

Cultural Impact on the Success of New Business Systems in Saudi Enterprises

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Abstract: The significance of the business systems is ever increasingly in firms to improve their competitiveness is using a new technology in the business system, in particular in Saudi enterprise. This research propose a conceptual model that describes the culture impact related to collaboration and IT experience and the characteristics related to IT systems: usefulness and efficiency on the success of new business systems in Saudi enterprises. The empirical findings show these factors have significant effects on new business system success.

Key words: Culture, business systems, collaboration, IT experience, usefulness

INTRODUCTION

The level of competition and the complexity of the new business systems often mean that the organizations need to improve their efficiency and effectiveness. One of the key issues is the culture which is defined as the way in which the organizations is able to develop its stories, rituals and other daily routines. One of the factors which have been highlighted is that the employee culture can be an important aspect of the development of the ways in which the organization can improve over time (Hu *et al.*, 2012). The importance of culture is increasingly important for the organizational actors as the actors need to be able to define the organizational needs. In particular, one of the issues which have been highlighted in the literature on the Saudi enterprises is that the understanding of the culture issues on the organizational systems has not been highlighted and therefore, there is a need to understand these issues in more detail (Adlan and Have, 2012).

Managers in Saudi business organizations need to have a clearer understanding of the needs of the organization and the new businesses systems are increasingly important for the organization. Organizations around the world have been able to gain substantial amount of independence due to the information systems which can bring in a competitive advantage for the organization. The importance of business systems is also significant as the stakeholders and business managers need to ensure that the effect of culture on the employees can be established. The efficiency of the organizational actors is one of the most important aspects in this regard as the organizational actors need to ensure that they have the appropriate systems put into place which can work to

establish the demands of their organizational actors. The businesses systems are today being integrated to improve the efficiency of the organizations and to ensure that the stakeholders are able to deliver the needs of the organization. Organizations need to ensure that they can measure the effect of culture on the business system success. This research examines some of these important issues within literature such as collaboration, IT experience, efficiency and usefulness on the success of business system in Saudi enterprise.

The aim of this study is to investigate the success factors which need to be taken into account to establish a clear road for the organizations to gain a competitive advantage through culture. The literature analysis provides an empirical evidence for the success of business systems factors in Saudi enterprise. A conceptual model is then presented which describes the importance of different factors on the success of collaborative business systems in Saudi context. Following the main the aim the research question we investigate is: What are the significant factors that impact the success of new business systems in Saudi enterprise?

Issues in business system: A number of studies have examined the issues of culture but its relation to the way in which the businesses processes work and relate is also important to consider and therefore needs to be evaluated. The research problem also needs to be understood in the Saudi context. In Saudi Arabia, the organizations do not focus on the way in which the culture of the employees and the organizations are influenced by the different factors (Adlan and Have, 2012). The importance of the culture cannot be overlooked

due to its impact on success of any organization. Culture has an important influence on the business systems in Saudi organizations (Shao *et al.*, 2013). The cultures can influence the efficiency and the effectiveness of the organizational actors. Another factor is that the organizational actors need to ensure that they have robust mechanisms, put into place which can ensure that the organization is able to improve significantly. The businesses systems of the Saudi organizations need to improve considerably and therefore there is a need for the organizations to ensure that the collaboration can be enabled (Beauregard, 2011). The organizations also needed to ensure that they have the best possible IT systems available to them which can lead to a competitive advantage for the firm (Cloin *et al.*, 2011).

Many large organizations moved to the Middle East to apply new technologies but not all of them are successful and go back to traditional ways. This research will investigate the important factors and to determine the culture of Saudi and non-Saudi employee that how it will effect on the success of new business systems. This research will company manager to take into account the culture of Saudi and non-Saudi employee to get benefits from the new technologies.

MATERIALS AND METHODS

Related studies and hypothesis development

Cultural impact on new business systems success: The term culture has been defined as the collective behavior of people within an organization setting and the meanings they associate to actions (Fong and Kwok, 2009). These shared mental assumptions by individuals in an organization includes norms, values and ways of thinking (Shepstone and Currie, 2008). A number of researchers have contended that organization needs are imperative to be defined, this is because needs of an organization will determine culture that best serves its needs (Shao *et al.*, 2013). International culture is the standard set of beliefs and norms that are followed by organizations across the board. The challenge that companies now face is to keep up with the pace of changing international culture in order to cater to the customers. Companies are now spending millions to have an ongoing research about that the changing culture and train their beliefs with the external demands (Inazawa, 2009). One of the key issues in this regard is that this research is especially important as stakeholders, need to ensure that the culture of the organization is well understood, especially in Saudi

context which is often problematic (Adlan and Have, 2012). An important challenge that arises for the organizations is to clearly understand the needs of their organization and change their norms according to their needs on their way to success. Taking the example of Saudi Arabian organizations, managers need to ensure that employees follow the set of beliefs that are followed all around the world, so that Saudi Arabian companies can be on the learning curve. Culture has not just been advocated as the widely held belief systems by employees within an organization but something more beyond that. The set of beliefs that employees follow are set by the leaders of organization (Ifinedo, 2007). Getting high quality products at the minimum most cost is all due to the following cultural beliefs. It has been discussed that quality, culture, productivity and good management are all linked (Shao *et al.*, 2013). One of the arguments is that high productivity is a result of motivation among employees which further results in good climate for work (Stock *et al.*, 2007). A good climate that is a result of good management will result in organization clarity well defined structure for decision making and integration of different organization's parts and amalgamation of different cultures into a unified culture that reflects leader's vision. Therefore, we hypothesize:

- H_1 : the relationship between Saudi and non-Saudi employees towards business system success is significant in Saudi enterprise

Factors impacting the success of new business systems:

Collaboration is considerably important as the organizations need to ensure that they have the best possible system available to them which can ensure the long term success (Kratzer *et al.*, 2011; Roggeveen *et al.*, 2012). IT experience is not only important for the smooth running of organization but it is also one of the core businesses premise for organizations success. One best way in which IT can be used for company success is the flexibility of the IT that is incorporated in organization. In most cases, IT systems are standalone systems without any ability of integration. In this way, different businesses processes are operating in silo which deters success of organization (Robison *et al.*, 2007). One of the other factors which need to be taken into account in this respect is that the organizational actors have to ensure that they have the best systems put into place which can enable the actors to develop and understand the issues of efficiency. Usefulness is also important in the

success of business systems in order to ensure that the organizational actors are able to work progressively (Kaptein, 2011).

Collaboration: The importance of the collaboration is critical to the way in which the employees can lead to the success of the organization as organizations need to ensure that they are giving the best possible customer service. A number of researchers have highlighted the fact that gathering knowledge about the staff, their customers and demands is central to the success of a company (Kratzer *et al.*, 2011). The way collaboration can be successfully shared is through different IT systems where all relevant parties receive data about customers demand and expectations (Elenurm, 2012). Collaboration has an important influence on the way that the organizations work. Therefore, we hypothesize:

- H₂: the effect of collaboration on new business system is significant in Saudi enterprise

IT experience: Another recommended way of use of IT is its ability to share important information and knowledge about customers choices (Robison *et al.*, 2007). The way success is embedded in the use of IT system is that newer ways of doing work will be initiated with the integration of IT system. The implementation of new systems is often dependent on the way that the organizational actors are able to implement the systems and therefore, the acceptance of new innovation is highly important for the organization (Chen and Chen, 2010). The tasks that were carried out with human capital can now be performed with a minimum number of employees. This also reduces the costs and expenses of organization. Therefore, we hypothesize:

- H₃: the effect of IT experience on new business system is significant in Saudi enterprise

Efficiency and usefulness: Efficiency is one of the dominant issues for organizations in order to ensure that they can remain competitive (McCarthy, 2009). The internal organizational efficiency, when taken as part of the organizational structure and part of the culture of the employees can lead to long term competitive gains for the organization and also ensure that the organization can be competitive as compared to their opponents. The culture of the organization also needs to be established in a way where the organizations have the best possible system which can deal with the needs of the organizations

(Bahgat, 2006). Considering the role of information systems and the way in which its usefulness to customers can be enhanced is that useful information regarding customers' demands can be held onto computers which can later be incorporated into business strategy (Mitsubishi *et al.*, 2008). Therefore, we hypothesize:

- H₄: the effect of efficiency on new business system is significant in Saudi enterprise
- H₅: the effect of usefulness on new business system is significant in Saudi enterprise

Research model: Based on the examining of the existing literature, we proposed a framework by describing the success of business systems in Saudi enterprises related to staff characteristics such as collaboration and IT experience and the characteristics related to IT systems such as usefulness and efficiency. And the culture is a moderating variable (Fig. 1). The keywords used in this search are: collaboration; IT experience; efficiency; usefulness and culture.

Approach: This research applied quantitative method to collect numerical data from participants in Saudi firm (add numbers of companies, how many?) using business systems such as Oracle e-Business applications. The survey instrument is used for this study to collect data. Data collection lasted from October 2014 to January 2014. This study adopted previously validated instruments in order to ensure the measures are adequate and representative. The five point Likert scale (1 = strongly disagree to 5 = strongly agree) are used because it is considered one of the most commonly used techniques of scaling responses in a survey design. Data was collected in 'Company A which is one of the Saudi biggest enterprises. Total of 500 participants were contacted, 350 participated in the survey. After removing incomplete responses in total 330 responses were collected. The Partial Least Squares (PLS) technique (using Smart PLS Version 2.0) was used to test the research model.

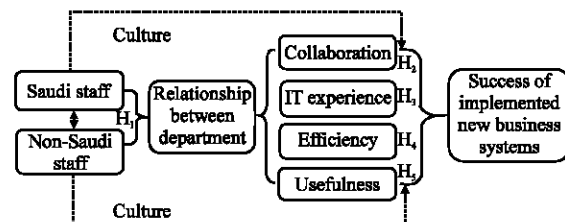


Fig. 1: Success factors affecting implemented business system in Saudi enterprise

RESULTS AND DISCUSSION

Reliability and validity assessment: In our research model, all factors were modeled as reflective indicators because they were observed as effects of latent variables. Internal consistency, convergent validity and discriminant validity were evaluated. To demonstrate the reliability of the latent variables, the loadings of individual measures for each variable exceeded 0.7 values and were significant at $p < 0.05$. Cronbach's Alpha (CA) and the Composite Reliability (CR) coefficients exceeded an acceptable measure 0.7 (Table 1).

Structural model testing: After following the acceptable measurement model as discussed in above studies, the structural model testing was done to test the hypotheses proposed in the current study (Table 2 and Fig. 2).

The results show that that relationship between Saudi and non-Saudi, collaboration, IT experience, efficiency and usefulness have a significant effect on the success of business system in Saudi enterprise.

Success factors affecting the new business systems

Collaboration: One of the factors which are significantly important for the organizations is the use of information systems to increase the collaboration (Boehm, 2012). Although, collaboration may be an understood concept in the private organizations, however in many organizations in Saudi, these factors have not been well understood and therefore can create a number of issues for the organizational actors. The impact of the organizations systems on the organizational actors can also mean that the actors are able to not only implement the systems but also collaborate to improve their efficiency and effectiveness. Collaboration among different business individuals is of significant importance. The idea that is embedded in collaboration is the notion of collecting and sharing all relevant data among different

business entities, so that companies can have a better understanding of their customers (Vuori and Okkonen, 2012). The working together of the employees is also considerably important for the organizations as the stakeholders need to ensure that they have the systems available to them. In particular, related to Saudi enterprises.

IT experience: Another factor which is of critical importance is the level of IT experiences that it relates to the different stakeholders. Innovations in the organization are only possible where organization culture and the adaptation of new technologies are brought together which can ensure that the different stakeholders can work to deliver on the best possible work routines for the employees. The lack of acceptance of the new IT innovations for the actors can lead to a number of issues and problems for the organizational managers. IT experiences of the staff are linked with the success of the businesses systems (Boehm, 2012). The businesses systems in Saudi Arabia are linked with the way in which the organizational actors are able to have a clear definition of the issues. This is also important to consider as the organizations will have to ensure that they are able to have a robust mechanism (Rouchy, 2012).

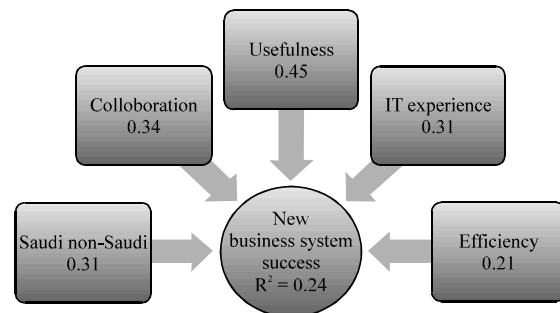


Fig. 2: Path testing

Table 1: Reliability and validity

Variables	CA α	AVE	CR	Saudi	Non-Saudi	COLL	ITE	EFF	USF	BSS
Saudi	0.80	0.80	0.71	0.89						
Non-Saudi	0.81	0.78	0.85	0.83	0.90					
COLL	0.82	0.81	0.81	0.75	0.35	0.91				
ITE	0.81	0.80	0.86	0.71	0.58	0.63	0.89			
EFF	0.84	0.81	0.76	0.04	0.68	0.45	-0.06	0.89		
USF	0.86	0.78	0.79	0.17	0.17	0.05	-0.17	0.95	0.91	
BSS	0.78	0.79	0.77	0.05	-0.17	0.95	0.91	0.34	0.45	0.89

Table 2: Path testing

Hypothesis	Path	Path mean	SD	p-values	Supported
H ₁	Saudi non-Saudi-->BSS	0.31	0.04	0.002*	Yes
H ₂	COLL-->BSS	0.34	0.04	0.000***	Yes
H ₃	ITE-->BSS	0.31	0.02	0.000***	Yes
H ₄	EFF-->BSS	0.21	0.02	0.004*	Yes
H ₅	USF-->BSS	0.45	0.04	0.000***	Yes

Efficiency and usefulness: The most important element is the way that the organizations can continue to have a system which can improve their organizational effectiveness (Zhao, 2004). Managers need to understand that companies that make efficient systems enjoy success of their organizations (Kleine, 2008). Another factor which is critically important for the organization is the usefulness of the IT systems. This can have a number of benefits for the organizational environment as the organizational actors can ensure that they have the usable systems put into place, leading to long term benefit for the organizations. In the case of Saudi organizations, the usefulness of the IT systems needs to be put within the cultural environment of the organizations in order to ensure that the organizations are working in an efficient and effective manner. This also needs to be undertaken in order to ensure the long term success of the organizational actors (Kim, 2008). Culture in Saudi organizations need to be more vigilant and responsive towards changes in demand, so that usefulness can be benefit with the use of new business systems.

CONCLUSION

The culture of the employees can affect the success of the business systems in Saudi enterprise as they need to develop a complete understanding of the difficulties that the organizations face in relation to the systems. Collaborative environment is influenced by the culture of the organizations and due to the limitations of studies in the Western countries; these issues cannot be directly extrapolated to Saudi context. Another variable which is considerably important is the efficiency of the organizations which needs to be measured in relation to the usefulness of new business systems.

The above factors are important on the success of business systems in Saudi enterprises. It will allow company managers to improve the organizational effectiveness in terms of using new business systems. This study extends the theorization of existing studies that will allow researcher to understand more about the different factors that impact the success of new business system in particular culture.

This research has some observable limitation. A mixed-method approach is necessary to measure and statistically test the above factors on the success of new business system in Saudi enterprise.

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