

**CULTURAL NORMS, BELIEFS AND ASSUMPTIONS ON USE OF E-COMMERCE AMONG TRADERS IN KAMPALA - UGANDA**

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**Abstract**

*This study investigated the extent to which cultural norms, beliefs and assumptions affect the use of e-commerce among 84 traders in Kampala central division, sampled out of 113 e-commerce users through cluster, strata and purposive techniques. The study was quantitative and employed a correlational cross-sectional survey design using self-administered questionnaires (SAQs). Data was entered into SPSS package and analyzed using means and standard deviation. The*

*findings indicated a positive significant correlation between cultural norms, beliefs and assumptions and e-commerce use among traders in Kampala central division. This led to a conclusion that cultural norms, beliefs and assumptions influence e-commerce use among traders in Kampala central division. It was therefore recommended that to promote the use of e-commerce, cultural norms, beliefs and assumptions should be put into consideration.*

**Key words:** *Cultural norms, beliefs and assumptions, e-commerce.*

### **Introduction**

Organizations wishing to survive and prosper have to foster the use of internet and ICT for most of their activities. One way business entities can use internet is through the use of e-commerce. According to available data, e-commerce will continue to increase sales in the next few years. By end of 2007, e-commerce sales accounted for 3.4% of total sales (Ghada, 2009; Zwass, 2004). E-commerce has a great deal of advantages; Consumers search through a large database of products, can see actual prices, place orders and email them; Customers can compare prices with a mouse click and buy selected products at best prices. The web provides a way to be found by customers without expensive advertising; even small online shops like that of Kampala can reach global markets; Customer preferences can be tracked and individual preferences delivered. Despite all these numerous advantages, the level of e-commerce use in Kampala is still low. According to ITU (2008), only 6.4% of the population in Uganda use internet, yet majority simply use it for e-mails and academic work; while a few use it for business. This failure to use ICT in business, leads to funds waste on marketers, advertising abroad and rental costs. With more competitive techniques, it is dangerous for companies not to use the most modern business technique. Where as the low levels of e-commerce use in Kampala are well documented, little effort has been devoted to isolating reasons. Low levels of e-commerce use can be reflected in form of computer illiteracy, poverty, poor internet communications infrastructure, low electricity coverage and high capital costs (Eremu, 2003). While there are several factors contributing to low levels of e-commerce use, in this study it is argued that cultural norms, beliefs and assumptions could be playing a major role. Hence

the need for this study, to relate e-commerce use to cultural norms, beliefs and assumptions using traders in Kampala as a case study. In this study, cultural norms are operationalised as behaviour patterns, rules and values that are typical of specific groups. Cultural beliefs and assumptions are operationalised as how people think things really are, what people think is really true and what therefore is expected as likely consequences that will follow from our behavior. Hence the objectives of the study were: to establish the effect of (i) cultural norms and (ii) beliefs and assumptions, on e-commerce use among traders in Kampala central division.

### **Cultural Norms and E-commerce Use**

Cultural norms are behavior patterns, rules and values that are typical of specific groups (Bicchieri, 2006). Such behaviors are learned from parents, teachers, peers, and many others whose values, attitudes, beliefs, and behaviors take place in context of their own culture. Bicchieri (2006) notes that some norms are healthy and some are not, some contribute to betterment of individuals, families, and communities; others are precisely kinds of high-risk behaviors that mainstream society would like to reduce or eliminate. In view of this assertion, the researcher assumes that there are variations in contributions of cultural norms towards e-commerce use. For example Conflict or uncertainty over which cultural norms should be acceptable contributes to change and instability in various fields like education, e-commerce adoption and the like (Bicchieri, 2006)).

Avshalom *et al* (2008) claimed that given the moral plurality and mutual incompatibility of social and cultural norms in the global village, online shoppers would have to consider their norms and beliefs. Adam *et al* (2007) shows that moral plurality of norms brings to fore issues pertaining to what is right or approved (Social relativism) and what is culturally approved to be right (Cultural relativism). If traders subscribe to different societal or cultural norms, they would differ in their level of e-commerce use. Lafond & Sinha (2005) observe adoption depends both on the form of e-commerce used and social and cultural norms of customers and vendors. For example, when the PAN e-commerce mall was established in Singapore, there was a significant challenge of the need for existing social norms that often prohibit such online transactions. Avshalom *et al* (2008), in their study conducted in

Israel cultural norms, suggest that in conflicting situations in which there is an ethical dilemma between commercial and ethical factors, commercial factors prevail. This suggests that cultural norms in some cultures can be broken in favour of a technological innovation like e-commerce and in such a case, cultural norms will respond positively to e-commerce use. This study intended to explore the nature of cultural norms and their responsiveness to e-commerce use among traders in Kampala.

### **Cultural Beliefs and Assumptions on E-commerce Use**

Beliefs are assumptions we make about ourselves, about others in the world and about how we expect things to be (Wrightington *et al*, 2005). Beliefs are about how we think things really are, what we think is really true and what therefore we expect as likely consequences that will follow from our behavior. According to Avshalom *et al* (2008), the slow uptake of e-commerce in developing countries in general, is the result of the confluence of these two factors. These researchers further found that Technology facilitating e-commerce develops at a great pace whereas cultural institutions, traditions, laws, beliefs and customs lag behind. The variance in world wide moral beliefs and assumptions is great, and it is not clear how customers in the different backgrounds trust an e-shop that conducts commerce in ways that are incompatible with their own social and cultural norms. The major concern of this paper, was how do the different beliefs and assumptions impact on e-commerce use among traders in Kampala, where there exists traders of different cultural orientations. From the above literature, the study hypothesized that (i) cultural norms and (ii) cultural beliefs and assumptions explain different levels of e-commerce use among business men in Kampala.

### **Methodology**

Using a quantitative, correlational, survey design, data were obtained using a self-administered questionnaire with 24 questions on e-commerce use, broken into four sections, namely four questions on online transactions, seven on online marketing, five on stock control and eight on financial control and management. For the independent variable, 32 questions arose broken into sections namely, nine questions on language (three on each), 12 questions on religion, five on

norms, six on beliefs and assumptions. There were six questions on personal information. Using the said questionnaire, data were collected from a sample of 84 respondents selected out of 113 traders using e-commerce in Kampala central division, of whom males (67%) dominated females, small business owners (70%) dominated medium and large, while those whose source of supply and customers is local (67%) dominated those with both foreign and local sources. In respect to education level, graduates (33%) dominated other levels and in terms of computer skills, majority (67%) had average skills (neither little nor much skills). Non random sampling methods such as purposive, quota and convenient sampling were used to select respondents (Amin, 2003). Data were analyzed using simple and complex frequency tables and correlations.

### Findings

In this paper data were presented, analyzed and interpreted using tables based on research objectives and the pertinent hypotheses.

### E-commerce use

The dependent variable in this study was e-commerce use, conceptualized in terms of 24 questions divided into four sub sections, namely online transactions, online marketing, online stock control and online financial control and management. Each question was Likert scaled ranging from one to five; one for very rare or not ever used; two for rarely used; three for neither rare nor regularly used; four for regularly used; five for very regularly used. Table 1 provides pertinent descriptive statistics showing the means and standard deviations of traders' responses:

**Table 1: Descriptions of means and standard deviations for traders' responses on the level of use of online transactions**

Indicator of e-commerce	Means	Std Deviation	Interpretation of mean
<b>Online transaction</b>			
Selling with in Kampala/Uganda	2.38	1.334	Rarely used
Buying with in Kampala/Uganda	2.14	1.214	Rarely used
Selling outside Kampala/Uganda	2.48	1.340	Rarely used
Buying from outside	2.43	1.185	Rarely used

Kampala/Uganda			
<b>Online marketing</b>			
Advertising commodities within Kampala/Uganda	2.24	1.115	Rarely used
Advertising commodities outside Kampala/Uganda	2.19	1.103	Rarely used
Access local trade fares through internet	2.10	1.276	Rarely used
Access foreign trade fares through internet	3.00	1.353	Undecided
Talk to local customers through e-mail	3.00	1.388	Undecided
Talk to foreign customers through e-mail	2.43	1.408	Rarely used
Conduct promotions on internet	2.48	1.410	Rarely used
<b>Online stock control</b>			
Place local orders through internet	2.57	1.442	Undecided
Place foreign orders through internet	2.67	1.500	Undecided
Fulfill local customers' orders through internet/e-mail	2.62	1.536	Undecided
Fulfill local customers' orders through internet/e-mail	2.19	1.477	Rarely used
Control stock electronically	2.29	1.358	Rarely used
<b>Financial control and management</b>			
Pay local customers through internet	2.33	1.400	Rarely used
Pay foreign customers through internet	2.62	1.181	Undecided
Receive pay from local customers through internet	2.90	1.238	Undecided
Receive pay from foreign customers through internet	2.81	1.477	Undecided
Pay taxes, electricity and water bills electronically	2.81	1.400	Undecided

Pay workers' electronically (e.g. through bank)	2.48	1.181	Rarely used
Manage books of accounts electronically	2.48	1.238	Rarely used
Monitor financial flows electronically (e.g. through LANS)	2.33	1.477	Rarely used

The means in table 1 suggest that traders rated themselves as generally low users of e-commerce particularly on online transactions (means = 2.34), online marketing (mean = 2.49) and online stock control (mean=2.47). To generate a summary picture of how traders in Kampala central division rated on e-commerce use, an average index (e-use) was computed for all the 24 questions in Table 1, which turned out to have a mean of 2.498, suggesting that responding trades rated themselves rare or low users of e-commerce.

### Hypothesis one

The first hypothesis in this study was that cultural norms explain different levels of e-commerce use among business men in Kampala central division. Using five questions, respondents rated the different aspects of their cultural norms on the five point Likert scale ranging from one for Strongly disagree; two for disagree; three for neither disagree nor agree; four for agree and five for Strongly agree. Table 2 shows the descriptive statistics of these responses;

**Table 2: Descriptive Statistics on traders' perceptions of their cultural norms**

Indicator of cultural norms	Mean	Std Deviations	Interpretation of Mean
Your cultural norms are change oriented	2.76	1.276	Undecided
Your cultural norms allow use of e-commerce	2.71	.939	Undecided
Your cultural norms are ethically sensitive	3.29	.632	Undecided
Your cultural norms encourage you to be progressive	3.67	.841	Agreed

Your cultural norms can easily be changed	3.14	1.291	Undecided
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The means in Table 2 suggest that the biggest number of traders were neutral, that is most of them neither disagree nor agree on whether their cultural norms can support use of e-commerce (most means  $\approx 3$ ). To get a summary view of how traders rated their cultural norms, an average index called NORM was computed for the five questions in Table 2, which turned out to have a mean of 3.11, confirming that cultural norms were perceived as neither supportive nor unsupportive in the use of e-commerce.

In testing the null hypothesis, Pearson's Linear Co-rrrelation Coefficient (PLCC,  $r$ ) of the two numerical indexes (NORM and e-use from Tables 1 and 2) was computed. Table 3 shows the results on testing of this hypothesis.

**Table 3: Cultural Norms and e-commerce Use**

Variable correlated	Mean	r-value	p-Value
Cultural Norms	3.11	0.619	0.000
E-commerce Use	2.489		

Results on testing hypothesis in Table 3 gives an  $r = 0.619$  and a sig. or  $p = 0.000$ , indicating a positive significant co-relation ( $r > 0.5$ ,  $p < 0.05$ ) and since the p-value was small than  $\alpha = 0.05$ , the null hypothesis was rejected and the research hypothesis accepted to the effect that cultural norms significantly affect use of e-commerce among traders in Kampala, at the five per cent level of significance.

### Hypothesis two

The second hypothesis in this study was that cultural beliefs and assumptions explain different levels of e-commerce use among traders in Kampala central division. Using seven questions respondents rated the different aspects of their cultural beliefs and assumptions on the five point Likert scale ranging from one for Strongly disagree; two for disagree; three for neither disagree nor agree; four for agree and five for Strongly agree. Table 4 shows the descriptive statistics of traders, responses:



**Table 4: Descriptive Statistics on traders' perceptions of beliefs and assumptions**

Indicators of beliefs and assumptions	Mean	Std deviation	Interpretation of means
Doing business on internet is the best business model nowadays	3.14	1.328	Undecided
You like doing business on line (e-commerce)	3.75	1.301	Agree
You are comfortable with online business	3.83	1.074	Agree
You believe e-commerce increases business competitiveness	4.00	1.006	Agree
You believe e-commerce is more risky	3.33	.474	Undecided
You belief e-commerce increases profitability	3.50	1.266	Agree
You expect e-commerce to boom in near future	4.00	1.006	Agree

The means in Table 4 suggest that most traders agree that their cultural beliefs and assumptions enhance e-commerce use (five out seven items have means  $\approx 4$ ). However, traders do not perceive e-commerce as risky or none risky and whether doing business on internet is the best business model or not (means  $\approx 3$ , falling in the category of neither disagree nor agree). About how traders rated their cultural beliefs and assumptions, an average index (BELNASS) was computed for all the seven items in Table 4, which had a mean of 3.63, which confirm that cultural beliefs and assumptions were perceived as supportive in the use of e-commerce among traders in Kampala (mean  $\approx 4$ , which fall in the category of agree).

To test the null hypothesis, Pearson's Linear Co-rrrelation Coefficient (PLCC,  $r$ ) of the two numerical indexes (BELNASS and e-use from table 1 and 4) was computed. Table 5 shows finding on testing of this hypothesis.

**Table 5: Cultural Beliefs and Assumptions on E-commerce Use**

Variable correlated	Mean	r-value	p-Value
Cultural Beliefs and Assumption	3.63	0.324	0.003
E-commerce Use	2.498		

Table 5 shows an r value of 0.324 and a sig. or p value of 0.003, indicating a significant positive co-relation ( $r > 0$ ,  $p < 0.05$ ), as the p-value was small than  $\alpha = 0.05$ , leading to rejection of the null hypothesis and hence accept the research hypothesis to the effect that cultural beliefs and assumptions significantly affect the use of e-commerce among traders in Kampala, at the five per cent level of significance.

### CONCLUSION

The first objective in this study was to assess the effect of cultural norms on use of e-commerce among traders in Kampala central division from which it was hypothesized that: cultural norms explain different levels of e-commerce use among business men in Kampala central division. Data analysis using Pearson's Linear Co-relation Coefficient (PLCC, r) indicated a positive significant co-relation. These study findings are in agreement with Avshalom *et al* (2008), asserted that given the moral plurality and mutual incompatibility of social and cultural norms in the global village, online shoppers would have to consider their norms and beliefs. The findings led to conclusion that cultural norms affect e-commerce use among traders in Kampala central division Uganda; hence the recommendation that traders should be sensitive about cultural norms while conducting e-business. Web designers too should be sensitive about the different cultures of people that use the designed web in order not to scare away some of the customers.

The second objective of the study was to establish the effect of cultural beliefs and assumptions on use of e-commerce among traders in Kampala central division from which it was hypothesized that cultural beliefs and assumptions explain different levels of e-commerce use among business men in Kampala central division. Pearson's Linear Co-relation Coefficient (PLCC, r) indicated a positive significant co-relation ( $r > 0$ ,  $p < 0.05$ ), as the p-value was small than  $\alpha = 0.05$ , leading to

rejection of the null hypothesis. These findings were in agreement with Avshalom *et al* (2008) who indicated that slow uptake of e-commerce in developing countries in general, is the result of the confluence of beliefs and assumptions. This led to a conclusion that cultural beliefs and assumptions affect e-commerce use among traders in Kampala. Hence the recommendation that e-commerce traders should learn what consumers expect and work towards fulfilling consumers' expectations.

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