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Social commerce in Saudi Arabia: An investigation of the impact of government involvement and social and individual factors on consumers’ behaviour

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ABSTRACT

Through innovations in technologies, electronic commerce (EC) has evolved into a new stream of commerce called social commerce (SC). This paper defines SC as a combination of performing EC activities and socializing on online communities via facilitating technologies to make purchase decisions. SC adoption has recently gained attention among interested scholars; yet, since SC is a new technology, studies are limited. The current research gap is twofold: First, no studies have yet examined the impact of government involvement on SC adoption. Second, the impact of social factors (e.g. social support and electronic word of mouth) on SC adoption in the Saudi Arabian context has not yet been investigated. This in-progress research aims to provide guidance to interested stakeholders on how to encourage consumers to adopt SC in Saudi Arabia. The study uses the theory of planned behaviour, along with other external factors, as a theoretical model.

Keywords social commerce adoption, government involvement, theory of planned behaviour, consumers’ behaviour.
1 INTRODUCTION

The advancement of web technologies has led to a new stream of electronic commerce (EC) called social commerce (SC). This term was first introduced in 2005 by Yahoo (Wang and Zhang 2012); however, SC has been used by Amazon and other companies since 1999 (Curty and Zhang 2011). Web technologies have made it possible for consumers to take advantage of different interactive channels of communication, enabling them to create content and change the way people collaborate on the internet. This, in turn, has made the consumers more powerful, allowing them to leverage social interactions to make better purchases (Afrasiabi Rad and Benyoucef 2011). In this study, SC is defined as a combination of EC activities and social interactions in which consumers network with one another and with sellers via enabling technologies to make purchasing decisions.

The objective of this research is to study the effects of different factors—social, authoritative or individual—on the adoption and usage intentions of SC. Examining the role of these factors in consumers’ adoption of SC is important because it could reveal some of the barriers impeding SC adoption in Saudi Arabia. In addition, this research supports the pursuit of Saudi Vision 2030, a project map for strengthening the Saudi economy by diversifying income resources (Anonymous 2016). One of the goals of Saudi Vision 2030 is to promote economic growth by empowering Saudi entrepreneurs (Anonymous 2016). Hence, providing entrepreneurs and, particularly, internet entrepreneurs with comprehensive guidelines on SC adoption is essential. Specifically, this research contributes to the Vision and to Saudi internet entrepreneurs by providing recommendations for encouraging consumers to adopt SC in Saudi Arabia. SC adoption will help entrepreneurs achieve their desired financial objectives, which, in turn, may help build a stronger economy.

This research primarily aims to determine whether regulatory, social and individual factors have an impact on consumer’s intentions to use social commerce platforms in Saudi Arabia. Thus, the main question of this study is: what role do regulatory, social and individual factors play in influencing consumers to adopt social commerce in Saudi Arabia?

This paper is structured as follows. In the next section, literature related to SC adoption will be reviewed and discussed. Afterward, the theoretical framework of the study will be presented and justified. Then, the data collection and analysis processes use to complete the project will be discussed. The paper closes with a conclusion and a list of references.

2 LITERATURE REVIEW

SC adoption has been researched from various perspectives. Since SC involves both technologies and virtual communities, the study of SC adoption involves research on both social factors and adoption and behavioural theories. Scholars have used factors such as the impact of electronic word of mouth (E-WOM) (Amblee and Bui 2011; Park et al. 2007) and trust (Hajli 2013; Hajli et al. 2013; Kim and Park 2013), in addition to theories of adoption (Gatautis and Medziausiene 2014; Teh and Ahmed 2011) and social support (Hajli and Sims 2015; Liang et al. 2011; Shin 2013; Zhang et al. 2014), to address issues affecting consumer adoption of SC. Nevertheless, there remain two major research and knowledge gaps. First, the influences of certain factors (e.g. social support and E-WOM) have not yet been investigated in a Saudi Arabian context, which may involve a different culture and religion than those studied thus far. Second, the impact of authority involvement on SC adoption has not yet been considered. In this research, authority or government involvement in SC adoption refers to any facilities and technologies established by the government to encourage consumers to adopt social commerce. In the Saudi Arabian context, authority involvement takes the form of two primary initiatives: MAROOF and SADAD. MAROOF is an E-WOM platform launched by the Ministry of Commerce that allows consumers to exchange social commerce experiences (MAROOF 2017). MAROOF is an Arabic word that means ‘well-known’, and the platform evokes the perspective that a seller becomes well-known and trusted upon registering and receiving reviews from buyers. SADAD, on the other hand, is an online secured payment system used by Saudi online stores, established and managed by the Saudi Arabian Monetary Authority (SADAD 2017). The word SADAD is Arabic, and it means payment.

The paper will investigate the influence of several factors on SC adoption. These factors can be classified into three categories: government involvement-related factors, social factors and individual-related factors. These three categories will be discussed in more detail in the following sections.
2.1 Government Involvement

A number of studies examining the importance of government involvement in EC adoption have been published; for instance, Andersen et al. (2003) and Scupola (2003). However, less attention has been paid to the issue of government involvement in SC adoption. Since SC is categorized in the literature as a subset of EC (Afrasiabi Rad and Benyoucef 2011), this study will link the issue of government involvement in EC to that of government involvement in SC. Andersen et al. (2003) provide an overview of the Danish initiatives to promote EC, which include knowledge diffusion, economic incentives, regulation and legislation and electronic governance. Their overview shows how government initiatives in partnership with private sectors extensively contribute to the diffusion of e-commerce in Denmark. Likewise, in the Chinese context, government involvement via the setting of EC regulation is a key factor in EC adoption, and in the Italian context, Scupola (2003) suggested that small- and medium-sized enterprises need institutional support to adopt EC.

In the Saudi Arabian context, however, scholars believe that government involvement, including the establishment of regulations and a good infrastructure, will play a significant role in promoting EC (AlGhamdi et al. 2012a; Alrawi and Sabry 2009; Sait et al. 2004). Scholars argue that the lack of e-commerce laws and insufficient data security and privacy in the e-commerce system are primary factors hindering e-commerce adoption (Ahmad and Agrawal 2012). Likewise, Saudi citizens’ lack of trust in E-commerce is considered a significant obstacle. The reason for this lack of trust has been attributed to a lack of government regulations in Saudi Arabia. More importantly, Saudi citizens tend to trust government initiatives; hence, government support and help are essential (AlGhamdi and Drew 2012).

However, some of the studies mentioned above discussed EC adoption from a retailer point of view. Furthermore, to date, government involvement as a factor affecting SC adoption in a global context has not been investigated. Thus, this study considers government involvement to be a substantial factor in SC adoption. The next two sections will present government interventions in the form of two initiatives established by the Saudi government to promote internet shopping.

2.1.1 MAROOF E-WOM platform

Word of mouth is defined as informal discussions consumers have about products or services (Westbrook 1987). E-WOM refers specifically to any favourable or unfavourable statement made accessible on the internet by previous, current or possible consumers about companies or goods (Hennig-Thurau et al. 2004). E-WOM can be produced using many different social commerce constructs, including recommendations, referrals, ratings, reviews, forums and communities (Hajli et al. 2014).

Recently, investigators have examined the effects of E-WOM on consumers’ intentions to buy through social commerce platforms. Amblee and Bui (2011) believe that E-WOM is a good channel for disseminating brand and product reputation information and that it should not be ignored by internet sellers or buyers. Furthermore, Park et al. (2007) indicate that when the quantity of E-WOM increases, consumers perceive greater product popularity, which increases their buying intentions. Furthermore, scholars elaborate that E-WOM systems may enable companies to connect with consumers’ loyalty and purchase intentions (Balakrishnan et al. 2014; Gauri et al. 2008). Likewise, from a trust point of view, previous research has indicated that E-WOM has an indirect effect on buying intentions via trust (Hajli 2013; Hajli et al. 2013; Hajli 2015; Hajli and Sims 2015; Kim and Park 2013).

Although previous research has examined the importance of E-WOM in the context of SC, no single study has yet empirically discussed the influence of government-introduced E-WOM platforms on the successful adoption of SC in Saudi Arabia. Thus, this study attempts to explore the influence of MAROOF on SC use in Saudi Arabia.

2.1.2 SADAD secure payment service

Many companies fail to apply SC successfully due to complaints about security issues (Liang and Turban 2011). Existing research recognises the critical role played by secure payment methods for SC users. For instance, Huang and Benyoucef (2013) state that equipping a website with a high-quality system, such as secure payment gateways, can increase sales. Moreover, well-known and popular payment systems (e.g. PayPal) may lead to successful SC adoption (Saundage and Lee 2011). Furthermore, internet shoppers demand secure channels of payment, since the anonymity of online shops may contribute to distrust. To overcome trust issues, Bai et al. (2015) suggests using third-party payment gateways, which may increase trust between SC consumers and traders.
In Saudi Arabia, most consumers are uncomfortable paying with credit cards when they shop online (AlGhamdi et al. 2011; AlGhamdi et al. 2012b). This trend is related to consumers’ lack of trust in online payment methods and shops (AlGhamdi et al. 2011; AlGhamdi et al. 2012b). Instead of paying by credit card, many Saudi consumers use payment on delivery. However, payment on delivery has several drawbacks, especially for online entrepreneurs. For instance, sellers have experienced forgeries, a lack of seriousness on the part of consumers, robberies, and delays in the collection of payment, especially in cases of companies partnering with third-party delivery firms (Allao 2017). These challenges could obstruct the expansion of SC adoption in Saudi Arabia.

On the other hand, research shows that Saudi online consumers think that paying using SADAD is convenient (AlGhamdi et al. 2012b). However, AlGhamdi et al. (2012b) referred to the old SADAD payment system, which was sponsored by the Saudi government. The old SADAD required consumers to log into their online banking systems and create bills using the details provided by online shops. Furthermore, many online shops did not use SADAD due to its high registration and transaction fees (AlGhamdi et al. 2012b).

The challenges mentioned above could obstruct the expansion of SC adoption within Saudi Arabia. However, SAMA recently introduced SADAD2: an improved payment system for online shops that facilitates easy payments in a manner similar to PayPal. The current study examines the potential influence of SADAD2 on SC adoption in Saudi Arabia.

2.2 Social Factors

While it is clear that SC depends on several social activities, it is critical to examine whether or not certain social factors play pivotal roles in SC diffusion in Saudi Arabia. The existing body of research suggests that SC acceptance is influenced by several social factors, including social support (Li et al. 2014; Liang et al. 2011), subjective norms (Gatautis and Medziausiene 2014; Sharma and Crossler 2014; Shin 2013) and trust (Hajli 2013; Hajli 2015).

Social support refers to individuals’ perceptions of the care, help and responses offered to him or her by other people in the same social community (Liang et al. 2011). Social support can be studied from various dimensions; however, in the context of SC, the informational and emotional dimensions are the most relevant (Liang et al. 2011). Several attempts have been made to assess the significance of social support in the context of SC adoption. The extant literature shows that social support significantly influences SC acceptance (Hajli and Sims 2015; Liang et al. 2011; Zhang et al. 2014).

On the other hand, subjective norms refer to perceived social pressures from important people to perform or not to perform certain actions (Ajzen 1985). Scholars have recently begun to examine the effects of subjective norms on SC. For instance, Gatautis and Medziausiene (2014) state that social influence significantly impacts intentions to use SC. In addition, researchers state that subjective norms positively influence behavioural intentions to engage in SC (Sharma and Crossler 2014; Shin 2013).

Finally, trust has long been an important aspect of SC (Hajli 2014), and there is a growing body of literature that recognises the importance of trust in the SC context. For example, researchers suggest that trust has a positive influence on intentions to buy using SC (Hajli 2013; Hajli 2015; Kim and Park 2013).

Although the above-mentioned studies were conducted in different countries, examining the importance of social factors on SC adoption in Saudi Arabia, which is home to several cultural differences, will contribute to the extant body of literature. In addition, this paper will attempt to provide new insights concerning the existence of a relationship between government involvement and trust in SC settings in Saudi Arabia.

2.3 Individual-Related Factors

The factors related to individuals in this study are represented in individuals’ attitudes, perceived behavioural controls and price value. Perceived behavioural controls refer to the degree to which an individual believes that performing a certain behaviour is within his or her control (Ajzen 1991). Price value, on the other hand, refers to the trade-off between the benefit perceived by consumer from a product or service and the associated cost of purchasing that product or service (Venkatesh et al. 2012).

Individual-related factors found to influence internet shopping have been explored in several studies. For example, researchers have found that consumers’ attitudes are predictors for their online shopping behaviours (Teh and Ahmed 2011). Furthermore, Venkatesh et al. (2012) state that it is essential to
consider price/cost-related factors to examine consumers’ use of technology. Ajzen (1985) further illustrates the importance of adding perceived behavioural control when individuals’ perceptions of their own control over certain behaviours are not high.

We assume that consumers’ control over SC use is affected by both internal factors (e.g. computer illiteracy) and external factors (e.g. inadequate information about or reviews of products and services and inconvenient payment options). Thus, to achieve its purpose, this study incorporates consumers’ attitudes and perceived behavioural controls. Furthermore, given customer complaints about SC exaggerating prices (Almamoni 2017), this research considers price value. Combining these factors with other social and government involvement-related factors facilitates the investigation of SC adoption from different viewpoints. This, in turns, can improve our understanding of SC adoption in SA.

3 THEORETICAL FRAMEWORK

The aim of this study is to explore the impact of various factors on consumers’ intentions to use SC in Saudi Arabia. To achieve this aim, the study follows the Theory of Planned Behaviour (TPB), one of the main adoption theories, as a base theoretical framework. TPB was selected over other adoption theories because of its superior ability to provide rich data on the relationship between consumers’ intentions and perceived abilities and skills required to use SC. Ajzen (1985) notes that, prior to developing intentions, an individual might observe that he or she lacks the capabilities necessary to perform a behaviour. This, in turn, may affect the outcomes of the planned behaviour (Ajzen 1985).

Furthermore, in order to gain a comprehensive and in-depth understanding of consumers’ SC behaviours in Saudi Arabia, this study includes other external factors, including social support, price value, trust and government involvement. The last of these is represented by an E-WOM platform (MAROOF) and an online secure payment system (SADAD), whereas social support is measured using informational and emotional support.

Figure 3.1 presents the theoretical framework of the study. The continuous lines on the model represent the original relationships in the TPB model, and the dotted lines represent the external links added to the TPB.

Figure 3.1 – The theoretical model of the research
In order to achieve a coherent and comprehensive conclusion, both quantitative and qualitative methods will be employed. Quantitative methods deliver an objective understanding, while qualitative methods support subjective interpretations. This combination of methods produces superior research and is important in studies that are interdisciplinary in nature (Johnson and Onwuegbuzie 2004). Therefore, this study applies an explanatory design, in which results from quantitative data are further explained qualitatively. Figure 4.1 illustrates this study’s explanatory design, which was adopted from Creswell and Clark (2007).

![Explanatory Design, Follow-up Explanations Model (Creswell and Clark 2007)](image)

In the first stage, quantitative data were collected using online self-administered surveys. Popular social media platforms in Saudi Arabia, such as Twitter, Facebook and WhatsApp, have been used to disseminate the questionnaire. All participants were randomly selected, and the total number of completed questionnaires was 1013. Initially, descriptive analyses, reliability tests and validity tests were conducted. Table 4.1 presents the details of the sample demographics.

<table>
<thead>
<tr>
<th>Profile of responding participants</th>
<th>Frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Male</td>
<td>612</td>
<td>60.41</td>
</tr>
<tr>
<td>- Female</td>
<td>401</td>
<td>39.59</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- &lt;=20</td>
<td>66</td>
<td>6.52</td>
</tr>
<tr>
<td>- 21 – 30</td>
<td>263</td>
<td>25.96</td>
</tr>
<tr>
<td>- 31 – 40</td>
<td>272</td>
<td>26.85</td>
</tr>
<tr>
<td>- 41 – 50</td>
<td>249</td>
<td>24.58</td>
</tr>
<tr>
<td>- 51 – 60</td>
<td>131</td>
<td>12.93</td>
</tr>
<tr>
<td>- &gt;= 60</td>
<td>32</td>
<td>3.16</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Secondary or below</td>
<td>147</td>
<td>14.51</td>
</tr>
<tr>
<td>- Diploma</td>
<td>92</td>
<td>9.28</td>
</tr>
<tr>
<td>- Bachelor</td>
<td>529</td>
<td>52.22</td>
</tr>
<tr>
<td>- Postgraduate</td>
<td>243</td>
<td>23.99</td>
</tr>
<tr>
<td>Location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Large city</td>
<td>780</td>
<td>77.00</td>
</tr>
<tr>
<td>- Small city</td>
<td>186</td>
<td>18.36</td>
</tr>
<tr>
<td>- Village</td>
<td>45</td>
<td>4.44</td>
</tr>
<tr>
<td>- Rural area</td>
<td>2</td>
<td>0.20</td>
</tr>
<tr>
<td>Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Never used EC</td>
<td>276</td>
<td>27.25</td>
</tr>
<tr>
<td>- &lt; 1 year</td>
<td>186</td>
<td>18.36</td>
</tr>
<tr>
<td>- 1 – 3 years</td>
<td>256</td>
<td>25.27</td>
</tr>
<tr>
<td>- 3 – 5 years</td>
<td>126</td>
<td>12.44</td>
</tr>
<tr>
<td>- &gt; 5 years</td>
<td>169</td>
<td>16.68</td>
</tr>
</tbody>
</table>

Table 4.1 – Descriptive analysis of the questionnaire participants.
Reliability and validity tests were conducted to ensure the consistency and quality of the measures. Table 4.2 shows the values of the reliability tests (alpha) for items related to a single factor with the sources of the items. The validity test was conducted using bivariate correlations with the Pearson coefficients. All correlations between items within a single factor were significant at the 0.01 level (2-tailed).

<table>
<thead>
<tr>
<th>Factor</th>
<th>Alpha test</th>
<th>Item source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude</td>
<td>0.85</td>
<td>(Davis 1986)</td>
</tr>
<tr>
<td>SN</td>
<td>0.75</td>
<td>(Fitzmaurice 2005)</td>
</tr>
<tr>
<td>PBC</td>
<td>0.75</td>
<td>(Taylor and Todd 1995)</td>
</tr>
<tr>
<td>MAROOF</td>
<td>0.88</td>
<td>(Han and Windsor 2011)</td>
</tr>
<tr>
<td>SADAD</td>
<td>0.89</td>
<td>(Yenisey et al. 2005)</td>
</tr>
<tr>
<td>Trust</td>
<td>0.79</td>
<td>(Buttner and Goritz 2008)</td>
</tr>
<tr>
<td>PV</td>
<td>0.91</td>
<td>(Venkatesh et al. 2012)</td>
</tr>
<tr>
<td>Emotional SS</td>
<td>0.90</td>
<td>(Hajli 2014)</td>
</tr>
<tr>
<td>Informational SS</td>
<td>0.90</td>
<td>(Hajli 2014)</td>
</tr>
<tr>
<td>SC intention</td>
<td>0.91</td>
<td>(Davis 1989; Shin 2009)</td>
</tr>
</tbody>
</table>

Table 4.2 – Reliability and source of items

Additional analyses will be carried out in the next stages. For instance, a regression analysis and a correlation analysis will be used to measure the relationships between the dependent and independent variables. Additionally, partial least squares path modelling will be used to measure the model fit and the significance of every path in the model. Following these quantitative analyses, the qualitative portion of the study will be conducted to better clarify and understand the barriers that hinder SC adoption in Saudi Arabia. In the qualitative study, online sellers will be interviewed to discuss the outcome of the first study and understand SC adoption in Saudi Arabia from sellers’ point of view.

5 CONCLUSION

SC is an innovation that supports better communication and better buying decisions among online consumers and between consumers and sellers. Online entrepreneurs are encouraged to leverage SC to achieve desirable outcomes. However, current evidence suggests that there are several factors that impact SC adoption. The main goal of the current study is to determine the impact of authority involvement on SC adoption. The novelty of this research resides in the fact that it is the first to investigate the effects of government involvement in the context of SC adoption. The second aim of this study is to investigate the effects of various social and individual factors on intentions to use SC. In addition, this research has several practical applications. It is expected that the research recommendations will be of interest to Saudi authorities, since empowering entrepreneurs is an important initiative of Saudi Vision 2030. Additionally, the research is expected to provide coherent guidelines that will help online entrepreneurs fully exploit SC.

This research adopted the TPB and extended it with relevant external factors to maximize our understanding of SC acceptance and diffusion. Quantitative data have been collected, and preliminary analyses have been conducted. Future work on this in-progress research will take place in two phases. First, additional quantitative analyses will be conducted, and the results will be presented and discussed. Second, depending on the results of the first phase, the qualitative portion of the study will take place.

6 REFERENCES


