

Chapter XVI

E-Business Triggers: Further Insights into Barriers and Facilitators amongst Ghanaian Non-Traditional Exporters (NTEs)

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ABSTRACT

E-business is key to export development for developing economy firms. There are however key barriers and facilitators to e-business adoption for small and large internationalizing firms the world over. This chapter sets to find out, by means of the testing of key hypothesis, the main barriers and facilitators of e-business adoption by Ghanaian export firms. We adopt a quantitative approach to this study and draw our study sample from a directory of active non-traditional exporters (NTEs) in Ghana. We find that an export firm's international orientation, owner/management idiosyncrasies, e-sophistication of partners, export firm's characteristics (age, number of employees and location) and weak government regulation have no significant influence on e-business adoption by Ghanaian NTE firms. On the other hand, competitive pressure (as measured by competition from Ghanaian export firms and growth in size of export operations) significantly facilitates e-business adoption. Internal resource constraints (measured by technological and financial resources for e-business adoption and business culture) and environmental bottlenecks (measured by lack of support from export sector regulators and export associations and high internet access fees charged by ISPs) also reduce the likelihood of e-business adoption by Ghanaian NTE firms. We find interestingly that Export facilitation (measured by pressures from GEPC and FAGE) and digitalization (measured by perceived importance of e-business in digitalizing export operations and improving export competitiveness) perceived to facilitate e-business adoption however exhibit significant negative relationships with adoption. We proffer some explanations for this unusual finding and provide general management implications for improving e-business practices amongst the various players in Ghana's non-traditional export sector.

INTRODUCTION & STUDY OBJECTIVES

Issues surrounding the adoption of e-business for firm development have received extensive coverage in the e-commerce, international marketing, business development, strategy and entrepreneurship literature. Several other disciplines like supply chain management; marketing communication, finance etc. have all applied various theoretical and empirical treatments to the phenomenon of e-business/Internet adoption. The Internet itself has been heralded for over two decades as some sort of panacea to the various problems encountered by small businesses (Kalakota and Whinston, 1996). In the context of firms engaged in international business, it has been positioned by scholars like Levitt (1983) that embracing technology can result in gaining competitive advantage and capitalization of the opportunities resulting from the globalization of business. Fillis et al (2003), arguing from the work of earlier scholars (Keogh et al, 1998; Coviello and McAuley, 1999) posit that technology offers vast opportunities for instant international market access for SMEs.

The internet has been described as a global network of interlinked computers offering several commercial applications for most firms around the world (Hamill, 1997). The Internet acts as a major platform for the conduct of e-business and the astute deployment of Internet technologies holds promise for improvement in the management and organization of small export firms. Hornby et al (2002) argue that theoretically, exporting SMEs engaged in exporting should have a higher propensity for Internet uptake. Khoo et al (1998) have advanced arguments that small exporters are able to compete in foreign markets as a result of their technological capabilities. Bennet (1997) in a study on experiences of website use and perceptions of export barriers among UK businesses found that exporters held favourable views of the Internet's contribution to the facilitation of export. The study

also found that Internet use was advantageous to the extent that it assisted in sales leads generation, ability to sell in remote countries, penetration of unfamiliar markets and creation of international awareness of the enterprise. Other proponents of the benefits of e-business to small firms have noted inter alia that some of the benefits include on-line sales and transactions (Poon and Swatman, 1997), acquisition of know-how through discussion with others on the Internet (Poon and Swatman, 1997), speedy and timely access to information from websites (Poon and Swatman, 1997), lower cost of obtaining supplies (Abell and Limm 1996), availability of expertise regardless of location (Abell and Limm, 1996), improved communication between customers and suppliers (Leadbeater, 2000). In addition, the small firm has the potential for gaining competitive advantage by being much quicker and flexible in connecting to the Internet (Durkin and McGowan, 2001).

Despite all the proposed benefits for small export firms outlined above, there is recorded in the literature, several constraints to e-business adoption by small export firms. Some of these constraints discussed from a more conceptual standpoint have included conservatism; fear of change/technology; inertia in decision making, security concerns, financial constraints and other resource constraints like the challenge of learning new skills and performing new tasks (Fillis et al, 2003). More empirical contributions to our understanding of the barriers to e-business adoption have included contributions by Eid (2005), Stockdale and Standing (2004) and Kaynak et al (2005). Eid (2005) found significant barriers to e-business adoption among 123 UK companies but posited that "powerful drivers of internet-based marketing in business-to-business firms will generally outweigh significant barriers to its adoption in the future". Chau and Pederson (2000) also noted some barriers to e-commerce adoption such as lack of resources, complications in implementing change, lack of cost-effective e-commerce enabled software, lack of technical

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