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Is global e-trade really workable?: The mediation effect of the e-marketplace on business performance in China

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Intermediation is a primary subject in the field of global e-business management. Although many businesses now have been launched as e-business directly within the internet era and thus have a born-in global reach, the professional support of intermediaries can enhance business performance for all participants of a collaborative network. This type of mediation effect could be derive from systematic infrastructural provisions, or from the invisible governance inherent to trust. This study analyzes the mediation effect with an emphasis on the latter view. In China, there are many bottlenecks in the infrastructure or hardware of global e-commerce, or e-trade, whereas some e-marketplaces, such as Alibaba.com, have thrived. The principal objective of this study was to test empirically the success factors of this type of business performance in electronic-based export intermediary firms (e-EIFs) in China, based on a total systematic structural equation model (SEM). SEM has advantages in examining the causal relationship between mediation variables such as trust or e-MP services and business performance. Our results demonstrate the positive mediating impact of trust on e-MP business performance.

Key words: Electronic-based export intermediary firms (e-EIFs), mediation, trust, business performance, structural equation model (SEM), China.

INTRODUCTION

Since 2001, China has achieved rapid growth in its domestic business, as well as in international trade. Likewise, e-business has grown by leaps and bounds in recent years. The volume of e-business transactions reached a total of 4.5 Trillion Yuan (700 Billion dollars) at the end of 2010, corresponding to an annual growth rate of 22%. Even though e-business transactions constitute only a small proportion of total transactions (4%), the rate of growth in this segment is much faster than ever before (The e-business Research Center of China, 2011). By the same token, global e-transactions, also known as e-trade, have been growing rapidly in China, and Alibaba.com, an e-trade e-marketplace (e-MP), has become one of the top-ranked such companies in the world. It is quite curious that even in Korea, where infrastructure and e-business systems are well developed, the e-trade e-marketplaces have not proven to be very successful, whereas the e-trade e-marketplaces of China have not

only succeeded among Chinese domestic manufacturers, but have recruited businesses from all over the world.

Unfortunately, there has been a profound gap between major research and the real world with regard to export performance in terms of open network systems in international web-based trade or e-trade. Due to the complex characteristics of collaborative network on e-trade, Choi et al. (2010) suggests that web-based intermediaries are needed to fill the online gap between off-line manufacturers and international buyers. Likewise, many researchers have emphasized the role of e-trading companies or electronic-based export intermediary firms (e-EIFs) such as EC21.com in Korea or Alibaba.com in China. However, the performance of these companies does not comport with the predictions of previous research. A number of studies have suggested e-EIFs to be an optional, but important organizational factor that promotes international trade (Peng and Ilinitch, 1998;

Trabold, 2002), while other studies have argued that this “missing link” of e-EIFs derives from the idiosyncratic characteristics of markets, for example in Korea, Hong Kong, and Taiwan (Hsing, 1999), or of certain products such as sugar and wheat (Rauch and Watson, 2002). Whatever the reason is, unfortunately, there are serious “missing links” not only in terms of the structure of e-trade networks, but in the governance of collaborative activities among network participants (Choi and Lee, 2010). It is well known that Korea is equipped quite well with the infrastructure for global e-business, whereas the realized volume of international transaction via e-MPs is not particularly significant. In other respects, China has been regarded as a slow mover with too many internal hidden limits imposed by the government, whereas the realized volume of global e-trade is growing significantly with greatly heightened participation not only of local companies, but also foreign companies.

This type of strange trade-off between infrastructure and its use may derive from the governance of the collaboration network (Choi, 2011). Using this perspective of governance, this research attempts to assess the factors relevant to the success of e-EIFs in China. In particular, governance could be defined as the comparative utility of the participants to actively anticipate the behavior of collaborative networks. From the previous arguments, the paper shall integrate the main determinants of governance on the global B-to-B transaction, or e-trade in terms of intermediation based on the total systematic structural equation model (SEM), because SEM has advantages in assessing the causal relationship of the governance between e-marketplace of intermediaries in global e-trade and business performance.

HYPOTHESES AND MODEL

The paradigm shift of global business strategies from manufacturing toward assembling economies resulted in the widespread use of intermediaries. While traditional manufacturers generally focus on their core competencies, they require additional business partners to collaborate in business activities involving assembled networks such as supply chain management (SCM), especially in the field of e-trade. Herein, e-trade is defined as global B-to-B e-commerce between an exporter and an importer. Worldwide competition drives manufacturers to concentrate on their core competencies and to establish strategic partnerships with many business partners. E-EIFs are chosen by exporting firms because they can reduce transaction costs associated with searching for customers, negotiating trade contracts, and enforcing those contracts (Williamson, 1985). In particular, the role of an intermediary in e-trade is crucial, since e-trade is an international, non-face-to-face transaction, which occurs in the absence of traditional spatial and temporal limits. Therefore, it requires trust

and reliance on web-based business protocols, and necessitates easy and efficient transaction procedures. The professional intermediary in international trade helps to provide this web-based transaction platform for the global e-business. With regard to outstanding governance, previous studies have generally classified the major issues relevant to the successful intermediation of global B-to-B transaction into three categories.

Firstly, the characteristics of e-EIF websites are crucial when manufacturers choose e-MPs as a professional network mediation platform (Bagozzi and Yi, 1988). The characteristics of a successful e-EIF website could be defined as follows: first, it must efface or eliminate psychological barriers to e-business entry; and second, it must abolish or diminish the practical barriers to the use of one-stop services via the e-MP's platform. The former characteristic depends on trust and the latter comes from a higher e-MP use rate (Permkumar et al., 1994). Taking this into consideration, we propose the following hypotheses:

H₁: (Web site indirect proposition): The capacity of a website to abolish psychological barriers to e-business entry will enhance trust in the website.

H₃: (Web site direct proposition): The capacity of websites to efficiently abolish or diminish practical barriers to website use will increase the level of e-MP use.

Secondly, the promotion or institutional supporting policies by the government, in addition to the strategic mind of the CEO of a manufacturing company, are key factors considered by the manufacturers in their decision to enter into a global e-business via professional partnership with a global e-MP. Governmental promotion policies, such as the financial subsidies for e-MPs, might also compel manufacturers to select intermediaries for better performance; something is clearly better than nothing: why not, then, choose an e-MP if it is subsidized by the government (Zhai, 2010; Yu, 2007)? This attitude toward global transaction-related risk could affect the level of strategic partnership with global e-MPs as well. If the CEO is not risk-averse, his company will more aggressively utilize the e-MPs without the need for excessive trust. The former factor of governmental support could enhance trust, while the latter factor of CEO support might result in higher levels of e-MP use. The following hypotheses derive from these arguments:

H₂: (Support policy indirect proposition): The supporting policy to promote e-trade will increase trust in e-Mps.

H₄: (Support policy direct proposition): Supporting policies to promote e-trade will increase the level of e-MP use.

Thirdly, trust in the intermediary is crucial for manufacturers to select e-MPs as a reliable third party in the professional process of global e-business

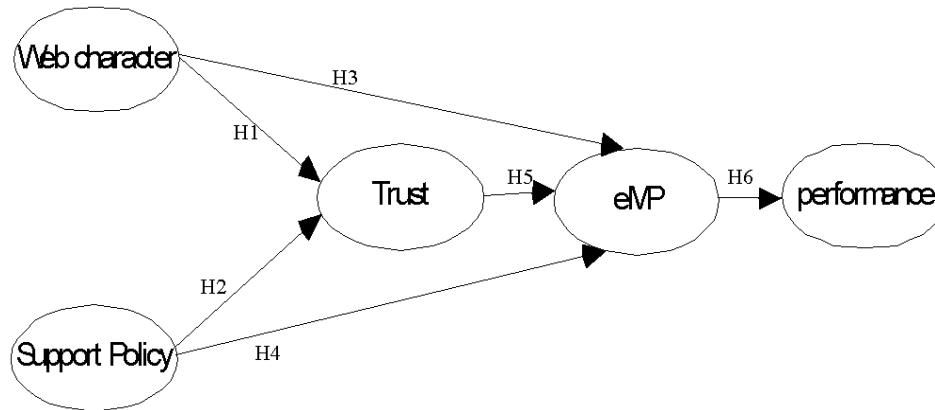


Figure 1. Research hypotheses and structural model.

management (Lu et al., 2010). Since trading partners often do not know a great deal about one another, once contracts are signed, they become concerned with *ex post* monitoring and enforcement of contractual obligations. An e-MP functioning as a third party could prove advantageous in these situations. Because the process related to cyber-transactions does not require face-to-face negotiations, importers pay greater attention to the credibility of the third party e-EIFs than to anonymous manufacturers. Otherwise, they would tend to select direct negotiations with the exporters (Choi et al., 2010). In particular, trust functions as a type of mediating variable for e-MPs, because the improved characteristics of some websites, as well as the policies and strategies implemented to promote them, may result in the more reliable use of e-MPs, and thus result in higher levels of trust (Tran, 2008). Therefore, it is crucial for e-EIFs to demonstrate to the trading partners that they are honest and trustworthy (Chu et al., 2005). The best-performing e-EIFs are likely to be those with the best ability to demonstrate credibility. The application of a third party's famous brand is one of the most unambiguous measures possible to empirically capture commitment (Peng and York, 2001). Such an arrangement solves one major difficulty in e-trading by achieving a professional and independent alignment of the interests of both parties. Therefore, we propose the following credibility or brand-oriented hypothesis:

H₅: (Trust mediation proposition): The more trust an e-EIF secures for its own websites, the more the level of e-MP use increases.

Finally, the level of e-MP service provisions could be crucial to achieving higher e-business performance. If manufacturers place more trust in e-MPs, they will tend to eagerly utilize many of the services the e-MPs provide (Yan et al., 2008; Zhai, 2010; Kwon et al., 2009). Generally speaking, an e-trade portal should provide a

great deal of technical as well as management know-how for members to employ integrated, systematic support. Credit analysis for the unknown partner, payment, and international logistics tools are crucial for e-trade portal e-MPs. Small manufacturers, in particular, tend to achieve higher business performance with this type of one-stop service provided by the global e-trade portal (Kwon et al., 2009). The mediating effect of e-MPs on business performance leads to the following hypothesis.

H₆: (e-MP mediation proposition): The utilization level of e-MPs proportionately affects business performance.

All these arguments should result in better business performance, due to the mediation effect of trust and provisions of e-MPs (Jacob et al., 2011; Zhou et al., 2008). Business performance can be measured not only by measures such as financial profit or cost-saving, but also by non-financial value creation such as brand image upgrade, increases in potential buyers, and greater loyalty from related partners (Kwon et al., 2009; Lu et al., 2010). Based on all these arguments of previous research studies, the various research hypotheses and models could be derived as shown in Figure 1. As shown in Figure 1, insights into these hypotheses provide us with a basis for making inferences regarding the relationships among those variables.

METHODOLOGY

Based on the hypotheses and model shown in Figure 1, the sample and data collection will be discussed along with the variable measurement protocols, as well as the methods used for the structural model.

Sample and data collection

Our sample and data were collected via internet questionnaires; we employed the largest self Internet questionnaire website in China,

Table 1. Enterprise product types.

Product type	Frequency	Percent	Valid percent	Cumulative percent
Raw materials	8	5.1	5.1	5.1
Industrial product	37	23.4	23.4	28.5
Small product	6	3.8	3.8	32.3
Foods	7	4.4	4.4	36.7
Electronic product	12	7.6	7.6	44.3
Clothing	33	20.9	20.9	65.2
Information service	21	13.3	13.3	78.5
Other product	34	21.5	21.5	100
Total	158	100	100	100

Table 2. Enterprise size measures and frequency.

Employee numbers	Frequency	Percent	Valid percent	Cumulative percent
Below 50	32	20.3	20.3	20.3
50 - 300	67	42.4	42.4	62.7
Above 300	59	37.3	37.3	100
Total	158	100	100	100

Table 3. Enterprise size by gross sales.

Gross sales	Frequency	Percent	Valid percent
Below 1 million	21	13.29	13.29
1 - 5million	46	29.11	29.11
5 - 20 million	37	23.42	23.42
Above 20 million	53	33.54	33.54
Total	158	100.00	100.00

"WENJUANXING" (www.sojump.com). The respondent was instructed to focus on the staff, section chief, and manager of the different sectors of a given enterprise. This questionnaire began to be disseminated in April 2011, and was completed in June 2011. A total of 158 copies of the questionnaires were collected and provided all of the information required for the study (these questionnaires came from different regions of China). The 158 enterprises represent various product types, as can be seen in Table 1.

The enterprise sizes are measured in Table 2. As is shown in Tables 1, 2 and 3 the participating manufacturers are well-distributed in terms of size as well as business activities. For the e-MP website selection of 158 enterprises, 68.4% use "Alibaba", 33.5% use "globalsources", 20.3% use "hc360", 32.9% use "made-in-china", and 13.3% use "makepolo". This ratio provides some statistical corroboration that Alibaba is the leading e-intermediary among Chinese e-MPs.

Measurement of latent variables

Website character

As discussed earlier, the factors of website characteristics are the principal determinants of the business performance of e-MPs.

Moore and Benbasat (1991) argued that website characteristics such as convenience, image, and level of service integration would influence users' activities. Qizhi and Kauffman (2011) held that the number of users of one website would influence the preferences of users. Permkumar et al. (1994) asserted that better communication between a website operator and the user would enhance access to the website.

Hadaya (2004) concluded that the number and amount of services provided by the website would be directly related to the number of users that use the service. From all these arguments on the website characteristics of an e-MP, two groups of variables could be specified: the characteristics of the e-MP site, including the image of the website and the number of registered users (Qizhi and Kauffman, 2011), and the communication capacity, such as easy access for customers and the efficient one-stop services of e-MPs (Bhargava and Choudhury, 2004).

Promoting policy

Premkumar and Roberts (1999) emphasized the role of promotion policy in the business performance of e-MPs. Grover and Gostar, (1993) specified the proxy variables of promotion policies such as capital, technology, and personnel training to enhance the use of websites.

Table 4. Descriptive statistics and correlations of latent variables.

Latent variable	Mean	Std. dev.	Web	Support	Trust	e-Mp	Performance
Web characteristics	3.89	0.54	1.000				
Supporting policy	3.74	0.58	0.745*	1.000			
Trust	3.91	0.59	0.631*	0.681*	1.000		
e-MP services	3.77	0.55	0.603*	0.615*	0.799*	1.000	
Biz. performance	3.91	0.49	0.682*	0.635*	0.695*	0.689*	1.000

* means $p < 0.05$.

Ramamurthy and Premkumar (1995) also argued that supportive strategies at the CEO level are important for enterprises seeking to use an e-MP. Kwon (2009) specified the supportive proxy variables of a CEO in relation to an e-MP as capital investment, personnel training, and attitude of the CEO. Therefore, the measurement of our promoting policies can be divided into two categories; the first is the government's promoting policy for an enterprise to use e-MP with financial, technical and educational support, and the other category of the CEO's supportive strategies, such as staff training, investment in e-business and aggressive mind of CEO to enter the web market.

Trust

The aforementioned two external variables of e-MPs may enhance the use of e-MPs directly, but sometimes, can have an initial effect on the trust or reliability of an e-MP, and then also indirectly affect e-MP use. Thus, trust is a type of mediating variable that allows manufacturers to use e-MPs more easily and frequently. In this regard, Tran (2008) implicated information security as the key variable in website trust. Mcknight et al. (2002) and Shankar et al. (2002) also argued that trust in a website would affect the business performance of an e-MP. Therefore, in this study, the trust variable can be measured by website reliability, information security, the true information regarding web supply, and mutually effective relationships with customers.

E-MP services

Services provided by e-MPs constitute major determinants of the success of the business operations of e-MPs. This level of providing services can be proxied by the utilization level of an e-MP website. Chen and Li (2010) previously showed that the services of e-MP include providing information, credit evaluation, information searching, payment, advertising, personnel training, logistics, and foreign trade-related information. In this regard, the service level provided by e-MP will be measured by the utilization level of all the items specified earlier.

Business performance

Bhargava and Choudhury (2004) argued that the effect of e-MP on business performance could be summarized by financial gain, including savings on transaction costs and lowered advertising costs. On the other hand, Jacob et al. (2011) generally emphasized non-financial performance factors such as increased turnover, upgraded brand image, and differentiating competitiveness. In this regard, business performance can be measured by the aforementioned items.

All these specified variables could be summarized in Table 4. All

the variables are statistically significant on their correlation matrix for empirical testing. Additionally, structural equation model (SEM) could be applied to test the hypotheses for all these variables.

RESULTS AND DISCUSSION

Reliability and validity

The proposed model must be statistically reliable and valid, so it closely reflects reality. It must also be ensured that the statistical results are meaningful. A positive result on the reliability test implies that the proposed method reflects similar results when tested again under identical conditions. For the reliability test, Cronbach's α is the most commonly used criterion used to measure the reliability. However, Cronbach's alpha is an inferior measure of reliability because, in most cases, it represents only a lower bound on reliability. Therefore, we used the corrected item-total correlation and construct reliability along with Cronbach's alpha to assess the reliability. As is shown in Table 5, each measure is well above the suggested threshold, at 0.7, 0.5 and 0.8, respectively. Therefore, the latent variables are regarded as adequate for confirming a satisfactory level of reliability in research.

Validity refers to the degree to which the analysis reveals true information. In this study, the validity analyses include both content validity and construct validity. The content validity assesses the representativeness of items in the questionnaires. We found no reports of any misunderstanding during the pilot test. The web interviewees confirmed that the items could be readily understood. This is reflective of good content validity (Zeng et al., 2010).

A confirmatory factor analysis (CFA) is one of the most effective tools used to test construct validity. According to Campbell and Fiske (1959), construct validity typically assesses the degree to which data provides the following: (a) convergent validity, the extent to which different assessment methods show similar measurements of the same trait (that is, construct; ideally, these values should be moderately high); (b) discriminating validity, the extent to which independent assessment methods show divergent measurements of different traits (ideally, these values should exhibit minimal convergence).

Table 5. Reliability test for latent variables.

Latent variables	No. of items	Cronbach's α	Corrected item-total correlation	Construct reliability
Web characteristics	6	0.813	0.721 - 0.732	0.862
Supporting policy	8	0.912	0.743 - 0.833	0.922
Trust	4	0.901	0.625 - 0.765	0.931
E-MP services	7	0.884	0.664 - 0.742	0.941
Biz. performance	9	0.891	0.753 - 0.772	0.927

As summarized by He and Li (2011), convergent validity occurs when (a) all factor loadings are significantly over the 0.7 threshold; and (b) the average variance extracted (AVE) from items by their respective constructs is greater than 0.5. Table 6 shows the results of the convergent validity by CFA. We recognize that the measurement scale evidenced a strong convergent validity except for some observed variables and, in this case, the factor loadings of WC6, SP7, EMP4 and BP2 are lower than suggested by 0.7; thus, these items are removed from the model to improve the whole convergent validity.

For the uni-dimensionality validity test, a number of goodness-of-fit indices are recommended; we can assess the fit of the measurement model using indices such as a normed Chi-square (χ^2/df), goodness-of-fit (GFI), adjusted goodness-of-fit (AGFI), comparative fit index (CFI), root mean square residual (RMSR) and root-mean-square error of approximation (RMSEA) (Bagozzi and Yi, 1988). After removing the observed invalid variables, we find that all of the various goodness-of-fit measures are superior to the recommended criteria overall. Thus, the construct validity of the data is acceptable.

Hypotheses test results

The AMOS 17.0 package was employed to run our structural equation model (SEM) using the maximum likelihood (ML) approaches. The overall fitness of the SEM is evaluated using the same set of goodness-of-fit indices as were used for the confirmatory factor analysis; from Figure 2, *Chi-square /df=2.229*, *GFI*, *NFI*, and *CFI* are all bigger than 0.9, thus suggesting that the SEM adequately fits the data. All of the SEM results and path coefficients are shown in Table 7 and Figure 2. The results demonstrate that all of the hypotheses are accepted, indicating that the e-MP is a successful e-EIF for international trade, and all the factors we selected are important for the intermediation by e-MP; the e-MP services, on the indirect model, show a positive effect on business performance. Additionally, the mediation role for trust is positive and statistically significant. That is, the website characteristics do affect the building of trust and at the same time, the level of e-MP service use. By the same token, the promoting policies result in enhanced

trust as well as increased e-MP use.

Among all the variables assessed herein, trust is the key determinant of the mediation effect of e-MPs on business performance. This means that trust may be considered more important than the hardware infrastructure, since e-trade necessarily entails non-facial transactions and thus mutual trust is a key to the efficient management of a global collaboration network. As a network manager, an e-MP should provide trust and a high level of integrated services for these trusted partners to exercise the e-MPs for better business performance.

DISCUSSION AND MANAGERIAL IMPLICATIONS

All of the path coefficients in our model show a statistically significant effect of mediating variables of trust and e-MP services, thereby indicating that our model design is quite useful in explaining the determinants of the successful governance of e-MPs in China. The trust variable also shows an indirect mediation effect on the roles played by WC, SP, and e-MP. As discussed previously, the Korean government has been strongly promoting the infrastructure, as well as the hardware-oriented policy, related to the global e-trade. This is the case for the Korean companies as well. Unfortunately, this type of system-oriented approach to promote e-trade has not operated successfully in terms of the realized volume of e-trade in practice.

On the other hand, even if Chinese e-MPs such as Alibaba.com do not flawlessly provide an integrated platform for e-trade services, they have carried out a significant volume of e-trade. The reason for this may lie in governance, as opposed to infrastructure (Choi, 2011; Choi and Lee, 2009). Chinese e-MPs leverage their ethical reputational ties around the world, thus, enhancing trust and helping to produce a reliable platform for e-trade (Jin, 2009). Even in cases in which the relevant infrastructure or hardware is not competitive, the invisible ethical or reputational ties represented by a CEO, in addition to localized website characteristics, can result in highly successful governance and thus, give rise to the mediation effect. It is quite important to note that the rapidly growing Chinese economy is based on an ethical reputation in the global market. The e-MPs have become

Table 6. Validity test for latent variables.

Variable	SFL ^a	C.R ^b	AVE ^c
Web characteristics			0.69
WC1 (image of the e-mp website)	0.743	3.623	
WC2 (member of the e-mp website)	0.728	6.325	
WC3 (easy to use)	0.742	6.241	
WC4 (services on the e-mp website)	0.835	6.214	
WC5 (level of service integration)	0.832	5.254	
WC6 (relationship between e-mp and customers)	(0.532)	4.231	
Support policy			0.65
SP1 (Government financial support to use e-mp)	0.745	5.241	
SP2 (Government technical support to use e-mp)	0.853	7.521	
SP3 (Government policy support to use e-mp)	0.885	6.355	
SP4 (Government support for personnel training)	0.921	7.212	
SP5 (CEO's willingness to use e-mp)	0.841	6.698	
SP6 (strategic training for staff to use an e-mp)	0.815	5.214	
SP7 (strategic master plan for e-mp)	(0.653)	4.521	
SP8 (strategic plan to invest on e-mp)	0.885	6.355	
Trust			0.74
Tr1 (e-mp website with high degree of faith)	0.862	7.114	
Tr2 (information on the e-mp website is true)	0.821	4.187	
Tr3 (security of enterprise information)	0.932	5.214	
Tr4 (beneficial to its users)	0.745	6.325	
e-MP Provision items			0.75
Emp1 (information searching)	0.885	7.327	
Emp2 (credit status)	0.912	8.347	
Emp3 (payment)	0.795	5.541	
Emp4 (personnel education and training)	(0.584)	5.234	
Emp5 (advertisement)	0.554	4.342	
Emp6 (logistics)	0.712	3.455	
Emp7 (foreign trade knowhow)	0.832	4.231	
Business performance			0.78
BP1 (save the costs and time for transaction)	0.925	5.364	
BP2 (reduce the cost of logistics)	(0.523)	5.313	
BP3 (reduce the cost of advertisement)	0.845	7.231	
BP4 (increase turnover)	0.889	6.556	
BP5 (build the enterprise image)	0.765	4.426	
BP6 (increase the potential partners)	0.864	7.126	
BP7 (make difference from other enterprises)	0.812	6.347	
BP8 (increase the number of foreign transactions)	0.721	4.541	
BP9 (improve the efficiency of customer management)	0.884	6.234	
Goodness-of-fit and recommended cutting point			
$\chi^2 = 79.76$ (98); $\chi^2/df = 1.73$; GFI = 0.908; AGFI = 0.824; CFI = 0.923; RMSR = 0.029; RMSEA = 0.041			
$\chi^2/df < 5$; GFI > 0.9; AGFI > 0.8; CFI > 0.9; RMSR < 0.05; RMSEA < 0.05			

a tool by which this trust can be leveraged for improved business performance. It is also interesting to note that the SEM results demonstrate not only the direct effects of

website characteristics as well as promoting policies, but also an indirect effect via trust on the business performance of e-MPs. This may derive from the

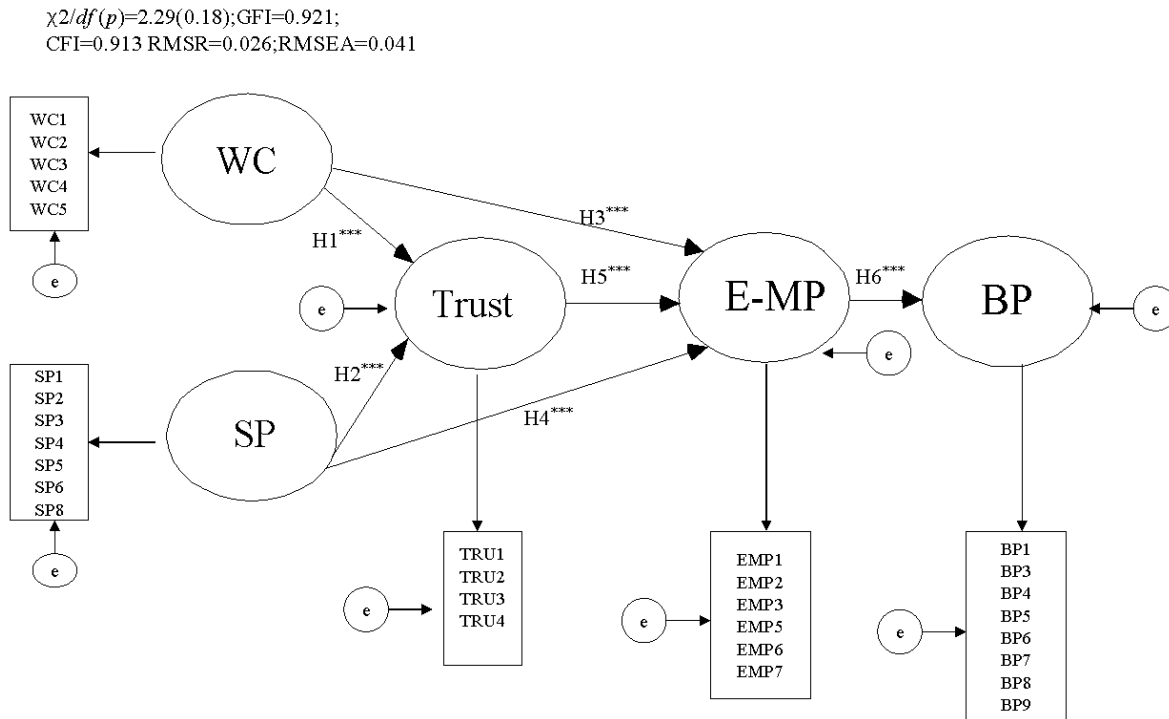


Figure 2. Path coefficients in the structural equation model. *** means $p < 0.01$.

Table 7. Results of the hypotheses test.

Path relationship	Coefficient	S.E.	Standard coeff	C.R	Sig	Hypothesis	Result
TRU <--- WC	0.573	0.069	0.524	8.311	0.000	H1	accept
TRU <--- SP	0.354	0.064	0.350	5.554	0.000	H2	accept
EMP <--- WC	0.169	0.063	0.164	2.699	0.008	H3	accept
EMP <--- SP	0.660	0.058	0.695	11.412	0.000	H4	accept
EMP <--- Tru	0.579	0.059	0.615	9.751	0.000	H5	accept
BP <--- EMP	0.617	0.052	0.689	11.866	0.000	H6	accept

aggressive customization of e-MPs in China. Chinese e-MPs do not simply passively introduce web-information for sale or for purchase. Rather, they attempt to eliminate all the relevant practical barriers by themselves. They provide guarantees on payment or guaranteed return of claimed products, even in the context of international transactions. This type of extremely pro-active services might be the reason for the successful operation of Chinese e-MPs.

Conclusion

The systematic and professional paradigms of globalized B2B transactions, or e-trade, require the professional background and experience of electronic export intermediary firms (e-EIFs). Based on this reasoning, this

paper proposes the mediation effect of e-MPs as e-EIFs on business performance, via a structural equation modeling approach. This research also evaluates the website characteristics of e-EIFs; promoting policies instituted by the government as well as the strategic support of a CEO both were shown to positively affect trust-building as well as the level of use of e-MP services. This implies that the professional support provided by e-EIFs could serve to diminish the psychological and practical barriers experienced by most firms wishing to enter into the global market.

Until recently, e-business in China has been considered quite uncompetitive, largely as the result of convoluted government intervention, as well as the generally low level of the country's e-business system. However, in this study, we demonstrated that the key factor in e-trade is not hardware, but rather the effective

leveraging of the mediating role played by governance-oriented e-MPs. As has been emphasized in much of the relevant literature, trust in e-MPs is an extremely important factor, particularly in the context of impersonally-conducted global transactions. Therefore, the government as well as the organizations participating in international trade, including banks, transporters, and insurance companies, should seek to establish and build trust by ensuring ready and efficient access to their websites, thereby enhancing the overall governance of the collaborative network. The attitude of the CEO, in particular, is crucial in this challenging field of new global e-business, since the most important factor in the behavior of a thirsty horse is not the river itself, but rather the strong incentive of the horse to drink that water.

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