

Chapter 42

A Taiwanese Empirical Study of Online Group Buying from the Perspectives of Organizational Culture and Transformational Leadership

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ABSTRACT

This study examines online group-buying from the perspectives of organizational culture and transformational leadership. A convenience sampling of 400 online group-buying individuals living in Taiwan was conducted in 2011, and this yielded 300 effective questionnaires, giving a return rate of 75%. ANOVA analyses and canonical correlation were used to examine the participants' perceptions of organizational culture and the leadership of online group-buying initiators, and the relationship between these leadership behaviors and the organizational culture in their workplaces. The main findings of this study are as follows: (1) online group-buying activities occur most often in organizations with a "supportive" culture; (2) "idealized influence" is the most influential leadership behavior with regard to the perceptions of group-buying members towards group-buying initiators; and (3) the better initiators are able to perform with regard to "individual consideration" and "idealized influence," the greater the positive effects on online group-buying activities in the organizations with "supportive" and "innovative" organizational cultures.

INTRODUCTION

In Taiwan, instead of going through an auction process, many online sellers prefer to provide the buying incentives of discounts or no purchasing fee to customers who purchase a certain quantity of goods, since this makes it easier to gain more market share. In addition, due to the lower purchasing prices offered for bulk purchases, as well as more efficient bargaining processes (Kauffman, Lai, and Ho, 2010), low-

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cost transactions, multi-unit options for goods, and ability to make purchases without the limitations of time and space, an increasing number of consumers in Taiwan either form buying groups with their colleagues, friends, and relatives, or join existing group-buying activities to purchase goods online. Most commonly, new members of such groups are recruited by their coworkers, and this social and leisure activity has thus become a particular organizational culture in the workplace in Taiwan (Chang, 2010).

A number of researchers (e.g., Sen and Bhattacharya, 2001; Vitell and Ramos-Hidalgo, 2006) have noted that organizational culture has a significant impact on people's thoughts, feelings and behaviors, with the company becoming a socializing reference element for its employees, who often feel motivated to align themselves with corporate values. Moreover, parts of organizational culture, such as organizational values, also influence employees' personal buying behaviors (Cambra-Fierro, Polo-Redondo and Wilson, 2008). It is therefore of interest to examine whether there are any specific types of organizations that encourage online group-buying activities.

In this study, the online group-buying initiator is the key person responsible for assembling members, dealing with sellers, collecting payments and delivering goods for group-buying activities, who, while perhaps not part of the official management, is a leader in the online group buying activities that occur in the workplace. Since group buying on the internet has been deemed as a demonstration of organizational culture in many Taiwanese institutions and companies (Chang, 2010), this initiator is thus someone who can be seen as a potential leader within their organization. In this context it is worth noting that transformational leadership is not simply based on official authority, but instead on the leader's personality, traits and ability to create valuable and positive change in their followers, with the end goal of developing followers into leaders (Burns, 1978). It is thus appropriate to consider the leadership actions performed by the initiators of online group-buying as being transformational. Consequently, through the measurement of the following four traits: idealized influence, inspirational motivation, intellectual stimulation, and individual consideration (Bass and Avolio, 1994), the transformational leadership of the online group-buying initiator can be further examined and understood with regard to perceptions of transformational leadership that are held by group-buying members – those individuals who have chosen to take part in a group-buying activity.

When considering online group buying as a demonstration of organizational culture in the workplace, it is therefore expected that a relationship exists between the transformational leadership performed by online group-buying initiators and organizational culture in the workplace could be then inferred. However, most studies related to group-buying on the internet focus on relatively personal consumer behaviors and price mechanisms, and very few consider the roles of organizational culture and leadership.

These questions are explored in this paper in a Taiwanese context (See Figure 1). It is anticipated that the results of this work will provide important references that will enable online sellers to better select target groups for group-buying activities. In addition, the results of this paper can also provide empirical suggestions to the group-buying initiator regarding how to perform better with certain types of organizational culture in order to enhance the efficiency of group-buying activities.

The three research questions that this paper examines are as follows:

RQ1: What kind of organizational culture does an institution with online group-buying activities have?

RQ2: How do online group-buying members perceive the transformational leadership performed by their group-buying initiators?

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