Determinants of E-Intermediary Use in Export Marketing:

Cross-National Differences in the US and Korean SMEs

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ABSTRACT. *Purpose.* Electronic intermediaries (e-intermediaries) are gaining significance in international marketing with the rapid development of e-commerce. The goal of this study is to explain empirically what leads to a higher use of this relatively new exportation alternative. Relying on a resource-based view as our research foundation, we focus on information technology (IT) and non-IT factors as possible determinants. Further, this study brings arguments offered by transaction cost theorists to explain the other non-IT determinants.

Methodology/Approach. Data are collected from small and medium-sized enterprises (SMEs) in the electronic industry in Korea and the U.S to ensure generalizability. Ordinary least square (OLS) regression is utilized to analyze the data.

Findings. This study raises new issues regarding a relatively new type of exporting channel, e-intermediary. Exporting is regarded as the most appropriate strategy for SMEs in international commerce. A number of SMEs stay away from exporting due to limited resources or lack of knowledge regarding foreign markets. The findings in this study should help SMEs use e-intermediaries more widely by developing appropriate IT-related resources (IT-related human and relationship assets) and dealing with non-IT factors (international competence, environmental uncertainty, and duration of relationship) effectively.

Originality/Value/Contribution. This study illustrates the significant role of e-intermediaries, which may help SMEs to penetrate the global market effectively. Finding relevant sources in the global e-marketplace is a challenge for non-experienced users like SMEs. This study proposes e-intermediaries as an effective alternative for them. Another contribution of this study is to show how the use of indirect exporting channels, e-intermediaries, decrease costs in exporting transactions. This study suggests an e-intermediary as a hybrid exporting channel to balance risk and profit.

INTRODUCTION

Electronic commerce (e-commerce) has created significant changes in the economics of marketing channels and the structure of distribution. E-commerce becomes an essential business platform for trading among firms (Corbitt et al., 2003). Previous e-commerce studies emphasized a direct Internet-based exchange, arguing that lower transaction costs are incurred through direct exchange between the seller and the final customers (Clark and Lee, 1999; Bailey and Bakos, 1997). Research remains lacking on the use of e-commerce as an intermediary in the business-to-business (B2B) context, while Aldin and Stahre (2003) point out the important intermediary role of e-commerce in many sectors. In August 2005, Yahoo paid $1 billion to acquire a 40 percent stake in the Chinese e-commerce firm Alibaba.com, a rapidly expanding intermediary in e-marketplaces (CNN.Com, 2007). Several studies refer to the intermediary as electronic intermediary (e-intermediary) (Liu et al., 2004; Chrusciel, 2000: Lee and Danusutedjo, 2000).

In this study, we refer to e-intermediary as an independent market intermediary that serves as a B2B e-marketplace in which member firms post their requests to buy or sell goods and services (Soon et al., 2002; Clark and Lee, 1999). E-intermediaries allow exporters to introduce their products more rapidly and efficiently around the world due to the globalization of information technology (Liu et al., 2004; Martinsons, 2002). In addition to being a low-cost alternative to traditional intermediaries, the convenience, speed, and ease of e-intermediaries have encouraged firms to find the right product and ideal business counterpart, which may signify the importance of using e-intermediaries in export marketing (Devaraj et al., 2002). In this empirical study, we aim to provide a systematic explanation for what leads to a higher use of e-intermediaries among exporters. Specifically, we examine cross-nationally information technology (IT) and non-IT factors as possible determinants of using e-intermediaries.

We rely on the resource-based view (RBV) as our theoretical base for guiding the selection of possible determinants of using e-intermediaries as well as for justifying the hypothesized relationships. The RBV has received attention in the e-commerce literature. Resource-based theorists argue that firms enable themselves to improve their efficiency and effectiveness by using own resources (Peteraf, 1993; Barney, 1991). An e-intermediary is a medium for exporters to participate in electronic international commerce formed in world wide web (Clark and Lee, 1999). Therefore, knowledge and experience about IT are required

for exporters to use e-intermediaries. Also, IT knowledge and experience may be considered unique firm resources. The resources are key components of IT capability. IT capability is not of one piece; rather, it may manifest itself in several spheres. Even though there is no consensus in the definition. There is one thing in common. All the researchers seem to agree that IT capability is a profound concept covering tangible aspects (IT infrastructures) and intangible aspects (IT knowledge and managerial skills). According to literature reviews (e.g., Santhanam and Hartono, 2003; Bharadwaj, 2000; Ross et al., 1996), IT capability is usually measured by the three aspects, IT-related human, technology, and relationship assets for example. Resource-based theorists argue that a firm's resources contribute to the choice of the firm's strategy (Grant, 1995). An e-intermediary can help exporters, especially SMEs, to provide various products or services efficiently and meet customers' needs effectively, which consist with the roles of marketing strategy (Stevenson and Hamill, 2002). E-intermediary use thus can be a marketing strategy for exporters to penetrate the global market. A certain level of foreign market knowledge and experience is then prerequisite resources to using e-intermediaries effectively. In other words, the marketing factors can influence exporters to use e-intermediaries. In this study, international competence, product standardization, and environmental uncertainty reflecting firm, product, and market characteristics are discussed with regard to use e-intermediaries (Leonidou et al., 2002; Peng and Ilinitch, 1998; Cavusgil and Zou, 1994).

Further, we also resort to transaction cost theory to help identify determinants of e-intermediary use. According to general transaction cost analysis, a direct exchange based on the Internet has been supported (Sarkar et al., 1995). A direct Internet-based exchange may lower transaction costs; exporters can decrease costs for distribution, advertisement, and customer resources via a direct trade with foreign customers (Narayandas et al., 2002). However, this study has a different standpoint. E-intermediary, an indirect channel, can make the market transactions easier and more efficient, which also decrease transaction costs (Sarkar et al., 1995).

Figure 1 illustrates the relationships between IT-related and non IT-related determinants and e-intermediary use in export marketing. As illustrated in Figure 1, we propose seven factors determining the extent of e-intermediary use. The first three are IT-related while the next four factors are non IT-related (that represent firm, product, and market characteristics). We include the last factor, duration of exporter-customer relationship, based on our in-depth interviews with managers.

[Insert Figure 1 about Here]

IT-Related Determinants

E-intermediary is a medium for exporters to use to participate in electronic international commerce available via the Internet (Clark and Lee, 1999). Therefore, technological and managerial knowledge or skills about the Internet may be required for exporters to use e-intermediaries. Internet knowledge and skills are key components of IT capability, which is defined as the ability to mobilize and deploy IT-based resources in combination with other resources and capabilities (Santhanam and Hartono, 2003; Bharadwaj, 2000; Ross et al., 1996). This study argues that IT resources may be related to the use of e-intermediaries. The relationships between three IT resources and the use of e-intermediaries are investigated in more detail below.

IT-Related Human Assets

Organizational human resources are generally made up of the training, experience, relationships, and insights of the organization's employees (Grant, 1995; Barney, 1991). Employees are considered human assets. Specifically, they are considered IT-related human assets when trained to provide rapid solutions to pressing business needs, accumulate firm-relevant IT knowledge, and show competence in IT-related areas. A company possessing IT-related human assets may use effectively its staff's technical skills to build bridges between old systems and new ones, to deliver data across locations and applications, and to recognize opportunities to apply new technologies as they become available (Bharadwaj, 2000). Also, IT-related human assets can be closely related to the use of e-intermediaries.

E-intermediaries can decrease the traditional importance of scale economies, which makes global advertising more affordable, and extends market reach globally (Prasad et al., 2001; Kotler, 2000; Quelch and Klein, 1996). Exporters, especially SMEs, can achieve competitive advantage against their larger competitors in international commerce. Therefore, the use of e-intermediaries can be a marketing strategy for exporters to penetrate the global market effectively. With regard to the resource-based view, IT-related human assets may be a valuable tool for exporters. Resource-based theorists argue that a firm's resource is a strength that the firm can use to conceive and implement its strategies (Barney, 1991). Therefore, we expect to find a positive effect of IT-related human assets on e-intermediary use in this study.

Some researchers nevertheless have pointed out that advanced IT-related human assets may encourage exporters to adopt a direct Internet-based exchange due to significant reduction of transaction costs (Narayandas et al., 2002; Sarkar et al., 1995: Malone et al., 1987). This argument seems plausible. Use of e-intermediaries may be inversely related to whether the exporting channel activity relies on specialized skills or technologies that are available to the exporter (Sarker et al., 1995). An exporter who possesses the expertise to develop and operate the rapidly developing electronic market technologies may rely less on the use of e-intermediaries. Yet, the primary users of e-intermediaries are SMEs who lack significant knowledge regarding IT. In the beginning, they may perceive high risk and uncertainty surrounding their electronic international sales. It may be time consuming and costly for them to retain appropriate and enough IT staffs. In sum, without high advanced IT-related human assets, use of e-intermediaries may be an alternative for SMEs to avoid "deadweight" costs, which represent lost cost due to an unsuccessful client search (Prasad et al., 2001; Chrusciel, 2000; Benjamin and Wigand, 1995). On the other hand, SMEs possessing adequate IT experts to deal with international e-commerce may rely less on the use of e-intermediaries and adopt a more direct Internet-based exchange. Hence, an inverted-U shaped relationship between IT-related human assets and e-intermediary use is posited.

H1: There is an inverted-U shaped relationship between the level of IT-related human assets

and the extent of e-intermediary use in export marketing.

IT-Related Technology Assets

Without a certain level of IT capability, exporters are not likely to acclimate themselves to the electronic market environment. Another component of IT capability is IT-related technology assets, which are defined as sharable technical platforms and databases (Ross et al., 1996). IT-related technology assets are necessary for integrating systems and making IT applications cost effective in operation and support (Ross et al., 1996). E-intermediaries provide an information infrastructure by which exporters can realize commerce over electronic international networks. Information technologies, such as standard interfaces, cost-effective inter-organizational networks, and search techniques, may be substantial components of using e-intermediaries' services (Clark and Lee, 1999). IT-related technology assets thus can help exporters readily adapt to electronic international commerce. Also, IT-related technology assets may awaken exporters to the importance of using e-intermediaries in electronic international commerce. With regard to the resource-based view, IT-related technology assets are also valuable firm resources. Resource-based theorists argue that firm resources contribute to the choice of a marketing strategy (Grant, 1995). As discussed earlier, use of e-intermediaries may be a marketing strategy for exporters to penetrate the global market (Bharadwaj, 2000; Porter, 1996; Sarkar et al., 1995). As a consequence, exporters who retain a certain level of IT-related technology assets may develop a positive attitude toward the use of e-intermediaries.

Alternatively, information technology may enable exporters to interact directly with foreign customers. One can argue that IT-related technology assets encourage exporters to adopt direct Internet-based exchanges instead of using e-intermediaries due to cost reduction (Narayandas et al., 2002; Sarkar et al., 1995). Rasheed and Geiger (2001) suggest that e-intermediary use may be inversely related to investments in technological infrastructures. As mentioned earlier, the primary users of e-intermediaries are SMEs that lack IT infrastructures. Additionally, e-intermediaries could still be a good opportunity for SMEs to reduce transaction costs in an electronic international marketplace, sometimes described as a "virtual jungle" where finding the ideal customer is extremely time-consuming (Ancel, 1999). SME managers who don't have adequate IT-related technology thus prefer using e-intermediaries. Nevertheless, exporters possessing certain level of IT infrastructures are more likely to adopt a direct Internet-based exchange due to its role in reducing transaction costs. According to the arguments, there may be an inverted-U shaped association between IT-related technology assets and use of e-intermediaries.

H2: There is an inverted-U shaped relationship between the level of IT-related technology assets and the extent of e-intermediary use in export marketing.

IT-Related Relationship Assets

The third component of IT capability is IT-related relationship assets, defined as shared risk and responsibility (Ross et al., 1996). IT-related relationship assets represent an effective IT-business relationship led by a proactive CEO (Bharadwaj, 2000). Exporters possessing a good relationship between IT and business units may cope effectively with a new electronic environment. IT-related relationship assets thus may influence exporters to adopt e-intermediaries, which serves as a B2B e-marketplace and provides market information. Further, an effective relationship between IT and the various business units within a firm is considered a valuable firm resource. Since resource-based theorists argue that firm resources contribute to the choice of a marketing strategy, and because use of e-intermediaries may be an effective marketing strategy for exporters to penetrate the global market, we argue that exporters retaining a certain level of IT relationship assets may take a positive attitude toward using e-intermediaries.

Similar to the aforementioned components of IT capability, IT-related relationship assets may encourage exporters to trade directly with foreign customers. Exporters without adequate expertise to develop, maintain, and operate fast changing electronic market technologies must rely on e-intermediaries (Sarkar et al., 1995). Yet, a well-managed relationship between IT and business units may encourage exporters to adopt a direct Internet-based exchange rather an indirect market intermediary. In sum, up to the certain level of IT-related relationship assets, exporters are more likely to use e-intermediaries. Beyond that level, they may adopt a direct Internet-based exchange to reduce transaction costs. The hypothesis is thereby developed as follows.

H3: There is an inverted-U shaped relationship between the level of IT-related relationship assets and the extent of e-intermediary use in export marketing.

Non IT-Related Determinants

Besides information technology, the literature suggests several possible non-IT determinants. Here we focus on four factors: international competence, product standardization, environmental uncertainty, and duration of exporter-customer relationship. E-intermediaries are likely to enhance firm's sustainable competitive advantage, as a value creating strategy. E-intermediaries can connect between exporters and foreign customers, provide market information, and serve as e-marketplaces (Chrusciel, 2000; Chrusciel and Zahedi, 1999). E-intermediaries may accelerate the internationalization of firms, especially SMEs, and reduce various transaction costs in export marketing. Therefore, use of e-intermediaries is considered an export marketing strategy. As such, we need to examine both internal and external factors driving a firm's choice of marketing strategy (Leonidou et al., 2002; Cavusgil and Zou, 1994; Barney, 1991). Firm and product characteristics represent internal factors. International competence is chosen as a key firm characteristic driving participation in the electronic international marketplace via e-intermediaries. We chose standardization as an important product characteristic (Peng and Ilinitch, 1998). Further, environmental uncertainty is chosen as an external factor likely to influence what marketing strategy for firms to adopt (Trabold, 2002). As mentioned earlier, we add duration of relationship between the exporter and his or her customers as a result of our in-depth interviews with managers. Relying on arguments made by transaction cost and resource-based theorists, we further

justify our choice of the aforementioned non IT-related determinants in the next section.

International Competence

Firms' capabilities and constraints profoundly influence their choice of marketing strategies and their ability to execute their chosen strategies (Aaker, 1988; Porter, 1980). International competence is an ability that helps a firm identify idiosyncrasies such as international experience, operation in foreign markets, resources for export development, and company reputation, and to develop an appropriate marketing strategy and execute it effectively (Cavusgil and Zou, 1994). According to the resource-based view, idiosyncratic resources that create superior market position allow firms to generate sustainable competitive advantage (Hunt and Morgan, 1995). In international commerce, international competence can be regarded as an idiosyncratic resource (Leonidou et al., 2002) and is usually measured by the following components: international experience, resources for export development, operation in foreign markets, and company reputation (Leonidou et al., 2002; Cadogan et al., 2002; Zou and Cavusgil, 2002; Raymond et al., 2001; Cavusgil and Zou, 1994; Katsikeas, 1994). Using e-intermediaries, exporters and buyers place bids and offers via terminals connected to the host computer of the intermediary instead of coming to a physical market site. E-intermediaries allow trade parties to achieve cost-efficient international trade (Soon et al., 2002). Despite the benefits, many SMEs stay away from using e-intermediaries because they have limited resources and lack knowledge regarding foreign markets (Peng and Ilinitch, 1998; Ilinitch et al., 1993). Exporters who possess a certain degree of international competence, however, may be more likely to use e-intermediaries. For these exporters, use of e-intermediaries can be an effective marketing strategy for penetrating the global market (Chrusciel, 2000). Based on the literature review, this study hypothesizes the following:

H4: There is a positive relationship between the level of international competence and the extent of e-intermediary use in export marketing.

Product Standardization

The literature argues that manufacturers' export channel choices are primarily driven by transaction cost considerations (Peng and Ilinitch, 1998; Karunaratna and Johnson, 1997; Majumdar and Ramaswamy, 1995). Total costs of going-to-market are likely to be lower for the direct exporting when the transaction requires investments in unique assets for effectively serving the end customers, such as specialized sales force training and post-sale service requirements (Williamson, 1991). However, indirect exporting may be more efficient for transactions that require investments only in nonspecific assets, such as an inventory of standard, commodity-type products (Anderson and Coughlan, 1987). Transaction cost theorists argue that monitoring and enforcement costs may be comparatively low in industries where products are standardized, making indirect exporting an attractive option (Peng and Ilinitch, 1998). Product standardization refers to nonspecific, low-tech, undifferentiated, or standardized product characteristics (Trabold, 2002; Peng and Ilinitch, 1998). Therefore, the higher the product standardization, the more likely traditional export intermediaries to be selected by manufacturers (Trabold, 2002; Peng and Ilinitch, 1998).

Unlike traditional intermediaries, e-intermediaries provide services 24 hours a day, 7 days a week, and 365 days a year. The primary role of e-intermediaries is to improve the chances for the best fit between exporters and foreign customers in electronic international commerce (Chrusciel, 2000). Through e-intermediaries, exporters can make direct or indirect contact with foreign customers via web-site homepages, email, or diverse electronic media, which are not as readily available through traditional intermediaries. Moreover, exporters may introduce or identify the uniqueness of services and products, provide detailed product specifications, and make available a forum for advertising and marketing new or existing products with e-intermediaries (Chrusciel, 2000; Chrusciel and Zahedi, 1999). E-intermediaries also provide a forum for multiple products, monitor transaction data, and promote newly tested technology (Chrusciel, 2000; Chrusciel and Zahedi, 1999). These unique roles may make e-intermediaries more efficient and trustworthy, compared to traditional intermediaries. As a result, use of e-intermediaries may be more appropriate for transactions including high-tech or differentiated products, which represent low product standardization. Based on the literature review, this study hypothesizes the following:

H5: There is a negative relationship between the level of product standardization and the extent of e-intermediary use in export marketing.

Environmental Uncertainty

Exporters face uncertainty when engaging in international commerce. Uncertainty is defined as an event that cannot be forecasted (Lorenzi, 1980). It is not merely change or the rate of change that causes uncertainty, but rather the unpredictability of change that affects the variables in critical dependent relationships (Lorenzi, 1980). Transaction cost theorists view uncertainty as arising from the difficulties associated with adapting to unfamiliar environments as well as monitoring the contractual performance of exchange partners (Goldsby and Eckert, 2003; Williamson, 1991). In international commerce, a serious barrier to effective exportation may be uncertainty about foreign environments (Raven et al., 1994). Environmental uncertainty refers to unanticipated changes in circumstances surrounding an exchange within an unpredictable or complex environment (Rindfleisch and Heide, 1997; Noordewier et al., 1990). In general, environmental uncertainty is higher in international transactions than domestic transactions. Environmental uncertainty gives rise to several transaction costs such as communication, negotiation, coordination, and unadaptability costs. Transaction cost theorists argue that firms may respond to perceived uncertainties by avoiding them. E-intermediaries could be an effective alternative for firms that wish to avoid or reduce the uncertainties in international commerce, including those arising from geographical and social barriers in international commerce (Soon et al., 2002). Also, e-intermediaries may provide protection against environmental heterogeneity, because they can accommodate dynamic change in international environments (Goldsby and Eckert, 2003; Chrusciel, 2000).

Exporters, especially small- and medium-sized firms, are often exposed to opportunistic behaviors from foreign trading partners. Foreign customers and exporters enter into contracts with each other subject to potential opportunistic behaviors of trading counterparts; trading parties can conceal or distort information to their benefit and to the detriment of their trading partners. Separation of product flows from market transactions through online trading is likely to increase transaction risks and uncertainties for traders. E-intermediaries may offer an effective alternative for exporters to decrease the problems of opportunism and bounded rationality in their exporting channel relationships. According to the transaction cost analysis, bounded rationality is the assumption that decision makers have constraints on their cognitive capabilities and limits on their rationality (Rindfleisch and Heide, 1997). Opportunism is the assumption that decision makers may unscrupulously seek to serve their self-interests (Barney, 1991). When e-intermediaries can deliver verified information and keep that information transparent to the players in the exchange, e-intermediaries becomes an opportunism-reducing influence. Also, use of e-intermediaries has several incentives to ensure that market transactions are completed due to their desire to be long-term participants in the market (Bailey and Bakos, 1997). Since the parties to a transaction may need to interact with the intermediary in the future, even if they never do business with each other again, the intermediary may be in a better position to prevent opportunistic behavior compared to other market participants (Bailey and Bakos, 1997). As a result, use of e-intermediaries could prevent opportunistic and unfair trade practices, mediate between interests of sellers and buyers, insure against transaction failures, and allow for the complete processing of the transaction. Based on the literature review, this study therefore hypothesizes the following:

H6: There is a positive relationship between the level of environmental uncertainty and the extent of e-intermediary use in export marketing.

Duration of Exporter-Customer Relationship

Direct Internet-based exchanges are believed to minimize transaction costs and maximize profit, though they may involve a higher risk from possible trade frauds. Using traditional intermediaries is an alternative for risk reduction, but with a larger profit margin going to them. E-intermediaries may be attractive as the alternative exporting channel that balances profit and risk if the exporter knows his or her foreign customers well. This argument concurs with what we found in our in-depth interviews with managers, that the duration of an exporter's relationship with a foreign customer does influence use of e-intermediaries.

According to these interviews, managers regarded e-intermediaries as an efficient and relatively safe exporting means to make a contact with a new foreign customer. However, as credibility accumulates, exporters may prefer using direct Internet-based sales. In other words, the duration of an exporter's relationship with a foreign customer seems to play a role in the exporter-customer association (Bolton, 1998). Current customers are perceived as being less risky, more in situations where there is greater uncertainty, as in an international e-marketplace (Batt, 2000; Puto et al., 1985). Experience with current customers breeds trust (Dwyer et al., 1987). Therefore, a positive relationship between the duration of an exporter's relationship with a foreign customer and the development of trust between them could be expected. In sum, an exporter may prefer using e-intermediaries to begin a trade with unknown foreign customers, because a direct exchange with these customers usually involves high risk. However, an exporter may choose not to use e-intermediaries to trade with confidence-inspiring foreign customers; instead, the exporter can trade directly with foreign customers via the Internet, which is believed the most efficient channel. Based on these arguments, this study therefore hypothesizes the following.

H7: There is a negative relationship between duration of exporter-customer relationship and the extent of e-intermediary in export marketing.

RESEARCH METHOD

Samples from Korea and the United States

Cross-national researchers emphasize the need for metric equivalence of, and relationships among, the constructs to ensure generalizability (Calantone et al., 1997). Therefore, data were collected from small and medium-sized exporters in the electronic industry in two countries: Korea and the U.S. SMEs, instead of large firms, are chosen for our sample because they are primary users of intermediaries in international commerce due to their limited resources and knowledge regarding foreign markets (Peng and Ilinitch, 1998). The U.S. is the world's largest exporter. Korea currently stands as the 13th largest exporter in the world (Foreign Policy, 2003). Electronics is the biggest exporting industry in both the U.S. and Korea (Korean National Statistical Office, 2003; U.S. Department of Commerce, 2002). Korea's global ranking in terms of Internet users is fifth in the world, while the U.S. ranks first in the world (Foreign Policy, 2003). These facts helped determine our sampling design of using small- and medium-sized exporters in the electronic industry in Korea and the U.S.

There are some differences in market environment conditions. The U.S. is an industrialized market, but Korea is a rapidly emerging market. Government and societal influences called institutional environments are stronger in emerging markets (Hoskisson et al., 2000). According to interviews with managers, Korean exporters feel the need to use e-intermediaries so they are not left behind. Use of e-intermediaries is becoming a normative institution among exporters in Korea. Also, the Korean government has enthusiastically supported the export business with various policies (Raymond et al., 2001). Use of e-intermediaries as export-oriented intermediaries in international commerce thus may be considered a regulatory institution. Institutional environments of emerging markets are stronger than those of developed markets (Hoskisson et al., 2000). Therefore, Korean exporters, more so than U.S. exporters, may be forced to conform to normative as well as regulatory institutions, via using e-intermediaries to gain international competitive advantage. Cultural aspects are another variable to explain differences of exporters' behavior in adopting e-intermediaries between two countries. The U.S. represents

more typical aspects of Western culture, while Korea is more representative of Asian or Eastern culture. The U.S is characterized by low power distance and low uncertainty avoidance. In contrast, Korea is characterized by high power distance and high uncertainty avoidance (Hofstede, 1980). In practice, national culture influences organizational culture, which refers to the pattern of shared beliefs and values that helps individuals understand an organization and provides them with norms for behaviors (Deshpande and Farley, 1999). Entrepreneurial and bureaucratic cultures are representative organizational cultures, and are influenced by two dimensions of national culture: power distance and uncertainty avoidance. Entrepreneurial culture emphasizes innovations and risk taking, but bureaucratic culture is characterized by internal regulations and formal structures. High power distance may imply the prevalence of relatively bureaucratic organizations, and low uncertainty avoidance may imply relatively entrepreneurial organizations (Deshpande and Farley, 1999). Therefore, Korean firms may be highly bureaucratic, but U.S. firms may be entrepreneurial in the sense of the characteristics of national culture. According to e-commerce literature, corporate decisions pertaining to the use of popular technology or services tend to be most affected by organizational culture, which is influenced by national culture. Higher bureaucratic or lower entrepreneurial corporations will be less likely to adopt the new technology or service (Hasan and Ditsa, 1999; Moorman, 1995). Korean firms, in contrast to U.S. firms, are considered higher bureaucratic or lower entrepreneurial corporations. Therefore, Korean firms may be less likely to adopt use of e-intermediaries in export marketing. With the possible differences above, this study uses nationality as a control variable (dummy coded) to compare Korean and U.S. exporters' behaviors to use of e-intermediaries. Institutional influences and cultural dimensions are then used to explain the differences between these two countries.

Data Collection

This study used data retrieved from several exporter databases, which contain firm-level data on different industries and countries. A great challenge in this study was the identification of exporters using e-intermediaries. Through in-depth interviews, most managers pointed out Ecplaza.net, Alibaba.com, and Globalsources.com as the world's largest e-intermediaries with regard to the number of membership. Also, according to www.alexa.com, we could select 10 major e-intermediaries around the world. The sample firms were randomly selected from the e-intermediaries. All firms selected were listed on electronics and seller (exporter) categories. Also, we selected SMEs based on the U.S and Korea. In this study, questionnaires were sent to individuals listed as contact persons at each firm in the directory through email. Some of them are staffs in marketing relevant departments. However, many persons listed are business owners. In general, SMEs do not enough staffs covering various areas. Owners in SMEs thus are in charge of most business activities, especially international marketing and finance. With the circumstances, since we are focusing on e-intermediary use that can be considered an international marketing strategy of individual firms, the respondents to the questionnaire survey were CEOs and/or their deputies.

There was an initial letter of introduction describing the study and asking for forwarding the survey to appropriate respondents to complete the questionnaire. Approximately one week after the initial email, another email was sent to respondents to increase the response rate and ensure that they were qualified respondents. Also, few days later, a follow-up telephone call was placed by a research team (four Korean and four American undergraduate seniors). An email survey can be designed so as to provide a more dynamic interaction between respondents and surveyors than can be achieved in a paper survey. There are various advantages of an email survey including increased speed and more flexibility. Also, response rates for mail surveys and email surveys are usually the same (Schaefer and Dillman, 1998). However, it is possible that the email survey may be treated as a junk email. In this study, we used the incentive of a lottery to increase the response rate. This method was already verified by early studies (Park, 1993). In specific, the incentive of a lottery drawing for two one-day free stays at a famous resort in Korea, and three $100 Amazon.com gift certificates in the U.S. were offered (Park, 1993). Most nearly people including business mangers and even households have computers and / or e-mail addresses in the U.S. and Korea. We believe that CEOs or other business managers may not share their private email accounts with others. Considering the facts, we can sure that most respondents to the questionnaire were CEOs, their deputies, or at least staffs in marketing relevant departments. In other words, most of the respondents must have been qualified to respond to the survey.

This study determined sample size regarding population size (N), pretest mean ($\overline{X}$), and pretest standard deviation (s) (Churchill and Lacobucci, 2002). There are 4,375 firms registered with the sampling frames (major e-intermediaries). This study used 95% confidence level (Z=1.96) and 3% allowable tolerance of variation (W=0.03). Therefore, sample size calculated is 120. Generally, a reasonably conservative estimate of response rate for a mail survey is approximately 20 percent (Brady and Robertson, 2001). Based on the general response rate, this study used a sample size 600, including 300 from Korea and 300 from the U.S. The questionnaire was originally written in English and translated into Korean by using the back translation method (Douglas and Craig, 1983).

Measures

We relied on existing scales with multiple-item measures. As discussed earlier, three IT-related determinants and four non IT-related determinants are used as independent variables. Extent of using e-intermediaries in export marketing is our dependent variable. To compare level of export using e-intermediaries between firms in Korea and the U.S., nationality (dummy coded) is used as a control variable. Also, two other variables, institutional influence and organizational culture, are included to detect the differences between two countries. Below is our description of the measure for each construct.

Extent of Using E-Intermediaries

E-intermediaries refer to a market go-between serving as a business-to-business (B2B) e-marketplace in which qualified members post requests to buy or sell; sales representatives search the globe for companies to supply or purchase the posted products, matching exporters and foreign

customers (Clark and Lee, 1999). As noted previously, e-intermediaries are considered both an exporting channel and a marketing strategy in international commerce. According to the literature, determinants to measure the extent of using exporting strategies are classified into input factors (i.e., used resources) and output factors (i.e., sales amount) (Julian, 2003). Regarding the items to measure the extent of using e-intermediaries, there were not direct existing scales. Instead, we could indirectly create two questions from Julian (2003) to measure the extent of e-intermediary use. In specific, two questions were asked to measure the extent of using e-intermediaries in export marketing: "What percentage of your marketing budget is spent for using e-intermediaries for export assistance?" and "What percentage of your total export sales comes from using e-intermediaries?" A high percentage represents a greater extent of using e-intermediaries. A low percentage, on the other hand, represents lower use of e-intermediaries in export marketing.

IT-Related Human Assets

IT-related human assets refer to IT staff members who consistently solve business problems and address business opportunities through the use of IT (Ross et al., 1996). Also, IT-related human assets apply to the staff members' technical skills used to build bridges between old systems and new ones, to deliver data across locations and applications, and to recognize opportunities to apply new technologies as they become available (Santhanam and Hartono, 2003; Bharadwaj, 2000). According to Ross et al. (1996), IT-related human assets should specify both breadth of required knowledge including technical, change management, and business knowledge, and the pace at which new skills must be acquired. To measure IT-related human assets, respondents are asked to rate how much they agree or disagree (seven-scale) with three statements comprising the above factor: "IT staff has technical capabilities that match the technology plan in carrying out our strategic purpose," "IT staff is close enough to the business to understand and predict business problems," and "IT staff is in the habit of learning."

IT-Related Technology Assets

IT-related technology assets consist of sharable technical platforms and databases (Santhanam and Hartono, 2003; Bharadwaj, 2000). They are essential for integrating systems and making IT application cost effective in operation and support. There are several factors to measure IT-related technology assets, including well-defined technology architecture, and data and platform standards (Ross et al., 1996). Following Ross, Beath and Goodhue (1996), we measure IT-related technology assets by asking respondents to rate how much they agree or disagree (seven-scale) with three statements: "IT and business management have defined a clear technology plan based on strategic principle," "IT and business management understand the costs of noncompliance with technology standards," and "Data and information are available to decision makers when they need them."

IT-Related Relationship Assets

IT-related relationship assets are defined as an effective relationship between an IT unit and business units within a firm (Ross et al., 1996). An effective relationship between the IT unit and business units is also a key determinant of IT capability (Ross et al., 1996; Santhanam and Hartono, 2003; Bharadwaj, 2000). The literature uses shared risk and responsibility between IT unit and business units to measure IT-related relationship assets (Ross et al., 1996). To measure the IT-related relationship assets, respondents are asked to rate how much they agree or disagree (seven-scale) with three statements comprising the shared risk and responsibility: "IT and business executives share a vision for how IT will support the business," "IT and business managers consult with each other regularly on business and technical decisions," and "Most large IT projects have active business executive sponsorship and leadership."

International Competence

International competence is defined as an ability that enables a firm to identify idiosyncrasies, develop an appropriate marketing strategy, and execute it effectively in international commerce (Cavusgil and Zou, 1994; Douglas and Wind, 1987). International competence is measured by several factors including international experience, operation in foreign markets, resources for export development, and company reputation (Cavusgil and Zou, 1994). In specific, international competence is measured by the following items: "Our firm has relatively broad international experiences compared to those of our competitors," "Amount of resources our firm has for export development is relatively large," and "Number of foreign markets in which our firm has regular operations is relatively large compared to our competitors." Respondents are asked to rate how much they agree or disagree (seven-scale) with the three statements.

Product Standardization

Product standardization refers to nonspecific, low tech, undifferentiated, or standardized product characteristics (Trabold, 2002; Peng and Ilinitch, 1998). Adopted from Zou and Cavusgil (1994), respondents are asked how much they agree or disagree (seven-scale) with three statements assessing the degree to which a product is standardized across country markets: "Our firm adopts a standardized core product across all major markets in the world," "The product designs we use in different country markets are very similar," and "Our product is not culturally specific."

Environmental Uncertainty

Environmental uncertainty refers to unanticipated changes in circumstances surrounding an exchange within an unpredictable or complex environment (Rindfleisch and Heide, 1997; Noordewier, et al., 1990). Adopted from Lin and Germain (2003), respondents are asked how much they agree or disagree (seven-scale) with three statements assessing the degree of unforeseen shifts in market conditions: competitor behavior, sales forecast, and market environment. Statements were: "Our markets are usually unpredictable in terms of economic, political, and social environments," "Competitor actions are difficult to predict," and "Our sale forecasts are likely to be inaccurate."

Duration of Exporter-Customer Relationship

We found via our interviews with managers stated that the duration of their relationships with continuous foreign customers is associated with their decision to use an e-intermediary. To measure the duration of exporter-customer relationships, managers were asked, "What is the average duration of your relationships with foreign customers?" Table 1 summarizes the operationalization of all constructs.
[Insert Table 1 about Here]

Model Specification

OLS regression is utilized to test the seven hypotheses. OLS regression uses linear combinations of independent variables to compute expected values of the dependent variable. The advantage of this statistical technique is that it answers the hypothesized questions in a direct manner, and it is a powerful approach for data analysis if there are no severe problems with the form of the data (Neter et al., 1985).

RESULTS AND DISCUSSION

Three hundred questionnaires were sent to Korean exporters, and another 300 questionnaires were sent to U.S. exporters. The emailing yielded 144 surveys from 600 Korean and U.S. exporters (81 from Korea and 63 from the U.S.) Of these, 120 were usable (71 from Korea and 49 from the U.S.). We discarded 24 surveys because of too many missing values. The overall response rate was 20 percent (24 percent from Korea and 21 percent from the U.S.). This response rate is quite satisfactory, given that average top-management survey response rates are in the range of 15-20 percent (Menon et al., 1996).

Non-Response Bias Analysis

This study estimated a non-response bias to improve the reliability of the results. We divided the responses into early and late response groups of 10 respondents based on the arrival dates of Korean and U.S. samples (Armstrong and Overton, 1977). Differences in the mean of response between early and late groups were compared along key constructs of the study, which is considered a valid test of non-response bias by previous studies (Wu et al., 2004). The means of the major constructs were compared in both groups of Korean and U.S. samples. As shown in Table 2, no significant differences were found. Therefore, this study can conclude that non-response bias is not involved in this study.
[Insert Table 2 about Here]

Measures Validation

A Principal Component Analysis (PCA) was used to test the dimensional structure of the 18 items of IT and marketing determinants of using e-intermediaries (Fabrigar et al., 1999). A varimax (orthogonal) was used. Six factors were extracted, although we expected seven factors. To measure duration of exporter-customer relationships, we addressed only one question to managers. Also, the first question to measure the extent of using e-intermediaries was not useful, because there were too many missing values in the returned surveys. Single item was thus used to measure the usage extent like the duration of export-customer relationship. Unlike other variables, the seven-scale statement was not used to measure duration of relationship and e-intermediary use. Hence, PCA could not be used to measure the validation of the two variables. Factor loadings of IT-related human assets are relatively low. Also, a factor loading of product standardization is low. Two possible answers may explain the problems. First, exporters may not easily capture or own the value created by the human assets (Rasheed and Geiger, 2001; McWilliams and Gray, 1994). Second, several questionnaires were sent to marketing managers who may not grasp the characteristics of their products. Therefore, we suggest future researchers further examine questionnaires to measure these factors. It is also recommended that the questionnaires be sent to only top-management.
[Insert Table 3 about Here]

The next step is to confirm the exiting scales. Confirmatory Factor Analysis (CFA) is a more effective method for assessing unidimensionality than coefficient alpha and item-to-total correlation (Calantone and Zhao, 2001). The results from confirmatory factor analyses indicate that all factor loadings are greater than the 0.4 cutoff (Nunnally and Bernstein, 1994). The Cronbach alpha coefficients of all constructs reveal accepted reliability with all alphas greater than 0.7, the minimum level specified by Nunnally and Bernstein (1994). Overall, all measures demonstrate accepted validity and reliability (see Table 4 for details of Cronbach alpha and factor loadings of all constructs).
[Insert Table 4 about Here]

Regression Results

Table 5 presents the correlation matrix for all variables included in the regression analysis. The correlation between IT-related human assets and IT-related relationship assets, and the correlation between IT-related human assets and IT-related technology assets are noticeably high. Also, the directions of relationships between IT / non IT-related determinants and the extent of using e-intermediaries were consistent with our hypotheses.
[Insert Table 5 and 6 about Here]

Table 6 shows a correlation matrix between all of the items among all of the variables. Some correlations are marginally higher than the threshold of 0.7 that can create potential problems related to multicollinearity (Anderson et al., 1996). Therefore, in this model, two methods were tested to ensure that multicollinearity issues don't bias the regression results in this study. The first test was variance inflation factors (VIFs) as shown in Table 5. The VIFs of all constructs in the pooled sample are lower than 10, which indicate no severe multicollinearity problem (Mason and Perreault, 1991). Therefore, multicollinearity is within the acceptable limit and the effect of the correlated independent variables would not hamper the interpretability of the results. Second, we checked for Durbin-Watson statistic. The value (2.03) was high than 1.75, which is satisfactory to ensure that OLS regression assumptions of independence are not violated (Elango and Pattnaik, 2007). These two results indicate no severe multicollinearity problem in despite of some high correlations. Also, residual plots on the independent variables and the Kolmogrov-Smirnov test suggest homogeneous and

normal error terms, which satisfy the regression assumptions. Table 7 shows the results of the regression analysis in detail.
[Insert Table 7 about Here]

Hypothesis 1 suggests that there is an inverted-U shaped relationship between IT-related human assets and e-intermediary use in export marketing. Coefficients for IT human assets (squared) in the pooled, Korea, and U.S. samples are negative (-0.20, -0.12, and -0.13). However, the coefficient in the Korean sample is not statistically significant. Therefore, hypothesis 1 is partially supported. Coefficient for IT-related human assets (squared) and dummy variables (HA^2*D)[1] is not 0 (-0.14), which indicates that two groups (Korean and U.S. exporters) have different levels of IT-related human assets. Hypothesis 2, which predicts an inverted-U shaped relationship between IT-related technology assets and e-intermediary use, is found unsupported in the regression models. The coefficients in the pooled and Korean samples are not negative. Also, the three coefficients are not statistically significant. Three possible answers may explain the regression results. Based on the coefficient of the pooled sample (not squared), IT-related technology assets may encourage exporters to use e-intermediaries regardless of the level of technology. Second, exporters may not be aware of their IT-related technology asset, an unobservable resource (Rasheed and Geiger, 2001). Also, with regard to the coefficients, sampling error may be involved, because they are not statistically significant (Churchill and Lacobucci, 2002). Hypothesis 3 also predicts an inverted-U shaped relationship. Coefficients (squared) in the pooled and Korean samples are negative (-0.10 and -0.11), and they are statistically significant. However, the coefficient in the U.S. sample is not significant. Hence, hypothesis 3 is partially supported. Coefficient for IT-related relationship assets (squared) and dummy variables (RA^2*D) is not 0 (0.03). In other words, Korean and U.S. exporters have different levels of IT-related relationship assets regarding e-intermediary use.

Hypothesis 4 indicates that international competence is positively related to the use e-intermediaries in export marketing. Coefficients of the pooled, Korean, and U.S samples are positive (0.25, 0.23, and 0.32), which supports hypothesis 4. Also, U.S. exporters who retain a certain degree of international competence may be more likely to use e-intermediaries, as shown by the coefficient of the U.S. sample that is slightly higher than that of the Korean sample. These two groups also have different levels of international competence regarding the coefficient of international competence and dummy variables (-0.09). Hypothesis 5 indicates a negative relationship between product standardization and e-intermediary use. Coefficients of the pooled, Korean, and U.S. samples (-0.10, -0.03, and -0.12) are negative. However, the coefficients are not statistically significant. Hypothesis 5 is not supported. Sampling error may explain the problem. Hypothesis 6 predicts that environmental uncertainty is positively related to use of e-intermediaries. Coefficients of the pooled and Korean samples are positive (0.15 and 0.19). The results indicate that Korean exporters who are faced with environmental uncertainty are likely to adopt e-intermediaries. However, the coefficient in the U.S. sample is not significant, which partially supports hypothesis 6. Also, the two groups have different degrees of environmental uncertainty as shown by the coefficient for environmental uncertainty and dummy variables (-0.02). Hypothesis 7 states that there is a negative relationship between e-intermediary use and duration of exporter-foreign customer relationship. Coefficients of the pooled and Korean samples are negative (-0.20 and -0.27). However, the relationship is positive for U.S. exporters (0.01). The results indicate that the duration of the relationship may be not a concern for U.S. exporters who use e-intermediaries. Hypothesis 7 is thus partially supported. Overall, the hypotheses receive mixed support. Hypothesis 4 is fully supported. Hypotheses 1, 3, 6 and 7 are partially supported, but hypotheses 2 and 5 are not supported. Table 8 below summaries the results for hypothesized relationships.
[Insert Table 8 about Here]

We expected that Korean exporters might have a more positive attitude toward the use of e-intermediaries due to the institutional perspective. However, it was expected that U.S. exporters would be more likely to use e-intermediaries due to the organizational culture. Generally accepted assumptions for environment and culture at the country level cannot be consistent with those in the organizational level. Therefore, we cannot compare Korea and the U.S. for these results by mixing three constructs: nationality, institutional environment, and organizational culture. As an alternative, this study used nationality (dummy coded) as a control variable to compare the two countries. Institutional influence and organizational culture were then used to justify the comparison. The two groups (Korean and U.S. exporters) are significantly different regarding institutional environments and organizational cultures. According to the result[2], as expected, Korean exporters are faced with stronger regulatory and normative institutions than U.S. exporters. Also, Korean exporters have a more bureaucratic and less entrepreneurial organizational culture.

According to the results, there are some differences between the two countries.

First, according to hypothesis 3, an inverted-U shaped relationship between IT-related relationship assets and e-intermediary use. This hypothesis is supported in the pooled and Korean samples. Although the coefficient in the U.S. sample is negative (-0.10), it is not statistically significant. In the U.S. sample, the standard error (0.13) is larger than the coefficient value itself (-0.10). Based on the results, sampling error may be involved (Churchill and Lacobucci, 2002).

Second, the results of hypothesis 6 are similar with those of hypothesis 3. The coefficients in the pooled and Korean samples support the hypothesis. However, the hypothesis is not supported in the U.S. sample because the coefficient is not statistical insignificance. Also, in the U.S. sample, the standard error (0.16) is larger than the coefficient value (0.13). Like the previous case, sampling error may explain the problem.

Third, hypothesis 7 predicts that duration of relationship affects negatively e-intermediary use. Coefficients in the pooled and Korean samples are negative and statistically significant. However, the coefficient in the U.S. sample is not

[1] see the Appendix

[2] Results of sign test (one-tail Mann-Whitney test)

significant. Moreover, the coefficient is positive (0.01). Two possible answers may justify the regression results. Based on the coefficient (0.01) and standard error (0.12), sampling error may be involved. The coefficient is not big enough to infer a relationship, even smaller than the standard error. Also, U.S. exporters seem quite unaware of the duration of relationship. They may not trust enough their trade counterparts regardless of the duration of relationship. Last, although hypothesis 2 is not supported, there are mixed results between the two countries. The coefficient in the U.S. sample is negative which supports the hypothesis. However, it is not significant. The coefficient in the Korean sample is not significant and it is even positive. Based on the results, an advanced IT-related technology asset may not encourage Korean exporters to use e-intermediaries. Or, Korean exporters may not be aware of their IT-related technology assets. Sampling errors also may be involved regarding the results.

We compared the regression results from the two countries to ensure generalizability. Both countries have something in common. With the similarities, however, Korea and the U.S. have somewhat different market conditions. Unlike the U.S., Korea is an emerging market that is characterized by strong institutional environments. According to Hu et al (2004), Chinese government plays an important role to create favorable commercial and legal environments for e-business. The success of Alibaba.com that is the world's largest e-intermediary for global trade is a tribute to the role of the government. Moreover, many exporters feel the need to use e-intermediaries so that they are not left behind (Goldsby and Eckert, 2003). In other words, e-intermediary use becomes normative as well as regulatory institutions among exporters. We, therefore, expected that Korean exporters rather than U.S. exporters may be forced to conform to use e-intermediaries in export marketing. However, according to the results, there are not significant differences between the two countries. Moreover, sometimes, U.S. exporters are more likely to use e-intermediaries. Although we cannot conclude clearly with the mixed results, more entrepreneurial culture of U.S. exporters may lead a positive attitude to use e-intermediaries.

CONTRIBUTIONS

E-intermediary is a specific type of information and communication technology (ICT), which is more efficient tool for SMEs to penetrate into the global market arena. The development of ICT has offered various opportunities for SMEs including a simple Internet-based information search / e-mail to customers and integrated product development processes / service systems. The development, however, was not possible without the Internet. The Internet must be one of the greatest inventions of our time. Along with the Internet boom came high expectations for the role of e-commence. However, since the end of 2000, many e-commerce businesses failed or merged (Grey et al., 2005). Many scholars suggested that the transaction cost savings from e-commerce could bring high efficiency (Garciano and Kaplan, 2001). The early attention focusing on lowing costs of doing business, however, could not generate sufficient revenues. Firms thus reevaluated and reduced their investments in e-commerce activities (Grey et al., 2005). They need a new type of e-commerce channel providing different but necessary services, rather than just online commerce. The emergence of e-intermediaries could meet the need. The Internet itself has a long history. E-intermediary, which is a byproduct of developing the Internet, has relatively a short history. According to Alexa.com, the web information company, there are tremendous e-intermediaries around the world. Among them, Alibaba.com, Ec21.com, Ecplaza.net, Diytrade.com, Busytrade.com, Tradeindia.com are leading e-intermediaries. Then most of them were founded in 1999 or 1998. Moreover, the vale of e-intermediaries has risen recently. In August 2005, Yahoo Inc. paid $1 billion to acquire a 40 percent stake in Alibaba.com (CNN.com, 2007). What made the big investment possible? E-intermarries have made businesses easier for firms, especially SMEs. Alibaba.com, a representative e-intermarry, could serve millions of businesses and consumers around the world. With the success, Alibaba.com could attract the investment. In sum, although there have been various types of ICT since 1980s, an e-intermediary is not an "every one-already knows" topic in managerial and academic worlds.

Managerial Contributions

This study illustrates the significant role of e-intermediaries, which may help exporters to penetrate the global market effectively. Since e-commerce comprises both benefits and costs to managers, they need to recognize how such opportunities and threats may affect their business practices. As many researchers have emphasized, the key benefit is to decrease transaction costs. However, finding the ideal buyer or supplier in e-marketplaces can be extremely time consuming and costly. Small- and medium-sized exporters usually do not have sufficient resources or knowledge regarding foreign markets. Under the circumstances, finding relevant sources in the global e-marketplace is a challenge for non-experienced users like SMEs. This study has implications for SMEs owners or managers. This study proposes e-intermediaries as an effective alternative for small- and medium-sized exporters to decrease the costs of e-commerce. The growth of e-intermediaries has been quite impressive. E-intermediaries have been an ideal trading channel for SMEs enabling them to significantly lower procurement costs and increase operating efficiencies (Chen and Siems, 2001). Nevertheless, many SMEs continue to lag behind big businesses in e-intermediary use. Size still seems to matter.

A fair number of SMEs are not well placed to exploit B2B e-commerce even in the U.S. (Goldman Sachs, 2000). Also, it has been difficult for many SMEs to achieve actual benefits of B2B e-commerce including e-intermediaries (Lawson-Body and O'Keefe, 2008; Daniel and McInerney, 2005; Teo et al., 2003). A lack of understanding or identifying determinants and benefits of e-intermediary use can be the major challenge facing SMEs. Moreover, empirical research into e-intermediary issues involving SMEs is still its embryonic development (Elia et al., 2007). In early days, e-intermediaries were used for aggregating exporters and importers. They now offer multiple functionalities (Wang and Archer, 2004). Existing research to show motivations for use of cross-border e-intermediaries is not fairly enough. The main contribution of this study is to provide empirical

evidences on the determinants of e-intermediary use overcoming the limitations of early research. There have been many SME e-business successes as well as failures depending on various factors such as managerial, market, and financial issues (Korgaonkar and O'Leary, 2006). A key reason of the failures appears to be a lack of understanding of firm's motivations for engaging in e-business (Levenburg and Magal, 2005). Also, an issue of home country can be a matter regarding the failures. This study collected data from SMEs in Korea and the U.S to compare results and ensure generalizability regarding the determinants of e-intermediary use. We believe that this study addresses the important issues regarding successes or failures of SME e-business.

This study addresses several determinants of e-intermediary use from the resource-based perspectives. This study is aimed at informing small- and medium-sized exporters of the importance of using e-intermediaries in international commerce. SMEs desiring to go international and competing with big companies in international marketplaces would perhaps be wise to use e-intermediaries. The findings have the potential to help decision makers of SMEs understand the major forces affecting their e-intermediary use. SMEs should elaborate and balance internal and external factors to use effectively e-intermediaries. Furthermore, this study shows a strong tie between e-intermediary use and market environment and organizational culture. The results show exporters how adopting of an exporting channel is influenced by their organizational cultures (i.e., entrepreneurial and bureaucratic cultures) and institutional environments (i.e., regulatory and normative institutions). Managers should keep working circumstances much young and flexible, which is appropriate to take a new strategy like e-intermediary use. Also, a succeeding adoption of a new exporting channel like e-intermediary may be influenced by government and societal supports. Managers always give heed to regulatory and normative institutions to increase chances of survival and success.

Theoretical Contributions

In exporting literature, there has been limited theoretical and empirical research about export intermediaries, despite their importance. In e-commerce literature, previous researchers have paid attention to direct Internet-based exchanges. This study relies on arguments offered by transaction cost and resource-based theorists for explaining e-intermediaries, which are indirect exporting channels as well as alternative export-oriented market intermediaries in international e-commerce. Regarding the transaction cost analysis, this study attempts to move the theoretical considerations beyond conventional views by focusing on the role of e-intermediaries to decrease costs. In previous e-commerce literature, it was believed that the most efficient exporting channel for decreasing transaction costs is to trade directly in the web (Bailey and Bakos, 1997: Sarkar et al., 1995). Transaction cost scholars have believed that a direct Internet-based exchange makes transaction costs much lower than incumbent distributors could match. If the expectations were true, market intermediaries would have disappeared in e-commerce. However, there are still various market intermediaries. This study begins with that interesting phenomenon. In other words, this study explores the theory in a different point of view. One of the central contributions of this study is to show how the use of indirect exporting channels, e-intermediaries, decrease costs in exporting transactions. A direct Internet-based exchange may be considered the most efficient exporting channel, however, it involves high risk. A traditional intermediary may be an alternative but it accompanies high cost, such as commission and agent fees. This study suggests an e-intermediary as a hybrid exporting channel to balance risk and profit. Additionally, we identify product standardization and environmental uncertainty as the determinants of e-intermediary use from the transaction cost analysis.

Resource-based view makes theoretical contributions to exploring determinants of e-intermediary use. Three IT-related assets (i.e., human, technology, and relationship assets) and international competence are considered the determinants of e-intermediary use with regard to the resource-based view. Resource-based theorists argue that a firm's resource is a strength that the firm can use to conceive and implement its strategies. Unlike traditional ones, e-marketplaces provide various strategies for SMEs to achieve competitive advantage against their larger competitors in international commerce. E-intermediary use may be a representative. This study shows theoretically valuable tools for SMEs to go international. Therefore, this study has the potential for strengthening theoretical grounds of both international strategy and small business research. We hope this study helps raise researchers' attention among to develop and test more theories associated with e-intermediaries in international marketing.

DIRECTIONS FOR FUTURE RESEARCH

This study is among the scant of empirical and theoretical literature on export intermediaries in international e-commerce. Therefore, several limitations of this study should be addressed. The limitations provide possible directions for future research. First, there is a lack of concrete definition of e-intermediaries. E-intermediaries are a newly emerging market go-between in international commerce. There is no research to show a clear definition of e-intermediaries. As an alternative, we could analogize the definition based on existing literature reviews. Also, this study has tried to make a clear distinction between e-intermediaries and traditional intermediaries, but it may be oversimplified. With defining e-intermediaries, a more systematic study to distinguish them is thus suggested for future research.

Second, this study used an email survey to collect data. Most business managers suffer from a huge amount of junk email everyday. Many managers may have mistaken the questionnaire for junk email. Therefore, compensating for the weak points in the email survey is recommended for future research. Another limitation in this study is that not all dimensions of determining e-intermediary use were investigated; other important IT and marketing variables were not introduced. Inclusion of other variables may enhance our understanding of using e-intermediaries in export marketing. Third, the generalizability of this study is restricted by the size and composition of the samples of Korean and U.S. exporters. Future studies may consider including other countries with more diverse market and information technology conditions. Finally, examination into the cultural

aspects of using e-intermediaries is encouraged. In-depth interviews, managers mentioned that there are various cultural barriers to transact business with foreign buyers or sellers. The barriers are observed among parties from different culture, more particularly in face-to-face transactions. According to these interviews, managers regarded e-intermediaries as an efficient means to avoid the difficulty.

CONCLUSION

This study raises new issues regarding a relatively new type of exporting channel, e-intermediary. Exporting is regarded as the most appropriate strategy for SMEs in international commerce. A number of SMEs stay away from exporting due to limited resources or lack of knowledge regarding foreign markets. The findings in this study should help managers use e-intermediaries more widely by developing appropriate IT-related resources and dealing with non-IT factors effectively. Also, it is hoped that this study will prompt further research on this important phenomenon. This study is only the first step in exploring e-intermediaries in international marketing. We provided suggestions for international business scholars to study this fascinating exporting marketing phenomenon that will also help managers gain their international competitiveness with less resource but greater access to customers worldwide.

Figure 1 Determinants of E-Intermediary Use in Export Marketing.

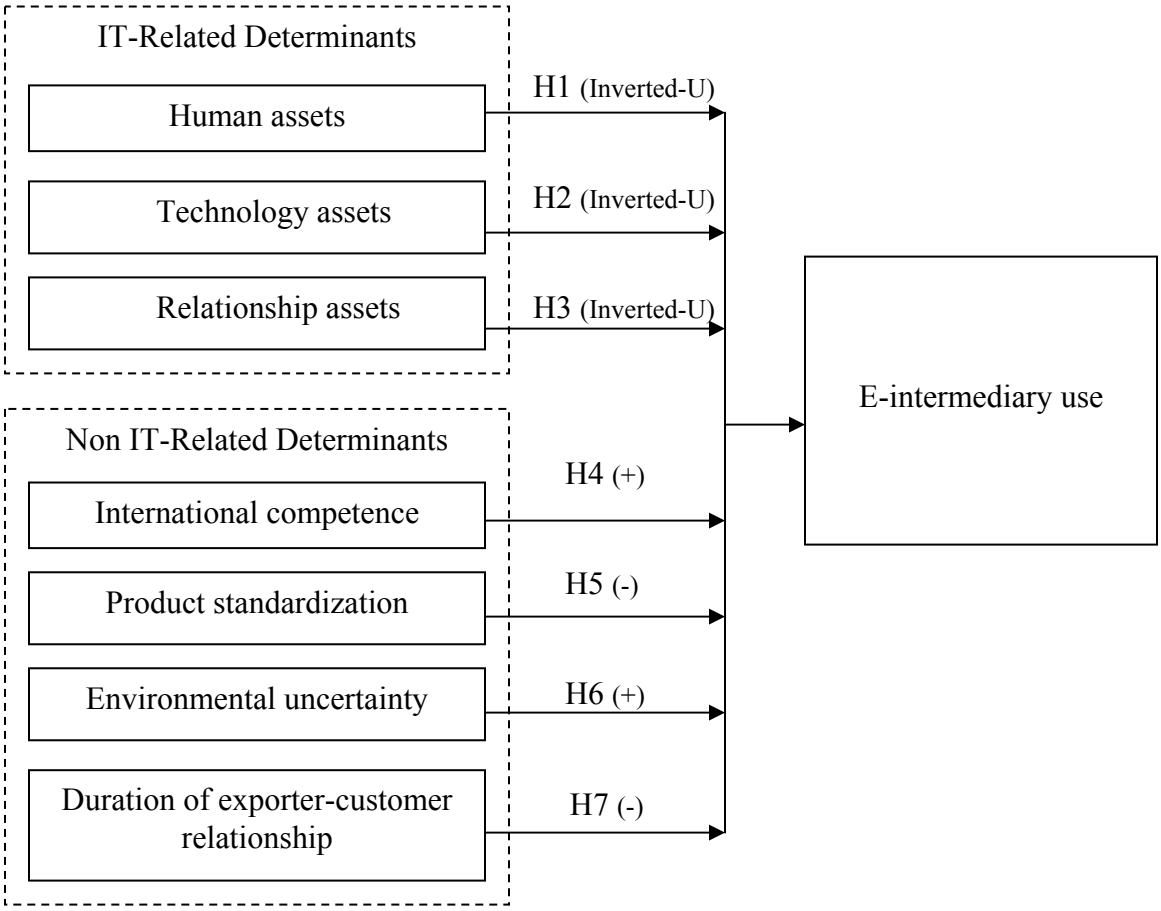

Table 1 Construct Operationalization

Variables	*Operational definitions*	*Scale references*
Independent variable		
Use of e-intermediaries	Percentage of marketing budget spent for using e-intermediaries for export assistance and percentage of total export sales come from using e-intermediaries	Goldsby and Eckert (2003); Narayandas et al. (2002); Prasad et al. (2001); Chrusciel (2000)
Antecedent variables		
IT-related human assets	Both breadth of required knowledge including technical, change management, and business knowledge and the pace at which new skills must be acquired	Ross et al. (1996)
IT-related technology assets	Well-defined technology architecture, and data and platform standards	Ross et al. (1996)
IT-related relationship assets	Shared risk and responsibility between IT unit and business units	Ross et al. (1996)
International competence	International experience, foreign markets operated, resources for export development, and company reputation	Cavusgil and Zou (1994)
Product standardization	Degree to which a product is standardized across country markets	Zou and Cavusgil (2002)
Environmental uncertainty	Degree of unforeseen shifts in market conditions	Lin and Germain (2003); Celly and Frazier (1996)
Duration of exporter-customer relationship	Average period of relationships with foreign customer	[New scale]
Control variables		
Nationality	Dummy coded	Kim and Oh (2002)
Institutional influence	Influences from regulatory and normative institutions	Kostova and Roth (2002)
Organizational culture	Degrees of entrepreneurial and bureaucratic culture	Deshpande and Farley (1999)

Table 2 Comparison of Early and Late Responses

Constructs	*Korean sample:*		*U.S. sample:*	
	T-test (T-value) (P-value)	*Sign- test (W-value) (P-value)*	*T-test (T-value) (P-value)*	*Sign- test (W-value) (P-value)*
Use of e-intermediaries	0.001 (0.999)	107.5 (0.878)	-0.01 (0.993)	103.0 (0.907)
IT-related relationship assets	0.18 (0.856)	95.5 (0.446)	1.35 (0.203)	94.0 (0.424)
International competence	-0.46 (0.652)	85.0 (0.141)	1.06 (0.305)	94.5 (0.443)

Table 3 Exploratory Factor Analysis Results

	Factor1 RA Loadings	*Factor2 IS Loadings*	*Factor3 EU Loadings*	*Factor4 TA Loadings*	*Factor5 PS Loadings*	*Factor6 HA Loadings*
Q4-1	0.659	0.108	0.095	0.421	0.17	**0.094**
Q4-2	0.667	0.322	0.03	0.097	0.166	**0.406**
Q4-3	0.625	0.284	0.059	0.224	0.26	**0.195**
Q5-1	0.418	0.349	0.212	**0.683**	0.053	0.074
Q5-2	0.345	0.258	0.148	**0.801**	0.047	0.069
Q5-3	0.475	0.302	0.147	**0.577**	-0.097	0.388
Q6-1	**0.849**	0.181	0.071	0.23	-0.083	-0.05
Q6-2	**0.818**	0.228	0.105	0.16	-0.023	-0.073
Q6-3	**0.838**	0.248	0.094	0.079	-0.063	-0.01
Q7-1	0.395	**0.756**	0.081	0.102	-0.201	0.095
Q7-2	0.229	**0.87**	0.046	0.181	-0.006	0.05
Q7-3	0.312	**0.824**	-0.021	0.248	-0.039	0.001
Q8-1	-0.01	0.09	-0.146	-0.141	**-0.914**	-0.02
Q8-2	-0.065	0.073	-0.188	0.104	**-0.82**	-0.316
Q8-3	-0.006	-0.043	-0.244	-0.115	**-0.293**	-0.845
Q9-1	0.098	0.087	**0.833**	0.065	0.105	0.11
Q9-2	0.121	0.057	**0.807**	0.006	0.02	0.195
Q9-3	0.042	-0.062	**0.802**	0.254	0.249	-0.056
Eigenvalue	**4.2194**	**2.66**	**2.2408**	**1.8739**	**1.8596**	**1.261**
Percent of Variance	**0.234**	**0.148**	**0.124**	**0.104**	**0.103**	**0.07**

HA: IT-related human assets; **TA**: IT-related technology assets; **RA**: IT-related relationship assets;
IC: International Competence; **PS**: Product standardization; **EU**: Environmental uncertainty.

Table 4 Confirmatory Factor Analysis Results and Cronbach Alpha

Items	[3] *Loadings*	*Cronbach alpha*	*Items*	*Loadings*	*Cronbach alpha*
HA1	0.764	0.82	TA1	0.840	0.87
HA2	0.846		TA2	0.904	
HA3	0.729		TA3	0.740	
RA1	0.896	0.91	IC1	0.797	0.88
RA2	0.884		IC2	0.831	
RA3	0.859		IC3	0.906	
PS1	0.743	0.78	EU1	0.763	0.84
PS2	0.969		EU2	0.776	
PC3	0.543		EU3	0.862	

Table 5 Correlation Matrix of Variables

	EUSE	*HA*	*TA*	*RA*	*IC*	*PS*	*EU*
HA	0.52***						
TA	0.62***	0.66***					
RA	0.43***	0.70***	0.64***				
IC	0.56***	0.50***	0.61***	0.53***			
PS	-0.23**	-0.27**	-0.09	0.07	0.16*		
EU	0.37***	0.19**	0.28**	0.12	0.01	-0.38***	
DU	-0.59***	-0.40***	-0.52***	-0.35***	-0.39***	0.13	-0.30**

HA: IT-related human assets; **TA**: IT-related technology assets; **RA**: IT-related relationship assets;
IC: International Competence; **PS**: Product standardization; **EU**: Environmental uncertainty
EUSE: Extent of using e-intermediaries
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.001$

[3] All loadings are significant ($p<0.01$)

Table 6 Correlation Matrix of Items

HA: IT-related human assets; **TA**: IT-related technology assets; **RA**: IT-related relationship assets;

	HA1	HA2	HA3	TA1	TA2	TA3	RA1	RA2	RA3	IC1	IC2	IC3	PS1	PS2	PS3	EU1	EU2
HA2	0.59***																
HA3	0.52***	0.68***															
TA1	0.61***	0.54***	0.54***														
TA2	0.52***	0.42***	0.48***	0.70***													
TA3	0.56***	0.53***	0.53***	0.59***	0.62***												
RA1	0.57***	0.56***	0.60***	0.56***	0.55***	0.55***											
RA2	0.54***	0.56***	0.51***	0.55***	0.50***	0.51***	0.70***										
RA3	0.59***	0.55***	0.52***	0.51***	0.45***	0.51***	0.74***	0.71***									
IC1	0.42***	0.53***	0.42***	0.49***	0.44***	0.54***	0.49***	0.48***	0.52***								
IC2	0.31***	0.45***	0.41***	0.54***	0.46***	0.46***	0.41***	0.45***	0.45***	0.68***							
IC3	0.42***	0.46***	0.47***	0.55***	0.48***	0.53***	0.48***	0.47***	0.48***	0.71***	0.70***						
PS1	-0.17*	-0.15*	-0.26***	-0.14	-0.15*	-0.03	0.02	0.01	0.03	0.19*	0.08	0.07					
PS2	-0.18**	-0.21**	-0.18**	-0.03	-0.05	-0.07	0.04	-0.02	0.01	0.13	0.03	0.11	0.69**				
PS3	-0.19**	-0.36***	-0.26***	-0.23***	-0.22**	-0.30***	-0.02	-0.05	-0.07	-0.06	-0.15*	-0.06	0.33***	0.50***			
EU1	0.22**	0.19**	0.19**	0.28***	0.25***	0.30***	0.16*	0.15*	0.17*	0.18**	0.15*	0.05	-0.23**	-0.26***	-0.30***		
EU2	0.14	0.18**	0.23***	0.30***	0.21**	0.25***	0.17*	0.17*	0.17*	0.12	0.08	0.12	-0.17**	-0.23***	-0.33***	0.53***	
EU3	0.28***	0.13	0.17*	0.30***	0.29***	0.15*	0.09	0.15*	0.08	0.01	0.06	0.01	-0.32**	-0.29***	-0.29***	0.61***	0.53***

IC: International Competence; **PS**: Product standardization; **EU**: Environmental uncertainty
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.001$

Table 7 Results of OLS Regression Analysis
Dependent variable: Use of e-intermediaries

Hypotheses	*Independent variables*	*Pooled sample (n=123)*	*Korean sample (n=74)*	*U.S. sample (n=49)*
	IT-related human assets	0.23*	0.20	0.17
		(0.10)	(0.14)	(0.16)
		(2.79)	(2.50)	(3.60)
1	IT-related human assets (squared)	-0.20**	-0.12	-0.13*
		(0.06)	(0.11)	(0.08)
		(1.89)	(2.39)	(2.42)
	IT-related technology assets	0.21*	0.25	0.21
		(0.10)	(0.15)	(0.16)
		(2.61)	(2.71)	(3.11)
2	IT-related technology assets (squared)	0.10	0.20	-0.05
		(0.06)	(0.10)	(0.10)
		(1.78)	(2.42)	(1.53)
	IT-related relationship assets	0.15	0.05	0.34*
		(0.10)	(0.15)	(0.16)
		(2.82)	(3.28)	(2.97)
3	IT-related relationship assets (squared)	-0.10*	-0.11*	-0.10
		(0.06)	(0.08)	(0.13)
		(2.12)	(2.27)	(2.65)
4	International competence	0.25**	0.23*	0.32*
		(0.09)	(0.12)	(0.19)
		(2.32)	(2.25)	(2.95)
5	Product standardization	-0.10	-0.03	-0.12
		(0.07)	(0.10)	(0.11)
		(1.30)	(1.37)	(1.53)
6	Environmental uncertainty	0.15**	0.19*	0.13
		(0.07)	(0.09)	(0.16)
		(1.38)	(1.28)	(2.47)
7	Duration of relationship	-0.20**	-0.27**	0.01
		(0.06)	(0.08)	(0.12)
		(1.24)	(1.21)	(1.71)
	R-squared	0.62	0.61	0.69
	F-statistic	25.71***	14.03***	12.59***

The coefficients are standardized; Standard errors are in the first parentheses; Variance inflation factors (VIFs) are in the second parentheses.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.001$

Table 8 Summary of Results for Hypothesized Relationships
Dependent variable: Use of e-intermediaries

Hypotheses	*Independent variables*	*Predicted relationship*	*Pooled sample*	*Korean sample*	*U.S. sample*
H1	IT-Related human assets	Inverted-U shaped	Supported	Not supported	Supported
H2	IT-related technology assets	Inverted-U shaped	Not supported	Not supported	Not supported
H3	IT-related relationship assets	Inverted-U shaped	Supported	Supported	Not supported
H4	International competence	Positive	Supported	Supported	Supported
H5	Product standardization	Negative	Not supported	Not supported	Not supported
H6	Environmental uncertainty	Positive	Supported	Supported	Not supported
H7	Duration of relationship	Negative	Supported	Supported	Not supported

APPENDIX

Model Specification

OLS Regression Model for Testing Determinants of Using E-Intermediaries

$$EUSE = \beta_0 + \beta_1 HA + \beta_2 HA^2 + \beta_3 TA + \beta_4 TA^2 + \beta_5 RA + \beta_6 RA^2 + \beta_7 IC + \beta_9 PS + \beta_9 EU + \beta_{10} DU + \beta_{11} D + \beta_{12} HA*D + \beta_{13} HA^2*D + \beta_{14} TA*D + \beta_{15} TA^2*D + \beta_{16} RA*D + \beta_{17} RA^2*D + \beta_{18} IC*D + \beta_{19} PS*D + \beta 20\ EU*D + \beta_{21} DU*D + \varepsilon$$

(D is Dummy, Korea=1 and the U.S.=0)

EUSE: Use of e-intermediaries; **HA**: IT-related human assets; **TA**: IT-related technology assets;
RA: IT-related relationship assets; **IC**: International competence; **PS**: Product standardization;
EU: Environmental uncertainty; **DU**: Duration of relationship

Test for Non-Response Biases

Comparison of Early and Late Responses

Constructs	*Korean sample:*		*U.S. sample:*	
	T-test (T-value) (P-value)	*Sign- test (W-value) (P-value)*	*T-test (T-value) (P-value)*	*Sign- test (W-value) (P-value)*
Use of e-intermediaries	0.001 (0.999)	107.5 (0.878)	-0.01 (0.993)	103.0 (0.907)
IT-related human assets	-0.36 (0.723)	100.0 (0.737)	0.47 (0.645)	123.5 (0.868)
IT-related technology assets	-0.53 (0.600)	95.5 (0.494)	0.35 (0.733)	128.0 (0.947)
IT-related relationship assets	0.18 (0.856)	95.5 (0.446)	1.35 (0.203)	94.0 (0.424)
International competence	-0.46 (0.652)	85.0 (0.141)	1.06 (0.305)	94.5 (0.443)
Product standardization	1.28 (0.217)	121.5 (0.2247)	1.42 (0.271)	143.5 (0.276)
Environmental uncertainty	-0.92 (0.372)	89.0 (0.238)	-0.23 (0.820)	126.0 (1.00)
Duration of relationship	1.21 (0.241)	118.5 (0.324)	0.52 (0.608)	112.0 (0.619)

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