their businesses and the future plans. Then, they were asked about their motivations and attitude towards the use of these applications, including B2B e-marketplace and e-mail. The interview discussion includes the benefits and drawbacks of the technologies, current business processes and to what extends that the technologies replace the traditional ways of doing business in Thailand. In addition, the interviewees were asked to provide some examples of the issues and problems faced by adopting

B2B e-marketplaces and e-mail. Then, the researcher asked more specific details about the cultural issues which were described by the interviewees.

For the data analysis, Klein and Myers (1999)'s framework of hermeneutic interpretive method was adopted for data analysis. Firstly, the fundamental principle of the hermeneutic circle is used to understand human behaviour by the iterating between considering the interdependent meaning of parts and the whole. This study analyses human experience involved in using Internet technology for inter-firm communication in a particular Thai culture context. It iterates between the examining experience of adopters (organisations) as parts and determining the full meaning of the shared meanings of the adopters with reference to Thai national culture context to interpret the technology adoption behaviour as a whole.

The principle of abstraction and generalization is considered, this principle requires idiographic details of data interpretation through a theoretical lens that describes the nature of human understanding and social action. In this study, analysis of socio-cultural issues of the technology adoption is supported by national culture theories. Hofstede's (1997) theoretical framework on national culture is the main theory used in data interpretation. In addition, this study also use other cultural related theories, for instances, the concept of Guanxi, which is a principle cultural concept in the Chinese and Asia community and Komin's research (1991) on characterising the Thai national cultural values to support the analysis. The discussion on the key findings was presented in the next section.

KEY FINDINGS

PERSONAL RELATIONSHIP (GUANXI)

Personal connection/relationship is very important to do business in Thailand (Thongjeen and Speece, 2002). It is similar to the concept of "Guanxi" in Chinese business. Guanxi represents the formal and informal relationship building and maintenance for business connections in Asia in particular Chinese business. It requires personal relationship networking among individual not organisations. The exchanges which take place amongst members of the Guanxi network are not solely commercial, but also social, involving the exchange of favors (Davies et al, 1995; Hammond and Glenn, 2004; Vanhonacker, 2004).

Most of the interviewees do not believe that e-marketplace will help their businesses to search for new business partners and to gain more business opportunities. Most of the interview said that normally they use Guanxi, which is recommendation from pervious customers to their friends and family to get new customers by word of mouth strategy. In addition, face to face communication is important in building relationship. Suppliers often do 'sale call' which they have to go to customers to present their products. For example, hotel representatives go to travel agents to present their products and services. The followings examples demonstrate Thai's attitudes towards using web channels to replace the traditional sales and marketing strategies.

An interview with a local hotel

Interviewer: If is there are some companies contacts you via email or web channel such as e-marketplace seeking for the new business opportunities, will you trust them?

Interviewee: There are some enquiries from online channel. However, we never end the agreements online. We still need to arrange the meeting and sign agreement. In Thailand, we are not doing business in online collaboration. Maybe in Europe, US and Australia. They may do. In Thailand, although sometimes we see each other face to face, we still don't trust or believe them. If we do not see their face, how can we trust and do business with them.

An interview with a Thai manager working in International travel agents in Thailand

"Sales in Thailand emphasize the personal relationship than business talk like in the US.. You must know the technique."

An interview with a local travel agent

Interviewer: How do you contact and select your overseas suppliers?

Interviewee: We selected new suppliers by talking to them. We would be able to have a better judgement about the capability of the suppliers by talking to them face to face then looking from the document. Sometimes, I would ask new suppliers to quote the price. Normally, maybe it is Thai people culture. We must make sure that we know from the top managers to small employees. In addition, we want prefer to contact overseas suppliers that have offices in Thailand. We want to know exactly where the office is because if there is any problem, we will know how to find them.

LONG-TERM RELATIONSHIP

Maintaining a long term relationships are important in Thai and Asia societies. Hofstede and Bond (1988) identified a fifth national cultural dimensions which is called long term/short term orientation. It was derived from the concept of Confucian Dynamism by a group of Chinese researchers named 'The Chinese Culture Connection' (Hofstede and Bond, 1988). Confucian Dynamism identifies a core set of Asian values, which include time orientation. It relates to the work of the great Chinese philosopher, Confucius (Fang, 2003; Robertson, 2000). This national cultural dimension is unique and interesting because it is empirically focusing on traditional Asian values (Robertson, 2000).

Although there is not much empirical evidence explaining how long term orientation values of the Thai business culture on the IT adoption, the interviews with Thai tourism industries and the Thai-Australian business culture consulting expert emphasize this issue as shown below:

An interview with a local travel agent

Interviewer: How do you find the agent overseas?

Interviewee: These agents we do business with them since before I was born, which is around 40-50 years ago. There are some new agents. However, we are one of the top ten travel agents in Thailand. Normally, the new travel agents will come to us to do sales call.

An interview with a Thai manager working in a foreign travel agent in Thailand

Interviewer: Why do you think e-commerce cannot replace in Thai business?

Interviewee: Personal contact, Relationship base and negotiation skill in Thai business. If I use too much of this dealing strategies with Western clients, they will annoy me. But for Thai people, you need to know how to deal with them. Sometimes, if you say thing to straight forward, they cannot take it. Building relationship in Thailand takes time.

An interview with the Thai-Australian business culture consulting expert, she said

"...Thai society is definitely towards a long-term orientation society. They do not like to do business with people who they don't know. Normally, when they do business with someone, they prefer to know background information of that person such as family background and network background. And it takes time to get to know this information and be familiar with that person. It is not like Western society which focuses more on the short term orientation..."

INTER-ORGANISATIONAL TRUST

'Trust' has been regarded as the foundation of the digital economy (Fukuyama, 1996; Pavlou, 2002; Salam et al., 2005). It is a key in inter-organisational relationship (Ratnasingam and Phan, 2003; Zabkar and Brencic, 2004). Ratnasingam and Phan (2003, p.40) defined inter-organisational trust as "the confidence of an organisation in the reliability of other organisations, regarding a given set of outcomes or events". Pavlou (2002) identified the characteristics of e-business environment, which affects the significant changes of the nature of buyers and suppliers relationship. These are "1) the impersonal nature of the online environment, 2) the extensive use of communication technology as opposed to face-to-face transactions 3) the implicit uncertainty of using an open technological infrastructure for transactions and 4) the newness of the transaction medium" (Pavlou 2002, p.216).

The issue of trust can be explained by the perceived of uncertainty (Doney et al., 1998; Elahee et al., 2002). It is noted that the issue of trust is not peculiar for the adoption of e-commerce in Asian society as it is also an important issue addressed in e-commerce adoption research in the Western countries. But perhaps, the main difference between the East and the West in trust is the degree of uncertainty avoidance. The interviews indicated that level of high uncertainty avoidance in the Thai's society and this resulted in creating barriers in the adoption of the internet technology for inter-firm communication. The results inline with pervious research by Dywer et al. (2005) that high uncertainty avoidance culture is most likely to have a slow innovation adoption rate comparing to low uncertainty avoidance culture. Low uncertainty avoidance culture more readily tolerates uncertainty and willing to expose unknown risk. In addition, Hofstede (2001) asserts that low uncertainty avoidance cultures make greater use of a recent technological innovation, the Internet than do high-uncertainty-avoidance societies. Some examples of the interviews related to trust are illustrated as below:

An interview with a local hotel

"It is taking too much risk if we do business with someone we have never seen or known. For example, if there are emails to book 20 rooms and what if they don't come. We may lose the opportunities to sell these rooms to other clients. Especially, if the bookings are from overseas, how and where can I look for them if there is any problem? We have never seen their faces before".

An interview with a local travel agent

Interviewer: How do you select these agents? What if they contact you via email? Would it be possible to negotiate via email or online channel?

Interviewee: I do believe that human contact is more important when you deal with someone. Similarly, when we send the job application form, some people have good resume but we will feel more comfortable and confident if we talked to them. You have to separate IT and human. IT reduces the human contact.

An interview with a local travel agent

"The sales strategy that we use is Arjan (means teacher) xzy who is the owner of the company. For example, in the booklet, we show his image. Arjan sells trust to customers. Customers have trust in him that is why they come to us. Because he is arjan, they feel that arjan will not abandon them while travelling overseas."

An interview with a local travel agent

"Face-to-face and interpersonal contact is very important. For example, the rank of your hotel is only 3 stars. But if you sales representatives have good presentations and talk to us. The impression of your company to us may increase from 3 to 3.5 stars something like that. However, if we do business online, we cannot trust the online pictures. We cannot tell from the pictures. Now, the technology has developed all the pictures can make it look nice. We do not trust what we see online. Interpersonal contact is still very important and what we see in real things is very important as well.

ENGLISH LANGUAGE

Internet and e-commerce accelerate global communication. English is a global communication language (Crystal, 1997) and it is the predominant language for the development of IT and e-commerce (Chieochan et al. 2003). English language represents 50 percent of Internet users (228 million), and it is expected to grow to 270 million in 2003 (Chalakornkul et al., 2001). Existing literature indicates that the lack of ability to communicate in English language is considered a barrier of IT adoption in Thailand (Chieochan et al. 2003; Vatanasakdakul et al., 2004). This research also found that English language is a serious barrier in the adoption of Internet technology for inter-firm communication in the Thai tourism industry. Illustrations from the interviews addressing the importance of the ability to communicate in English are as below:

An interview with a local hotel

"Language is a major problem in e-commerce adoption in Thailand. Especially, in Thailand, if we want our e-commerce to be like Inter, we have problems in the expression in writing and reading contents from the webs. It is hard to understand and writing is not like talking."

An interview with a local travel agent

"Language is not a problem for us because we hire foreign workers from overseas."

An interview with Tourism Authority of Thailand

Interviewer: What are the problems of e-commerce adoption in the Thai tourism industry at the moment?

Interviewee: SMEs do not want to invest in having website because 1) cost 2) maintenance and 3) language problems.

Interviewer: Can you please explain more about language problems?

Interviewee: They need skill staff, who are able to write program tours, correspond and negotiate with overseas trading partners. These activities require skill in the English language.

Interviewer: Isn't English still required when communicating in the traditional way?

Interviewee: Yes, they do. But by using web, they will meet new trading partners, which may come from diverse backgrounds. But for now, they are using the existing overseas trading partners, who they met in person. Talking is easier way to communicate than writing. Retail travel agents get business contact wholesalers that they know. But using the e-marketplace, they will have to communicate with anybody around the world. For example, they may get 10-20 emails from overseas. They then need people who are able to communicate and write back."

An Interview with a foreign manager in hotel businesses in Thailand

"Thai local people feel more convenience using telephone than typing emails. Local communication uses telephone and fax. Local people have problem in English language and spend so much time just to write an email. Because normally, email is in English." He then

added that "the Inter (means International in English) and large organisations can use email document but not for small local companies.

An interview with a local travel agent

"Language is the main barrier. Sometimes customers from overseas do not use English such as Spanish and French. They send us emails. However, they also call us to confirm and explain what they want. Spanish people do not use English as the main language, which is the same as Thai people. Thus, we both have the problem in English communication."

MATERIALISM

This issue deals with the degree of materialism and how much one admires western cultural values. The interviews address the association of western influences in relation to the technology adoption. Mostly, the interviewees address the importance of being modern and adopting western technologies rather than realising any actual benefits from these technologies.

An Interview with Thai travel agent

"Interviewer: Why do you adopt e-commerce?"

Interviewee: Bangkok is a social trend society. Globalisation is currently a new Western trend. We are afraid that we not able to follow the market trend. We don't want to feel left out. Everyone believes that everything will convert to Internet so we have to follow."

An Interview with Thai travel agent association

"Thailand is a fever culture. New Western trends such as Y2K, globalisation and e-integration, we will all talk about it, but for the short while."

An Interview with Thai travel agent

"Thai people adopt e-commerce is because of trend and fever (in Thai is called Sang Kom Ka-Seea). Thailand has a very short term crazy about thing then they will forget. In think e-commerce will only last long in another 2 years time. Then, people will forget about it."

DISCUSSION AND CONCLUSION

This paper contributes to IT adoption literature, in particular B2B adoption in developing countries; by enrich the understanding of appropriateness of Internet technology for inter-firm communication transfer to Thailand from a cultural fit perspective. This study allows us to understand the effects of the Thai cultural values on the adoption of Internet technology and the results reveal some cultural misfits on the technology adoption in the Thai business context. The study identifies five issues emerging from the affect of national culture in business to business communication that impact the use of B2B e-marketplace and e-mail in the Thai tourism industry. These are: personal relationship, long-term relationship orientation, interorganisational trust, ability to communicate in English language; and materialism.

Thai businesses do not seem to achieve the benefits from adopting B2B e-marketplace to gaining new business opportunities in the global and regional markets. Personal relationship (Guanxi) is still a key success factor in achieving new business opportunities and the long-term relationship needs to be maintained. Thai businesses fear to do business with new trading partners that they never had face-to-face contact. Trust needs to be established before any businesses can be done and face-to-face communication is crucial for a trust development process.

Currently, e-mail is the primary e-commerce application for business to business communication in Thailand. Even though e-mails are widely available for companies, the traditional ways of communication, for example telephone, fax, and face-to-face, seem to still have a major influence in the way the Thai businesses conducted. The weakness in ability to communicate in English language in the professional standard makes it more difficult for companies to understand and to utilise the e-marketplace as well as e-mail.

For Thailand, even though the appreciation of western values is significant in the modern world, this study observes that culture plays important role in the success of Internet technology transfer from western countries to Thailand. However, Wong and Ahuvia (1998) point out that even though Asian society consumers the same products are western societies, it does not mean that consumers have them for the same reasons. The material items can be easily moved or copied, but their meaning is difficult to transfer across cultures (Wong and Ahuvia, 1998). Thus, for Thailand cannot assume that western IT products will be easily successful in the Thai context. The finding confirms that to maximize the benefits from the B2B e-commerce adoption, organisations should adopt technology that is only appropriate or modify to suit the local cultural context.

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