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Angela Hausman

Morris Kalliny
Missouri University of Science and Technology

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THE IMPACT OF CULTURAL AND RELIGIOUS VALUES ON CONSUMER'S ADOPTION OF INNOVATION

Morris Kalliny, University of Missouri-Rolla
Angela Hausman, Xavier University

ABSTRACT

Although managing the adoption of innovations domestically can be frustrating, the complexity of the issue increases tremendously when companies take a global approach to marketing. Differences in cultural and religious values can have a great impact on the process of innovation adoption. This study investigates the role of these cultural and religious values, specifically, collectivism/individualism/, uncertainty avoidance and power distance. A conceptual model is presented to illustrate the relationship between cultural/religious values and adoption of innovation.

INTRODUCTION

Adoption of innovations is an important topic, attracting the attention of many researchers (Bass, 1969; Rogers, 1976; Zaltman, 1971). Since global marketing has become more important than ever due to rapid and continuing economic expansion in many developing countries, a better understanding of the determinants of market potential and adoption speed across different countries is of particular relevance to firms deliberating their market expansion strategies (Talukdar, Sudhir & Ainglie, 2002). Except for a few studies (e.g. Gatignon and Robertson, 1991; Gatignon ibid., 1989), there is a lack of prior research regarding how cultural and religious values may affect consumer's adoption of innovation.

The adoption decision varies from one person to another (Daghfous et al., 1999) according to individual characteristics, such as demographics (age, location, etc.), socioeconomics (income, social class, etc.), psycho-graphics (personality, open-mindedness, etc.), and culture (ethnicity, value system, etc.), as well as other factors (Rogers, 1995). Unfortunately, most research has a pro-adoption bias and little research focuses on factors that inhibit adoption (Frambach and Schillewaert, 2002; Rogers, 1995). Although some studies have focused on non-adoption (e.g. Stevens et al., 1989), the phenomenon is complex and requires further investigation to identify specific factors affecting non-adoption decisions (Frambach and Schillewaert, 2002). As stated above, there is a lack in prior research regarding cultural and religious factors that may play a role in consumers'

adoption of innovations and this paper proposes a model designed to partially fill this gap. The objective of this paper is threefold: 1) to investigate the impact of culture on adoption of innovation; 2) to investigate the impact of religion and religious practices on adoption of innovation; and 3) to investigate the impact of fatalism on adoption of innovation. We attempt to fulfill these objectives by answering the following question: is innovation perceived to be a good thing in different cultures? In the subsequent sections we provide a rationale and a conceptual model for the impact of culture, religion and fatalism on consumer's adoption of innovation. In the last section of the paper, we propose a plan as to how our propositions might be operationalized and tested.

THEORETICAL FRAMEWORK

Cooper (1998) argued that innovation is often treated as an all-inclusive term by both practitioners and investigators, even when they may be referring to different events or processes. Researchers and practitioners have defined innovation in several different ways (Rogers 1995, Bass, 1969). However, a growing number of practitioners and researchers define innovation as any idea, practice, or object that the adopting individual or organization regards as new (Damanpour and Evan, 1984; Damanpour, 1991, Rogers, 1995). Although this definition has been criticized for being hard to operationalize (Gatignon and Robertson, 1991), it is deemed most appropriate for our study as it relies on the perception of the adopter and not necessarily on the true innovativeness of the idea, practice or the object being adopted. Because our study is based on the perception of the adopter (consumer), this definition is the most appropriate. This definition reflects Kinnunen's contention (1996) that an innovation does not need to be objectively new, as long as it is novel for the adopter.

Roger's work (1995) is one of the most frequently cited reviews of innovation adoption. In a survey of several thousand innovation studies, Rogers identified five antecedents- *relative advantage, complexity, compatibility, observability and trialability*- affecting the rate of adoption and adoption diffusion. We use Roger's theory as a basis for the present study. In the following section, we look at religious values and consumer's adoption of innovation as the first part of the proposed theoretical model.

RELIGIOUS VALUES AND ADOPTION OF INNOVATION

The media often contains reports of countries banning certain products and innovations from being marketed to its citizens. For example, on September 10, 2003, CBS news reported that the government of Saudi Arabia has banned Barbie toys from Saudi Arabian markets citing religious reasons. The report stated that the religious police of Saudi Arabia declared Barbie dolls to be a threat to morality, complaining that the revealing clothes of the "Jewish" toy — already banned in the kingdom — are offensive to Islam. "Jewish Barbie dolls, with their revealing clothes and shameful postures, accessories, and tools are a symbol of decadence in the perverted West" (CBS

News, 2003). Similarly, a Kuwaiti imam imposed a "fatwa" (religious ruling) on Barbie dolls as unfit products for children and some religious sources in Iran denounced the dolls as having unwholesome effects on the minds and morality of young children (Gulf Marketing Review, June 1996). Let us beware of her dangers and be careful," said a message posted on the site. Sheik Abdulla al-Merdas, a preacher in a Riyadh mosque, said "These revealing clothes will be imprinted in their minds (referring to girls) and they will refuse to wear the clothes we are used to as Muslims." The government of Saudi Arabia launched a website that has what it calls 'banned products'. The kingdom does not just recommend the non-use of the products, but makes acquiring these products illegal. (http://www.hesbah.gov.sa/).

Moreover, the situation is not isolated to Islamic cultures. For instance, Amish eschew modern conveniences, preferring to operate their businesses and households using less efficient manual means rather than modern technology. Several religious groups similarly forgo modern medicine based on their belief that such intervention interferes with God's will. These are not the only Christian groups that have such practices. Consider the teachings of the Catholic Church and others against the adoption of birth control. Churches argue that birth control should not be adopted by Christians because the Bible teaches that it is God who opens and shuts the womb (Brushaber, 1991). Finally, Eastern religions also have an influence on adoption of innovation. According to Masson (1976), some eastern religions sanctify ascetic denunciation of possessions to reach a higher consciousness. Lastovicka et al. (1999) reported findings supporting this renunciation of material possessions in efforts to attain spiritual goals. In fact, Jainists believe enlightenment occurs only through extreme nonconsumption (Lastovicka et al 1999).

This poses a dilemma for consumers who are interested in adopting new products and may lead to non-adoption. Ravichandran (2001) stated consumers predisposed toward adoption will refrain when the risks of adoption outweigh the benefits. For some customers, we argue the risk of adoption is much higher, because they face religious persecution or social rejection for their adoption decisions. One can argue that even if the new product is not contained on the banned list, the customer may still engage in a mental struggle trying to decide whether the new product fits the cultural and religious requirements of the group. In addition, economic rationale suggests that consumers who adopt a new product are those who have access to the product. In some cultures, access to certain products may not be possible in local markets; therefore, adoption of those products will be difficult and slow (Talukdar et al., 2002).

It is important, however, to point out that the relationship between religious values and adoption of innovations is necessarily moderated by the product type. For example, it would be reasonable to assume that culturally sensitive products maybe easier to criticize than others. For example, products that are viewed by religious leaders as exerting a societal force contrary to the teachings of the religion are easier to criticize than other products. Therefore, we propose:

> *Proposition 1a:*   *The adoption of innovation risk will be higher for consumers who are controlled by religious authorities (e.g., Saudi Arabia, Iran, etc.) than for consumers who are not.*

> *Proposition 1b:*   *The adoption of innovation risk will be higher for the adoption of culturally sensitive products than for other products*

In some countries, there is no separation between church and state. For instance, in the Arab countries (e.g. Saudi Arabia, Kuwait, etc.) at least some aspects of Islamic law are enforced by the government. In these cases, owing a forbidden product does not stop with the fear of getting in trouble with the law, but as Jaya (2002) argues, it is fear of being branded as unIslamic and condemned as an infidel, which are serious crimes that create social problems for the individual and society. This is evident in Saudi Arabia where certain products such as port and alcohol are banned by the kingdom (http://www.saudi-us-relations.org/articles/2006/ioi/060318-samba-wto.html). Therefore, we propose:

> *Proposition 2:*   *Adoption of innovation for religiously sensitive products will be slower in theocracies than in countries where separation of church and state exists.*

CULTURAL VALUES AND ADOPTION OF INNOVATION

One of the most comprehensive and generally accepted definitions of culture is Kroeber and Kluckhohn's (1952) definition of culture as patterns of behavior acquired and transmitted by symbols, including their artifacts; the core of culture consists of ideas and their attached values; culture systems may be considered as products of action or as elements directing future action. The last part of the definition emphasizes the importance of the value system found in a culture and what role it plays in determining not only present actions, but also future actions (quoted in Adler, 2002). Plausibly, the value system of a nation, in particular religious and cultural values, will play an important role in determining the adoption of innovation.

Daghfous et al. (1999) stated that few researchers have studied the relationship between individuals' values and reactions toward new products. Daghfous et al. (1999) argue that the inclination of an individual to adopt a new product reflects his level of attachment to or rejection of a system of values. We believe the value system of the individual plays a role in the decision to adopt or reject innovations.

Operationalizing elements of culture is difficult, although the dimensions identified by Hofstede (1980) are among the most widely accepted. Three of these dimensions appear particularly appropriate in studying the effects of culture on adoption: power distance; collectivism; and uncertainty avoidance. Prior studies effectively position cultures within these three dimensions, where positioning is often the effect of more ephemeral values of the culture. Cultural dimensions are not independent, since they are based on the same underlying value system. Thus, cultures tend to be similar on all dimensions or dissimilar on all dimensions.

POWER DISTANCE

For instance, Arab countries scored 80 on Hofstede's dimension of power distance. This is not surprising when we consider some factors in the Arab cultures. Kabasakal and Bodur (2002, p. 47) stated, "The verses in Koran (the holy book of Islam) reflect inequalities in power distribution. Islam clearly advocates that people accept the authority of people in leadership positions. It is stressed that *people should not be critical of decisions and application of their superiors and obey them without any questions."* (Italics added).

Diametrically opposed to high power distance cultures, we have the United States. This is not surprising either, since several cultural influences contributed to low power distance. For example, the United States is based on a protestant ethic that emphasizes equality between people. The idea of absolute or even too much power for leaders or superiors in the American culture is discouraged and even rejected by most people.

Children are socialized into appropriate thought patterns at a young age. Ali, (1993) argues that when a person reaches the age of thirteen or fourteen years, he/she is trained to playing strict social roles and adhering to societal norms (e.g. obey authority and older persons, listen and show respect). The result of this socialization is that children grow to emulate proscribed cultural patterns, which affects future behavior of these individuals.

As demonstrated above, in communities where power distance is high, respect and obedience toward those who are in power is expected. We argue here that power distance leads people to more willingly accept the wishes of others since questioning authority is discouraged through cultural norms and training. In low power distance communities like the United States we may find aspiration groups who may exert a strong influence on other consumers by being a role model. In high power distance communities, however; consumers may be discouraged from imitating those in power and be advised to avoid such imitation through discouraging them of consuming certain products.

In many of the high power distance societies, those who are in power have a great impact and influence on those who do not. Based on this logic we propose the following:

> *Proposition 3:*   *Individuals living in high power distance cultures will be more influenced by leaders and elders with respect to their adoption decisions than those living in low power distance cultures.*

UNCERTAINTY AVOIDANCE

The uncertainty avoidance dimension focuses on the level of tolerance for uncertainty and ambiguity within the society (Hofstede, 2001). A high uncertainty avoidance ranking indicates the country has a low tolerance for uncertainty and ambiguity. This creates a rule-oriented society that institutes laws, rules, regulations, and controls in order to reduce the amount of uncertainty (Hofstede, 2001). Therefore, cultures high in uncertainty avoidance also tend to be high in power distance. Low uncertainty avoidance cultures are more tolerant of ambiguity and tend to be less rule-oriented, more ready to accept change, and to take greater risks (Hofstede, 2001). Ravichandran (2001) argues that adoption of complex technologies always involves a certain degree of risk. There are many uncertainties that an innovation brings, and the more radical the innovation, the more risk it brings. The diffusion literature has shown that innovators are more willing to take risks and they are more tolerant of risk compared to other groups. Therefore, we propose:

> *Proposition 4:*   *Adoption of radical innovations will be slower in societies where the uncertainty avoidance is high compared to societies where the uncertainty avoidance is low.*

COLLECTIVISTIC/INDIVIDUALISTIC SOCIETIES

Hofstede (1984, p. 225) defines individualism and collectivism based on the strength and breadth of ties between the individual and society. In individualistic cultures, strong ties exist only with familiar others, while in collectivistic cultures; strong ties exist with a more diffuse group. A high individualism ranking indicates that individuality and individual rights are paramount within the society, while a low individualism ranking typifies societies where the rights of the society are paramount. Thus, these cultures tend to be high in power distance. Uncertainty avoidance and collectivism also tend to covary, with collectivistic cultures using relationships to avoid discord with peers and superiors and to reduce uncertainty (Tsai & Levinson, 1997).

Pryor and Whales (1997) argue that social norms are more important in guiding the behavior of individuals in a collectivist society. Those from an individualistic society frequently question ethical standards established by their societies, while members in collectivist cultures tend to accept

them (Singhapakdi et al., 1999). Individualistic cultures cater to personal fate, personal achievement, and independence from the in-group (Perea and Slater, 1999). Consumers in individualistic cultures place their own needs, desires and wants before that's of the group (Perea and Slater, 1999). In individualistic societies the individual is the center of attention and autonomy and self reliance are emphasized in these societies. Individuals in these societies are most likely to dislike being dependent on other people or having other people dependent on them.

Based on these characteristics, a consumer who is living in a collectivistic society might be expected or required to adhere to what the group decides and not just to what he/she decides. The individual is expected to consider how a decision will impact not only his life but the lives of those around him. We argue that in individualistic societies, potential adopters will be more likely to engage in consultations with other members like family members, colleagues, etc. Based on this, we propose:

Proposition 5: *Individuals living in collectivist cultures will be more influenced by society with respect to their adoption decisions than those living in individualistic cultures.*

FATALISM

As opposed to cultural values and their effect on individual adoption decisions, in this section of the paper we focus on an individual value that has a potential impact on adoption of innovations, specifically fatalism. There have been numerous studies regarding fatalism, although not in an adoption context (Hasker, 1988; Nielsen, 1973; McClure et al., 2001; Day and Maltby, 2003). Nielsen (1973) defines fatalism as the extent to which an individual believes life events are pre-determined, rather than based on his actions. Those who believe in fatalism tend to adopt a passive attitude toward the future. This passive attitude is based on the argument that it would be pointless for a man to deliberate about what he is going to do, because the results of his actions are predetermined and whatever path he chooses, the outcome will be the same. Several authors argue that high fatalism is an obstacle to development in both developed and less developed countries (Weber, 1969; Lambert, 1960; Lerner and Schramm, 1967). This passive attitude could be compared to non-fatalists' attitude toward the past. Non-fatalists believe that there is nothing to be done about events that have taken place in the past (Day and Maltby, 2003). Although they may try to avoid making the same mistakes they made in the past, such avoidance does not change what happened in the past. Another explanation for this is being dogmatic. Consumers (laggards) may avoid adoption due to their dogmatic attitudes toward innovation.

Based on this argument, a relationship might exist between fatalism and adoption of innovations. Extending the above, fatalists believe there is nothing they can do to change what takes

place in their lives; hence they will be less motivated to adopt a new product that could change the events that take place in their lives. Thus, we propose:

> *Proposition 6:*   *Adoption of innovation will be slower in fatalistic individuals*
> *compared to non-fatalistic individuals.*

CONCLUSION

Our purpose was to theoretically investigate the impact of religious and cultural values and individual fatalism on consumers' adoption of innovation. Figure 1 provides a summary of the proposed relationships presented in this paper. We argued that some of the major religions like Islam, Christianity and Hinduism could have a great impact on the adoption of specific innovations based on religious teachings and requirements. However, this relationship between religious values and adoption of innovations is necessarily moderated by the product type. Some products like Barbie dolls are easier to criticize than other products since they are viewed by religious leaders as exerting a societal force contrary to the teachings of the religion. We also argued that cultural values will have an impact on adoption of innovation. Figure 1 shows the proposed relationships between adoption of innovation and collectivism and power distance to be moderated by how the product is viewed by the initial adopters. This indicates that some products may be adopted faster than others due to the moderation effect.

In spite of the limitations of his paper, there are some important implications. First, we indicated that understanding the cultural values can help explain differences in consumers' innovation adoption. This understanding is important because it provides firms with options with respect to modifying the products they introduce, how the product should be positioned in each country, and point to countries not suitable for certain new product introductions. For example, for the Saudi Arabia customers, a firm may choose to produce Barbie dolls whose dress more closely resembles traditional Muslim garb if they wish to avoid having Barbie toys banned from the kingdom. Second, we indicated that understanding the religious belief system of a country may assist in providing an understanding of how a customer may respond to a new innovation or a product. For example, in societies where religious and government leaders have a high level of control, businesses may choose to approach the leaders and sell them on the product before the product is introduced to the general public. By doing that, leaders could be viewed as champions of innovations and that may make it easier for the public to adopt an innovation. Companies could turn this to their advantage if were able to convince religious and governmental leaders to use and allow the public to use the product.

Figure One: Summary of Relationships
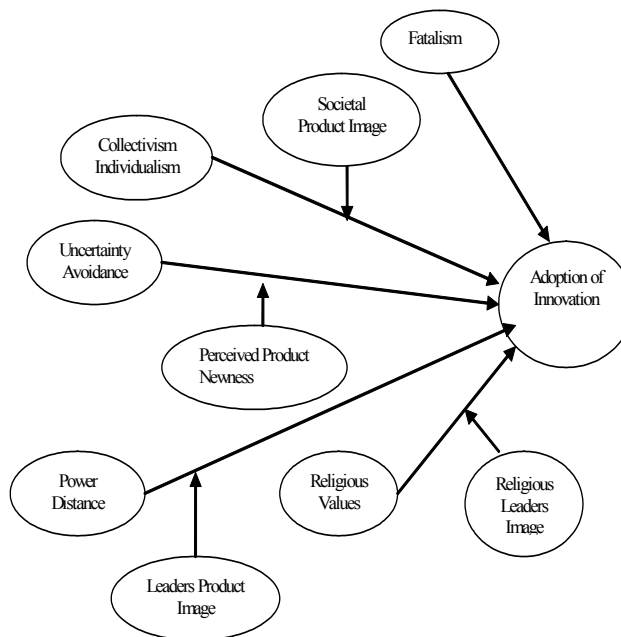
Finally in societies where there is a high level of fatalism, businesses could design a marketing campaign to stress the benefits of the products and show practical examples of how the product could positively influence the life of the consumer. Businesses may even try to align their marketing campaign of the innovation to fit the fatalism idea by stressing that the new product is part of the consumer's fate.

In this paper we attempted to present a theoretical model and a rationale for the impact of cultural and religious values and fatalism on consumers' adoption of innovation. It is the authors' plan to test these relationships as a second part of this paper. We believe the ideal setting for testing these relationships would be a group of Arab countries (Saudi Arabia, Egypt, and Lebanon) and the United States. We choose these countries because of our belief that Arab countries could be placed on a continuum in regard to religious values and reflect theocracies. Moreover, these countries are culturally opposite for most western cultures, scoring high on power distance and uncertainty avoidance and are collectivistic while the U.S. culture is low power distance, low uncertainty avoidance and individualistic. In addition, the Arab culture tends to be more fatalistic than the U.S. culture. Comparisons across Arab cultures would also be useful, based on differences between Arab countries. For example, women in Saudi Arabia are required by the law to cover their faces in

public while such a requirement does not exist in Egypt or Lebanon. So Saudi Arabia, Egypt and Lebanon present the diversity that exists in the Arab countries. Operationization of the variables is aided through the existence of established scales to measure constructs and a variety of culturally neutral (those which do not offend religious leaders) and culturally sensitive products (which do), of both radical and continuous innovations might allow testing of all the variables.

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