

**THE INFLUENCE OF VARIOUS CULTURE DIMENSIONS IN INDONESIA
TOWARDS PURCHASE DECISION FOR ONLINE SHOPPING**

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ABSTRACT

This study focuses on the determination of how various culture dimensions has an influence towards purchase decision for online shopping. Using perceived usefulness, ease of use, and attitude of usage, the team would like to research if these variables have positive impact toward behavioral intention for online shopping.

Quantitative research is being used to describe the market characteristics and to gather data for the research model that is based on Technology Acceptance Model (TAM). Over 100 respondents of 18-35 years old are being investigated. The respondents randomly selected based on their ethnic backgrounds, from Batak, Javanese, Chinese and Papuan cultural heritage.

The researchers found that culture does not affect perceived usefulness, however it does not give significant impact on perceived ease of use, which means that different cultures do not play an important role in determining whether a new technology (online shopping would be accepted.

Keywords: culture dimensions, perceived usefulness, ease of use, attitude of usage, behavioral intention, online shopping

Introduction

The development of technology and digital area has led for an unexpected turn in the

retail industry: online shopping. For centuries and decades, people have been making transactions face to face, seller to buyer, in brick-and-mortar stores with tangible money. However, things have evolved very drastically as now consumers can shop anywhere, anytime, without having to leave their home, and not meeting the seller with money they do not see or touch.

This rapid change has brought some people, the older generations, in shock. Digital shopping was initially developing more in western countries, with pioneers such as Amazon and eBay all started in the US. And then Asia followed with more online brands coming up each day. This of course makes the western regions longer accustomed to e-commerce than Asian populations.

In Indonesia more specifically, online shopping has become a rapidly booming business. With a population of over 250 million, current projections say it will reach \$130 billion by 2020 (Sinva, 2017).

A survey by DI Marketing (2016) shows the statistic of Indonesia's consumption and usage in e-commerce with interesting results: 77% of Indonesia's population shops online, with the most well-known e-commerce sites are Lazada.co.id, Tokopedia.com, and Bukalapak.com and Lazada dominates the industry with 20% market share. Meanwhile 1/3 shop online 2-3 times/month and 33% of them spend around \$10 –\$20/time.

As this new development of e-commerce goes on, pioneers and marketers stepping into new territories also evolves to try finding out how to fit this invention to a settled environment. In this case, Indonesia's culture. Differences in culture also create various consumer's reaction in perceiving new methods of buying things. Or rather, it also determines factors for them to have purchase intention towards a specific online platform. One e-commerce that works in the UK does not necessarily means it can work on India using the same approach. Therefore, differentiated advances aimed at specific segments are necessary when creating and implementing online business or marketing strategies.

Learning through a region's culture means interacting and observing closely as to how to control his or her behavior. In this case, their buying behavior. Every country is different, has their own cultures, and faces a unique set of problems that keep changing over time. Culture

is defined by Hofstede (1980) as the collective programming of the mind that distinguishes the members of one group or category of people from others. In other words, culture is a manifestation of someone or a group's ideas or knowledge through their language, religion, social habits, music and arts, and help shape this group's social behavior and norms in their societies. Culture is passed on from one generation to the others, with some changes contributed by the things, people and events evolving in a certain period.

As a country grows, so does its cultural diversity. A lot of countries have immigrants or passers-by going in and out and stays there, and they help shape the country's culture in many ways. That is why culture is always in motion. It changes with political conflicts, evolving religion beliefs, different ethnicity coming in, basically the elements that make up a culture. Especially for countries that have ethnically diverse societies, such as Indonesia. Hence, culture becomes a dominant factor when it comes to preferences and behavioral patterns of someone. People usually do things according to their core belief and value accustomed to where they are living. Core values are passed on from generation to generation as from parents to their kin through strong reinforcement from major social institutions. It is an inherent guide that leads them to making decisions, whether small or important ones. For instance, people in Indonesia tend to hide their emotions and feelings, especially towards superiors. Even though someone is upset, they habitually not show anger externally. They will keep on smiling and be polite, no matter how angry they are inside.

The researcher is very much interested in finding out how cultures in Indonesia (in this case, the dimensions of culture) can give certain impact to the emerging and growing e-commerce, and how it can provoke or overlook the potential of online shopping in this region, seeing how big the potential of this industry currently is becoming.

Problem Statement

According to the background stated above, the problem identified in this research is **to determine how various culture dimensions has an influence towards purchase decision for online shopping.**

Research Objectives

1. Do the dimensions of culture have a positive effect towards perceived usefulness and ease of use of online shopping?

2. Does perceived usefulness have a positive effect towards attitude of usage?
3. Does perceived ease of use have a positive effect towards attitude of usage?
4. Does perceived usefulness have a positive effect towards behavioral intention for online shopping?
5. Does attitude of usage have a positive effect towards behavioral intention for online shopping?

Previous Research

CULTURE AND TECHNOLOGY ACCEPTANCE MODEL (TAM)

Halimi et al. (2010) focused on the index of culture and Technology Acceptance Model (TAM). They evaluated the impact of culture on young consumer's intention towards online shopping in the multicultural context of Malaysia consequently they used Hofstede's study about the dimensions of culture, which could be implemented in seeing how different dimensions give impact on adoption of technology innovations. Hofstede described four dimensions that can be used to distinguish among different cultures: power-distance, uncertainty avoidance, masculinity, and individualism. The results illustrated that culture is a determining factor to predict the consumers' intention to do online shopping among young consumers.

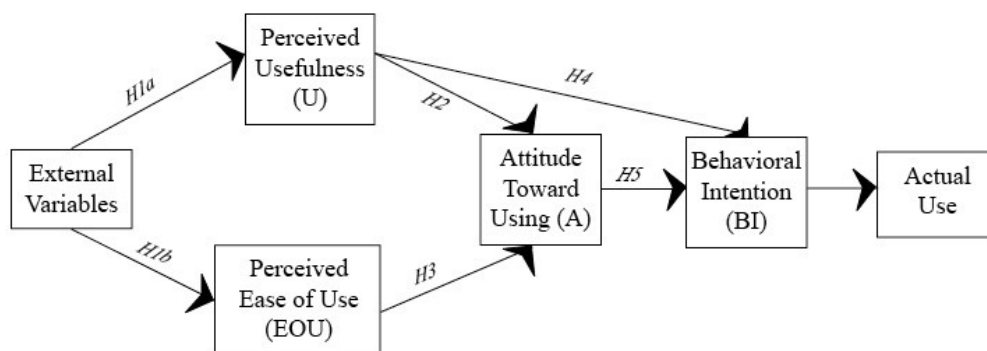


Figure: Technology Acceptance Model (TAM)

Source: User Acceptance of Computer Technology: A Comparison of Two Theoretical Models, Davis et al. (1989)

The A-BI relationship represented in TAM implies that, all else being equal, people form intentions to perform behaviors toward which they have positive effect, meanwhile the U-BI relationship is based on the idea that, within organizational settings, people form

intentions toward behaviors they believe will increase their job performance, over and above whatever positive or negative feelings may be evoked toward the behavior per se (Davis et al., 1989).

Based on these previous researches, the two primary variables in this model include perceived usefulness and perceived ease of use, while the rest are subjected as dependent variables. Perceived Usefulness (U) is used to explained how users expect by using a certain system or technology will help or ease them their jobs. While Perceived Ease of Use (EOU) talks about how the users expect this technology to be easy to use and effortless. These two variables will then contribute to users' attitude toward usage, behavioral intention, and lead to actual use of the technology.

Research Hypothesis

From the TAM model explained above, the researcher can derive several hypotheses that correlates to each of the variables' relationship toward each other considering culture acting as external variable.

H₁: The index of dimensions of culture has a positive effect towards perceived usefulness (U) of online shopping.

H₂: The index of dimensions of culture has a positive effect towards perceived ease of use (EOU) of online shopping.

H₃: Perceived usefulness (U) has a positive effect towards attitude of usage (A) for online shopping.

H₄: Perceived ease of use (EOU) has a positive effect towards attitude of usage (A) of online shopping.

H₅: Perceived usefulness (U) has a positive effect towards behavioral intention (BI) for online shopping.

H₆: Attitude of usage (A) has a positive effect towards behavioral intention (BI) for online shopping.

Research Methodology

This research will use a quantitative research to describe the characteristics of the respondents and to see the relationship among variables. The fact that the index of culture is

measured numerically, the quantitative approach will be the best option for this research. This study examines male and female consumers who have shopped online before, representing the age of 18-35 years old. Meanwhile, respondents are randomly selected through screening their racial backgrounds, from Batak, Javanese, Chinese and Papuan cultures, residing in Indonesia.

Data Analysis

Based on the research, 56.7% respondents are represented by 18-22 years of age, 60.7% female, 42.9% employees, and 18.6% have income more than 10 million. From the cultural background, 25.7% represents Chinese heritage, 24.3% from Javanese heritage. Batak heritage contributes to 21.4% and 7.9% represents Papuan.

Latent Variable Correlation

	A	BI	IC	PEOU	PU
A	1.000				
BI	0.661	1.000			
IC	0.285	0.285	1.000		
PEOU	0.668	0.565	0.227	1.000	
PU	0.578	0.602	0.368	0.580	1.000

Table: Latent Variable Correlation

Source: Developed for this research

A= Attitude towards Using; BI= Behavioral Intention; IC= Index of Culture;
PEOU= Perceived Ease of Use; PU= Perceived Usefulness

Based on the table above, the researchers conclude that the only direct relationships are IC-P, IC-PEOU, PU-A, PEOU-A, PU-BI, and A-BI. These can be interpreted as that the variable latent of IC-PU and IC-PEOU have only 36.8% and 2.7% relationships respectively, which mean that they do not affect largely toward each other. Meanwhile PU-A has a moderate relationship, 57.8%, PUB-BI has a slightly stronger relationship of 66.8% and like other results also. These could also be interpreted that these latent variables have their respective impacts toward each other, although slightly stronger relations.

Hypothesis Test

Bootstrap model

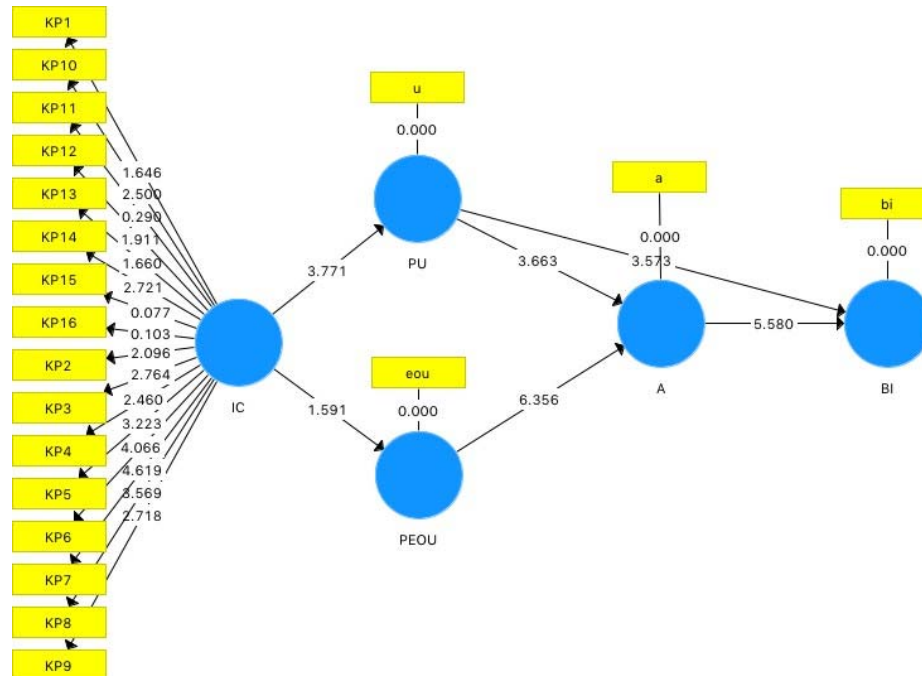


Figure: Output Bootstrap

Source: developed for research

Variable Correlation

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
A -> BI	0.470	0.468	0.084	5.580	0.000
IC -> PEOU	0.227	0.306	0.143	1.591	0.112
IC -> PU	0.368	0.444	0.097	3.771	0.000
PEOU -> A	0.501	0.507	0.079	6.356	0.000
PU -> A	0.288	0.285	0.078	3.663	0.000
PU -> BI	0.330	0.336	0.092	3.573	0.000

Table: T-Value Table

Source: Developed for research

Hypothesis Test Results

a. The relationship between Attitude towards Using (A) with Behavioral Intention (BI) is

- significant with T- Statistics value 5.580 (>1.96) and original sample value (O) is +0.470, which means the relationship between A and BI is positive.
- b. The relationship between Index of Culture (IC) with Perceived Ease of Use (PEOU) is not significant with T- Statistics value 1.591 (<1.96) and original sample value is +0.227, which means the relationship between IC and PEOU is positive.
 - c. The relationship between Index of Culture (IC) with Perceived Usefulness (PU) is significant with T- Statistics value 3.771 (>1.96) and original sample value is +0.368, which means the relationship between IC and PU is positive.
 - d. The relationship between Perceived Ease of Use (PEOU) with Attitude towards Using (A) is significant with T- Statistics value 6.356 (>1.96) and original sample value is +0.501, which means the relationship between IC and PU is positive.
 - e. The relationship between Perceived Usefulness (PU) with Attitude towards Using (A) is significant with T- Statistics value 3.663 (>1.96) and original sample value is +0.288, which means the relationship between PU and A is positive.
 - f. The relationship between Perceived Usefulness (PU) with Behavioral Intention (BI) is significant with T- Statistics value 3.573 (>1.96) and original sample value is +0.330, which means the relationship between PU and BI is positive.

Independent Variable	Dependent Variable	T Statistics	Remarks
Index of culture	Perceived Usefulness	3.771	H^*1a accepted and $H=1a$ rejected.
Index of culture	Perceived Ease of Use	1.591	$H=1b$ accepted and H^*1b rejected.
Perceived Usefulness	Attitude towards Using	3.663	H^*2 accepted and $H=2$ rejected.
Perceived Ease of Use	Attitude towards Using	6.356	H^*3 accepted and $H=3$ rejected.
Perceived Usefulness	Behavioral Intention	3.573	H^*4 accepted and $H=4$ rejected.
Attitude towards Using	Behavioral Intention	5.580	H^*5 accepted and $H=5$ rejected.

Conclusion

To conclude this thesis, after elaborating on the result of the conducted research on

chapter four, the researcher gives her own analysis on why the results are the way they are. Out of six hypotheses, one hypothesis is rejected, which is *index of culture does not have a significant effect towards perceived ease of use*. While index of culture does affect perceived usefulness, it does not give significant impact on perceived ease of use. This means, in Indonesian culture specifically, different cultures do not play an important role in determining whether a new technology (in this case, online shopping) would be accepted. Of course, there could be other factors contributing to this. For instance, level of education, motivation to learn, level of intelligence, and so forth. These factors may have deeper relevance to how a society perceive ease of use of a certain technology, and this could become an interesting study in the future indeed.

However, as other hypotheses are accepted, it is then confirmed that index of culture has a significant effect towards perceived usefulness, perceived usefulness has a significant effect towards attitude towards using, perceived ease of use has a significant effect towards attitude towards using, perceived usefulness has a significant effect towards behavioral intention, and attitude towards using has a significant effect towards behavioral intention. Meaning that in order to increase purchase intention of online shopping, the factors needed to be considered when creating strategies are culture that can lead to perceived usefulness (this could happen by incorporating culture of work that needs people to use online shopping), perceived usefulness (making people feel that this is beneficial for them), perceived ease of use (creating simple interface or teaching the public on the usage of online shopping), attitude towards using (making it a positive experience), and thus will lead to behavioral intention that ends with people actually doing online shopping. It is quite quizzical as the last step before intention of using pops up, is how attitude towards using determine the intention of online shopping. It can also be concluded that making people have good attitude or positive perception, it will undeniably lead to actual usage.

Recommendation

Since index of culture does not have a significant effect towards the purchase decision for online shopping, researcher suggests that other external factors could be considered in the next research of purchase decision for online shopping. Even so, culture still holds an amount of impact even though not great.

Based on the fact that other correlations beside index of culture (perceived usefulness-

attitude towards using, perceived ease of use- towards attitude towards using, perceived usefulness towards behavioral intention, attitude towards using-behavioral intention) receives good value which means they significantly affect one another, the researcher would suggest to improve all these variables to increase purchase decision for online shopping.

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