



# **E-Business in Thailand: Social and Culture Issues**

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## **ABSTRACT**

*Surveys of literature indicate that, in general, there are seven key factors that contribute to a successful e-business. They are management, IT infrastructure, design, content, e-business systems, marketing and customer service. Businesses that want to be successful in the new economy must undertake careful planning in these areas before launching their e-business endeavours. However, to date there has been no examination of the social and cultural issues associated with e-business (Singh, 1998). The purpose of this paper is to highlight the need to include these two factors for businesses operating in countries such as Thailand that have different cultural and social frameworks to the Western world. A survey of Thai business executives was conducted. The survey findings confirm that culture and social issues do have significant impacts on the adoption and the success of e-business in Thailand. Twenty social and cultural factors are identified and examined. Organization infrastructure and English literacy are reported to be the major internal and external barriers respectively to the adoption of e-business in Thailand. This research provides the foundation for future research to develop a holistic framework to guide businesses in Thailand, or other similar countries, on how to adopt e-business that produces positive outcomes.*

## **PREAMBLE**

Over the past few years the widespread use of the Internet has led to tremendous expansion in electronic business (e-business) worldwide and especially in South East Asian countries (Input, 1999). E-business over the Internet is a new, fast-growing way of conducting business. Though only a few years old, it is rapidly developing into a major economic activity (Legard, 2000). It can link companies within the global market such that geographical boundaries and location are no longer hindrances to business transactions.

E-business, in this study, is defined as any form of commercial transaction involving goods and services of any kind, conducted over a computer network (Evans, 2000). It includes the buying and selling of products and services over the Internet; services required for online transactions to be carried out; and services that facilitate the dissemination of information over the Internet and the online interaction of buyers and sellers. This requires the support of the delivery of goods and services.

Thailand, which has just entered the *trial and error* stage of its development of e-business activities, was selected as the subject for this study (Business in Thailand, 1998). Thailand has a good mixture of foreign and local investors, a high demand for and supply of imports and exports, and an existing strong business environment. It has its own culture and is a unique society. As in other countries in Asia, e-business activities in Thailand are growing at a rapid rate.

## **THE RESEARCH METHODOLOGY**

A survey was conducted with business executives in Thailand. The majority of the surveyed companies were traditional companies (non-technology or the Internet) in key industries such as manufacturing, retail, wholesale, financial services, travel, government, information and communications. It was a qualitative survey, which included 20 in-depth interviews conducted in person with senior executives and 20 conducted over the telephone. The objective of the survey was to identify issues that were considered by Thai Business to be important and the barriers to the adoption of e-business in the country.

## **SUCCESSFUL E-BUSINESS REQUIRES CAREFUL PLANNING IN SEVEN KEY FACTORS**

E-business is the complex fusion of business processes, enterprise applications, emerging technologies, and organizational structures necessary to create a high-performance business model. Literature sur-

veys indicate that businesses that succeed in this new economy undertake careful planning in the following seven key factors:

- a) Management commitment: Having a clear focus on what the companies hope to achieve will set the path to developing a successful e-business. The tough task for management is to align business strategies, processes, and applications to the new business platform.
- b) IT infrastructure availability: Global Electronic Business depends upon a modern, seamless, global telecommunications network and upon the computers and information appliances that connect to it (National Computer Board, 2001). Genuine market opening will lead to increased competition, improved telecommunications infrastructures, more customer choice, lower prices and increased and improved services.
- c) Design of resources on the Internet: The usability of WebPages is a key factor in determining the success of e-business. Visual appeal is essential in the online world. Dedicated graphic designers replace technologists when creating e-business sites (Hayes, 2000). The design & development stage requires ensuring professional design, seamless navigation, and consistent branding. At this stage, the emphasis should primarily be on clear navigation, fast response time, familiar terminology, and relevant content - the four most important factors that affect web brand loyalty (Vora, 2000).
- d) Web Content: A Web site's informational content provides its richness and attracts its viewers. Finding, creating, and maintaining this content forms a major portion of any e-business project (Hayes, 2000).
- e) e-business systems: The ultimate aim of e-business is to enable customers to serve themselves and to complete the entire transaction, from start to finish, without having to go offline (O'Brien, 2000). This requires building trust, providing secure transactions and fulfilling customer demand.
- f) Marketing: Without effective marketing, the most advanced and technically superb e-business site will only be a cash drain (Offshore Press, 2000). Marketing a site is a combination of traditional marketing and some marketing methods that are unique to the new medium.
- g) Customer service: The heart of e-business is interconnectivity and interaction. The ability to reach more people while sharing information of increasing richness creates new opportunities for value creation in areas such as marketing, customer service, and operations. However, equal access to information eliminates long-held advantages in business relationships and drives pricing to commodity levels.

### E-BUSINESS IN THAILAND

E-business is not something new to Thai businesses, as it has existed for some decades (Koanantakool, 2000). Earlier forms of e-business were conducted through closed networks, for example, internal networks (Intranet), mainly in the form of electronic data interchange (EDI) and electronic fund transfer (EFT).

With rapid developments in the Internet, recent attention has been focused on e-business conducted over the Internet. In response to this, many Thai companies have started exploring the various e-business methodologies and attempting to identify issues associated with the adoption of e-business in the organization. Some are working collaboratively to develop a framework for e-business implementation

### THE HYPOTHESIS

The seven factors identified are derived from findings based on businesses in western countries. Thailand, like other countries in Asia, has its own unique education, culture and social frameworks. Therefore, education, social and culture issues should have a strong influence on the adoption of e-business and e-business activities in Thailand.

### THE SURVEY SAMPLE

Thai businesses were randomly selected and 40 companies finally agreed to participate. More than half of the survey companies were small and medium-sized enterprises (SMEs). Around 20% can be considered to be large firms (See Figure 1). About 50% had IT staff of less than 10 (See Figure 2).

The largest proportion of the companies surveyed were in the Information Technology (IT) industry (40 %); the remaining 60% were divided equally among the finance, education, wholesale, travel, government, and information provider sectors (See Figure 3).

### GENERAL FINDINGS

All senior executives agreed with the definition of e-business on Page 1. All executives interviewed agreed that e-business in Thailand

Figure 1: Number of employees

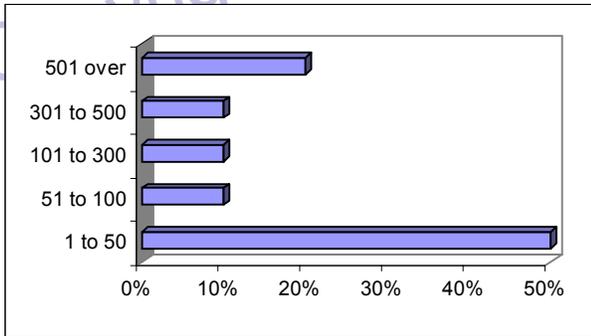


Figure 2: Number of IT professionals

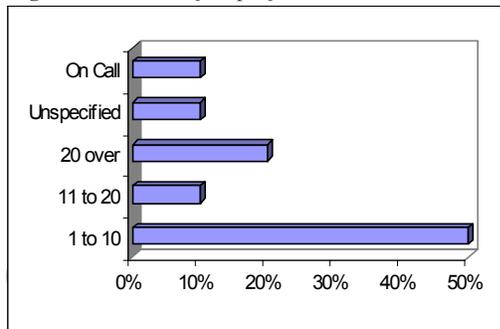
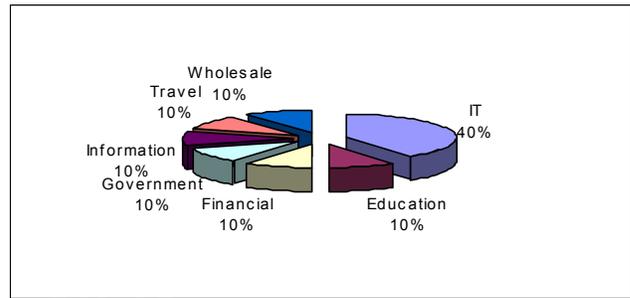


Figure 3: Companies surveyed industries



was still in its initial stages. Most believed that e-business was here to stay and will not be a passing fad. They agree that e-business would increase competition.

The survey showed that approximately 56% of the organizations had short and long-term plans for e-business. The remainder had no immediate plans to introduce e-business activities. There is currently no support from the Thai government for e-business activities to the private sector.

According to the survey, the main reasons for Thai organizations to start e-business initiatives were market expansion (33.3%); gaining advantage over competitors (16.7%); and real-time response to meet customer demand (11.1%).

### SPECIFIC FINDINGS

a) Issues Associated with e-business in Thailand. The survey revealed that education and culture were the main issues for e-business activities in Thailand. Thai executives believed that, sooner or later, e-

Table 1: E-business initiatives reasons

Market expansion - Advertisement	33.3%
Competition	16.7%
Real-time response to meet the customer demand	11.1%
Company's image	5.6%
Cost efficiency	5.6%
Increased profitability	5.6%
Information fulfillment	5.6%
Internet requirement from end users	5.6%
Catching up with technology	5.6%
Common Practice	5.6%

Table 2: E-business issues

Education & Culture	28.57%
Banking Practice including secure transaction	23.81%
Legal and regulations	19.05%
Accessibility to Computer & regional differences	9.52%
Telecommunication & Technology	9.52%
Delivery Systems	4.76%
Government Support	4.76%

- business technology in Thailand would be able to catch up with the rest of the world. They also expressed a strong desire for further research in education and culture in relation to e-business activities.
- b) The Impact of Cultural Issues on e-business Activities and Applications. About 67% of Thai executives agreed that cultural issues had an impact on running e-business activities. As businesses went online, cross-cultural issues became more important.
  - c) Cultural Factors that effect e-business Activities. Twenty factors were identified and the survey findings revealed that business culture and WebPage presentation were considered by the Thai executives to be the main factors determining the success of Thai e-business companies. They agreed that e-business applications must be developed in such a way as to incorporate cultural factors.
  - d) e-business Language Support. Surprisingly, English was the main language of e-business WebPages in Thailand.
  - e) e-business Security. As expected, the survey revealed that most of the Thai executives claimed that their e-business activities were secure. However, of these, about 37% are not sure how security is achieved.

### IMPACT OF CULTURAL FACTORS – FONTS, COLOR AND DIAGRAMS

The survey findings revealed that WebPage presentation was one of the main factors in determining the success of Thai e-business

Table 3: Culture factors

Business Culture (After Sale Services, Warranty, Refund Policy, Information Secrecy)	12.37%
WebPages Presentation (Color, Format, Layout, Font)	10.31%
Price (Including Credit Card & Delivery Charge)	9.28%
Payment (Including Credit Card, Banking systems)	6.19%
Response Time	6.19%
Trust & Sincerity	6.19%
WebPages Contents	6.19%
Government Support	5.15%
Security	5.15%
Company's Image (Including Creditability, Location, Product Brand)	4.12%
Convenience	4.12%
Education	4.12%
Product Category (Variety)	4.12%
Cross Culture	3.09%
Delivery	3.09%
Languages	3.09%
Laws (Including Copyright)	3.09%
Technological Apprehension	2.06%
Fashion	1.03%
WebPages Address (Easy to remember)	1.03%

Table 4: Language used

English	47.06%
Thai	29.41%
Others: Malaysian, Chinese, Swedish, Norwegian, Danish	29.41%

companies (10.31%). The use of particular fonts, colors and diagrams in WebPage presentation can express the national and business culture of an organization. Graphics such as charts, diagrams and illustrations need the support of text and color. The letters of the alphabet and numbers can be presented using various typeface styles. Each typeface style is designed to cater for different requirements. Some are created for legibility so as to be easy on the eyes. Some styles are created to make use of space efficiently. Colors have the power and ability to influence emotions, perceptions and moods. They can alter behavior and trigger different emotional responses.

Below are examples of how fonts, colors and diagrams were used to illustrate the national and business culture in e-business WebPage applications. Various WebPage presentations from the Makro Asia company chain, (which operates in various) different countries were used. Makro Asia is a distributor for food and non-food products in the Asian region.

Figure 4: Thai local firms – makro (Source: <http://www.siammakro.co.th>)



Figure 5: makro in Taiwan (Source: <http://www.makrotw.com.tw>)



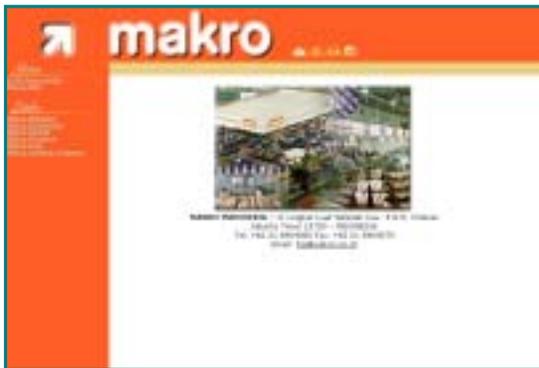
Figure 4 is a screen capture of the “Siam makro” retailer WebPage application. It is designed for local Thai consumers using Thai cultural and social contexts. The lady performs the traditional Thai greeting *Wai*. *Wai* is a way of saying hello and also of showing thanks or respect to people. In this case it means “Welcome”. The smile is used to express friendliness. The background color is used to create an atmosphere of warmth. Text fonts used are in the Thai language.

In contrast, the WebPages designed by the same company for Taiwan, the Philippines and Indonesia differ significantly from those of Thailand. In this case, there are clearly cultural issues involved. Although different fonts, color and diagrams are used, these WebPages still identify the “makro” company chain.

Figure 6: makro in the Philippines (Source: <http://www.makro.com.ph>)



Figure 7: makro in Indonesia (<http://www.makro.co.id>)



## THE MAIN DIFFICULTIES ENCOUNTERED IN PLANNING FOR E-BUSINESS INITIATIVES

Interestingly, the main difficulties in planning for e-business initiatives came from internal factors (45%) due to organizational infrastructure (20% of overall). Most of the companies surveyed operated as family businesses in which the owner was the decision-maker for the organization. Most Thai executives did not want things to be changed if they were currently operating effectively.

Of the external factors, education and English literacy played an important role (15% of total). English and education, especially in computer literacy, were the main concern of Thai executives.

Table 5: E-business initiatives difficulties

<b>Internal Factors</b>	<b>45%</b>
Organization infrastructure	20%
Employees	10%
WebPages development	10%
Capital Investment	5%
<b>External Factors</b>	<b>35%</b>
Education - including English literacy	15%
Communication Infrastructure - including online payment	10%
Customer	10%
<b>No difficulties</b>	<b>20%</b>

## CONCLUSION

e-business has emerged as an important strategic tool that can drive down operational costs and open the door to new business opportunities. This survey reveals that one of the biggest challenges to the development of e-business is that there is a strong need for a study of the social and cultural issues involved in the globalized market. Businesses are at present approaching e-business primarily as an economic, technological, legal and regulatory issue. There is at present no examination of the social and cultural issues associated with electronic business. The business and technology focus needs to be complemented by greater attention to the social and cultural factors associated with the use of electronic business.

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