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# Role of export intermediary firms (EIFs) based on structural equation modeling (SEM) for the unified global economic structure

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The aim of this paper is to empirically examine the role of export intermediary firms (EIFs) based on structural equation modeling (SEM) for the unified global economic structure. E-business based export intermediary firms (e-EIFs) have experienced the systematic and professional paradigm shift. For this paradigm shift, we propose two hypotheses: the knowledge hypothesis for the traditional EIFs about the market and products and the new, but mostly supporting, hypothesis for the e-EIFs about cyber trust or credibility. The empirical tests conclude that, as an e-EIF's traditional knowledge of exporting markets and products and the web-credibility of its own title with brand increases, purchase intention increases as well. It also concludes that the professional support provided by e-EIFs could reduce both the practical barriers of traditional marketing and psychological ones for integrated web marketing.

**Key words:** Knowledge hypothesis, credibility, exports intermediary firms, structural equation modeling (SEM), e-business management.

## INTRODUCTION

As the global economy shifts its paradigm from manufacturing to assembling due to the Internet, companies are increasingly using intermediaries as network managers so they may form business collaborations with other partners. Worldwide competition drives manufacturers to concentrate on their core competencies and to develop strategic partnerships with many partners. Therefore, trading companies or export intermediary firms (EIFs) are chosen by manufacturers because the EIFs can reduce transaction costs by searching for customers, negotiating trade contracts and enforcing those contracts (Choi, 2010). Assembling business functions with strategic partners such as global e-trade requires much more professional supports from global partners. Unfortunately, there has been a striking gap between major research and real world practice regarding export performance and intermediation. In fact, export intermediaries have become the missing link in export development research (Peng and Ilinitch, 1998). In practice, EIFs participate in a large share of the international trade of some regions such as South Korea, Hong Kong, Taiwan, and Turkey and of some commodities, such as sugar and wheat (Rauch and

Watson, 2002). In terms of the conditions under which EIFs are most likely to emerge and succeed, a number of studies suggest that EIFs are an optional, but important, organizational choice to promote international trade (Peng and York, 2001; Trabold, 2002).

Most small- and medium-sized manufacturers do not have appropriate technologies or management know-how to successfully enter into the global market due to the lack of experience or high professional costs on transaction. However, the rapidly increasing application of e-business made e-trade more easily and efficiently to abolish the difference between local and global markets. To achieve success on the global market through Internet, EIFs should develop Internet strategies to facilitate their role of middleman for online international trade. However, even internet-friendly EIFs (e-EIFs) may face new challenges because of a paradigm shift in their role as middlemen. Even with the vast amount of information on the Internet, global e-trade practices may seem incomprehensible to many participating trade partners including exporters, importers, banks, and transporters. Thus, the e-EIFs have an opportunity to play a major role in facilitating e-trade using professional web marketing intermediation. Choi (2008) suggests that e-EIFs are needed to fill the online gap between off-line

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manufacturers and on-line international buyers. This paper aims to fill these gaps by recognizing the determinants for manufacturers in choosing an e-EIF based on the expected web-marketing performance.

## LITERATURE REVIEW

As the role of e-EIFs in global e-trade increases, more research has been conducted on that role. In our review of the literature, we found that most of the research is based on the transaction cost approach. Manufacturers cannot export products without incurring transaction costs; searching for foreign partners and negotiating with these partners incurs market channel costs. If the transaction costs for direct exports are higher than the indirect costs, then the manufacturers will choose an intermediary (Williamson, 1985). In a perfectly functioning economy, manufacturers do not need intermediaries in their trading systems. However, the manufacturers will still incur transaction costs due to market failures such as information asymmetries, especially in international trade. In the absence of intermediation, there is the possibility that an inferior transaction will take place; in fact, there is even the chance that there will be a market failure (Baye and Cosimano, 1990).

However, the utilization of intermediaries helps achieve successful outcomes and more efficient transactions. Because of space and time differences, international trade incurs high transaction costs. Based on these transaction costs, Peng and Ilinitch (1998) have developed five hypotheses on the role of EIFs. The first two hypotheses relate to the decision factors for choosing an intermediary, while the remaining three hypotheses concern the performance of the intermediaries. Trabold (2002) investigated these first two hypotheses about market and product, and concluded they were difficult to accept due to the issue of trust. As Kasper and Streit (1998) pointed out, manufacturers can choose their trade intermediaries based upon their ability to provide trust in fulfillment of a contract. The trust issue is extremely important in global e-trade, where space and the time limits of traditional trade are eliminated (Choi, 2004).

While the internet has made it easier for manufacturers to obtain information about products and prices worldwide, it is still difficult to decide which information is more appropriate in traditional perspectives and reliable in web-marketing perspectives. The problem is not the lack of information, but the complicated process of filtering the information. One solution is to use an infomediary to sort through the information. A typical infomediary is an on-line agent that specializes in collecting and distributing product information (Hagel and Singer, 2000). Since international trade involves collaboration among related parties such as exporters, importers, transporters, and customs offices, global e-EIFs should take a more aggressive role for international

trade. Their role is important because traditional EIFs simply assume the role of middlemen in the overseas market, while the e-EIFs should integrate more professionally complicated online networks involving all of the parties concerned with mutual trust. As the e-EIFs handle international trade through websites, they need to be more reliable regarding cyber negotiation. In sum, they are not just middlemen, but they are the integrated intermediary that acts as the network manager for global collaboration.

In this study, it is assumed that e-EIFs should actively handle web-marketing on behalf of manufacturers, which is very different than the simple role played by traditional EIFs. This distinction has led to the development of specialized e-marketplaces (e-MPs) in Korea and Hong Kong such as EC21.com and Alibaba.com. Due to their systematically integrated professional services, e-EIFs are perceived as offering many operational cost, and scale advantages when compared with manufacturers who are confined to physical channels. As long as the e-EIF has access to the specialized field of foreign trade through e-MPs, it does offer manufacturers a higher possibility of increasing purchase intention. So, the traditional EIF hypothesis of Peng and Ilinitch (1998) should hold for e-EIFs as well. In fact, the channel synergies between traditional brick-and-mortar manufacturers and virtual e-EIFs can be exploited to help differentiate products and add value without necessarily increasing costs (Bakos, 1997). The international platforms of e-EIF websites could allow all the related parties to work together to process the large amount of electronic documentation necessary for e-trading (Choi and Lee, 2006).

These e-EIFs act as the reliable neutral third parties to ensure the secure delivery and receipt of information and documents, as well as to provide a legal structure that binds all users. On the cyber transactions, the credibility of the e-EIFs is crucial because enhanced reliability promotes purchase intention (Wise and Morrison, 2000; Choi, 2008).

Concerns about credibility in cyber transactions could be one of the psychological barriers that prevents trading partners from entering the global e-commerce marketplace. Through brand recognition and/or reliable authorization, an on-line retailer can act as an intermediary to increase purchase intention for a weak manufacturer's brand, more than it can increase purchase intention for a strong manufacturer's brand (Chu et al., 2005).

In today's borderless global marketplace, exporters could gain access to overseas markets by using e-EIFs, while minimizing the up-front costs associated with searching for new markets, negotiating contracts, and enforcing those contracts to ensure performance. Based on these components of search, negotiation and enforcement related costs and uncertainty, we derive the three hypotheses further discussed.

## Hypotheses

### ***Traditional knowledge hypothesis based on cost minimization***

Here, knowledge is defined as the performance-oriented or proactive information that is received from the Internet. Traditional EIFs could utilize the asymmetry of information in the global market. They could help manufacturers find lower transaction costs from this specialized knowledge, which could be differentiated as market- and product-competitiveness as discussed thus.

First, without external help, the market knowledge in searching the overseas market can be costly and time-consuming. These high searching costs cause potential exporters to prefer e-EIFs due to the fear of export inefficiency or failure. Moreover, e-EIFs can leverage their professional knowledge base across diverse clients (or markets) across the national border. These economies of network knowledge are the key factors that help e-EIFs minimize the costs of the export process.

Secondly, product knowledge is also very critical; one of the most important features of the negotiation process is based on the competitive knowledge of the product. Negotiation costs include the direct costs of travel and personnel, as well as the ex ante costs of potential hazards when dealing with unfamiliar foreign products (Peng and York, 2001). EIFs can lower negotiation costs because of their expertise on product as an unbiased third party in the negotiation. In particular, if the products are standardized and highly commoditized, an EIF may be able to use better negotiation skills to convince the customers to buy (Trabold, 2002). Conversely, differentiated products with a high degree of value added are less likely to be traded by an EIF. Therefore, we propose the following knowledge-oriented hypothesis:

H<sub>1</sub>: As an EIF's knowledge of global markets and products increases, the purchase intention increases as well.

### ***Web credibility hypothesis***

As previously discussed, the knowledge based role of EIFs could be found both for the e-EIFs as well as for the traditional off-line intermediaries, because e-EIFs are professional experts anyway. However, the conceptual characteristics of e-business come from the Internet, which is not limited by time or space. Since trading partners often do not know much about each other, they become concerned with ex post monitoring and enforcement of contractual obligations once the contracts are signed. Compared with traditional trade, trading partners pay greater attention to the credibility of the third party e-EIFs than to the anonymous manufacturers because the

process related to cyber transactions does not require face-to-face negotiation. Otherwise, they would choose direct negotiations with the exporters, which is different from the traditional EIFs' role.

Therefore, it is crucial for e-EIFs to demonstrate to the trading partners that they are honest and trustworthy (Lai et al., 2010). As the third party, an e-EIF should utilize its own website and brand support to the goods so it may offer the most unambiguous measures to empirically capture commitment (Chu et al., 2005). Such an arrangement solves a major difficulty in on-line transaction by achieving the professional and independent alignment of the interests of both parties. Therefore, the following credibility or trust-oriented hypothesis could be proposed:

H<sub>2</sub>: As the e-EIF improves its credibility, purchase intention will become more likely.

### ***Knowledge and credibility's relationship hypothesis***

The traditional knowledge-based and web-based propositions could not be separated. That is, if the e-EIFs have more knowledge on the market and product, they could bring more credibility to the participants of trading process (Lu et al., 2010). As discussed earlier, easy access to the Internet makes it possible for manufacturers to not depend as heavily on traditional EIFs; thus, traditional EIFs should change their simple role as a middleman to information based intermediary (hereafter 'infomediary') with knowledge (Chu et al., 2005) and to the multi-functional intermediary (hereafter 'meta-mediary') with highly integrated pro-active network management of e-business (Choi, 2010). This unique competitiveness may come from the professional utilization of web marketing to create the highly dependable web-loyalty based on customized web performance. Therefore, the traditional EIFs should transform their role into web-based multi-functions by the integration of knowledge and credibility. Thus, the third proposition of multi-tasking integration shall be as follows:

H<sub>3</sub>: There is positive relationship between an e-EIF's knowledge and its credibility.

## RESEARCH METHODS

### **Model design and measurement**

To perform the empirical test, the author has managed specially organized e-intermediation classes in the field of international trade for 5 years: 2003 through 2007. Each class was comprised of a sales department with 7 to 10 students. The students studied for five weeks, integrated trade procedures and web marketing strategies; then they engaged in promoting e-trade activities as a sales network manager between regional manufacturers and overseas importers for following 10 weeks. At the beginning of the

project, each sales department could choose one option from each of the four option sets for their business strategies as an intermediary. Sets 1 and 2 are for the knowledge variables as the traditional EIFs; Sets 3 and 4 are for the credibility variables as the web-based e-EIFs:

Set 1: Product provided by regional manufacturers (high or low commodity content products)

Set 2: Marketing channel and strategies (direct or indirect market search)

Set 3: Use of their University Brand as a credible third party (brand title or no-title)

Set 4: Make their own marketing website as a web-based third party (use website or no-website).

Each sales department could choose one from each set. There are 16 combinations of choices. Students could choose the high or low commodity content products, direct or indirect market search channels, use of their University as a brand or not, and make their marketing website or not.

For the measures of knowledge latent variables, two observed variables are selected for product and market. With respect to the definition of product knowledge, we used the commodity contents of the products as a degree of standardization, as described by Trabold (2002). A 'product' is defined using the four-digit level of product nomenclature, and it is separated into two groups: high and low commodity content. According to Peng and Ilinitch's (1998), we define 'high commodity content products' as materials that are derived from agriculture, mines and mineral products, fisheries, basic chemicals, textiles and clothing, etc. By the same token, we define 'low commodity content products' as materials that are derived from industries where R&D contributes substantially to the value added (labor 'content' is low) and where product differentiation is high. The low commodity content industries include computers, pharmaceuticals, and consumer electronics, etc. This category could be interpreted in terms of the knowledge level about the products by the participating students. This decision was made because we found that, as the number of students who have general information about the product increases, the commodity content increases. Based on the criteria, students could choose their target products by either utilizing standardized and thus easily negotiable products ('the high commodity contents product') or by collaborating with manufacturers with newly developed or complicated high-tech products ('the low commodity content product').

With respect to the definition of market knowledge, Trabold (2002) defined the conditions that make up a unified market as those conditions that involve geographical as well as psychic distances for traditional foreign trade. However, an on-line market search requires different criteria. An e-EIF may not find any difference between customers in Argentina and China if they are registered as buyers on the same websites. On the other hand, even if the customers are in the same country, if they do not have access to the same 'professional' websites such as ec21.com or alibaba.com, it is difficult to say that they are in the same market. Therefore, the 'market condition' for global e-trade is based on the degree of 'professional' website channel accessibility. Customers using global e-marketplaces (e-MPs) are easily accessible and ready to trade because they are registered trading partners in specialized web channels.

Regardless of their physical and/or psychic distance, buyers in similar market channels could be considered to be 'a market' for e-trade. However, using random web-searching, an e-EIF could have difficulty finding the appropriate 'market' in a sea of information. In our research, students could choose their target market channels using familiar global e-MPs such as eC21.com or alibaba.com. Otherwise, they could use random searching sites, such as yahoo.com, or they could go directly to the potential buyers'

websites randomly without market knowledge.

It should be emphasized that the uncertainty in e-trading is much higher than the uncertainty in off-line traditional trading. Therefore, trading partners engaged in e-trading systematically use available information by forming a preference. The determinants of preference in an on-line environment are somewhat different from those in an off-line traditional trade environment. The importers can decrease this uncertainty by using well-known manufacturer brands and/or e-EIF brands (Chu et al., 2005). In particular, the e-EIF brand, as an extrinsic cue, may help lower the psychological barriers to the entry for cyber transactions and thus create higher credibility for the product. Students could obtain this e-EIF brand value utilizing the guaranty from the university and/or by making their own marketing website. Therefore, if the students want to promote the purchase intention using the value of credibility, they should choose the logo of the university and explain to the buyer that they are supported and guaranteed by the university. Otherwise, the students would choose not to use any intermediary brand, but simply work as a manufacturer's agent. In the same way, the students can gain the trust by making their own marketing websites, or they can choose to simply market just by e-mail or phone without their own website.

For the observed variables, the first variable of the market is characterized by a binomial independent variable that represents the choice set. This value reads 1 for the indirect marketing channel using well-organized global e-MPs such as alibaba.com or eC21.com, and 0 for the direct marketing channel using a random market search like Google. The variable of the product represents the choice set between the value of 1 for the low commodity content product with either a R&D or manufacturers' brand differentiation, and 0 for high commodity content products with standardized and/or easily understandable product characteristics. The brand is another binomial independent variable representing the choice set between the value 1 for the e-EIF's brand that is supported by university guarantees, and 0 for the role of a simple agent without any brand. For the website variable, the value 1 implies that they are marketing their own website and 0 represents that they are marketing without a website.

The purchase intention (PI) cannot be easily captured as a variable in the e-trading process. In e-mail marketing, we consider three kinds of purchase intentions: open rates, click-through rates, and conversion rates. Since many e-mail software packages come with automatic reply software, open rates or click-through rates are not considered to be "revealed" purchase intention. For the more reasonable dependent variable, the first replied e-mail and the second replied e-mail are counted as the latent PI and revealed PI, respectively, to measure the PI variable in the structure model. Here, the two purchase intention variables are the binomial dependent variable with either a 0 or a 1 as its value. For the latent PI, a 0 means no reply, while a 1 implies that the e-mail was 'received' after the first round of feedback negotiations as an offer. For the revealed PI, 0 means no reply or just one reply, while 1 means that the second e-mail was received. In international trade, the offer is different from the circular letter because it includes more specific inquiries such as price, quantity, quality, etc. It is important to receive an offer, because an offer from importers means they are ready to negotiate the specific trade with the "revealed" purchase intention. In general, the second e-mail includes some specific offer issues such as price and quantity. Therefore, the second replied e-mail could be considered to be a good signal for the revealed purchase intention. In this perspective, our research model could be displayed in Figure 1.

## Data collection

Once the students in each sales department selected their choice in each of the four sets, they performed the role of an intermediary.

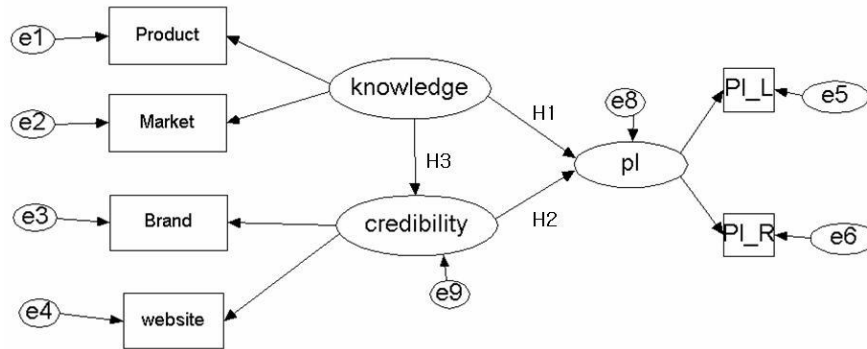


Figure 1. Model structure.

Table 1. Correlations of the observed variables.

Variable		Product	Market	Brand	Website	PI_L	PI_R
Product	Pearson correlation	1	0.140**	0.135**	0.105**	0.137**	0.043**
Market	Pearson correlation	0.140**	1	0.422**	0.271**	0.422**	0.130**
Brand	Pearson correlation	0.135**	0.422**	1	0.414**	0.272**	0.168**
Website	Pearson correlation	0.105**	0.271**	0.414**	1	0.425**	0.119**
PI_L	Pearson correlation	0.137**	0.422**	0.272**	0.425**	1	0.280**
PI_R	Pearson correlation	0.043**	0.130**	0.168**	0.119**	0.280**	1

\*\*Correlation is significant at the 0.01 level (2-tailed).

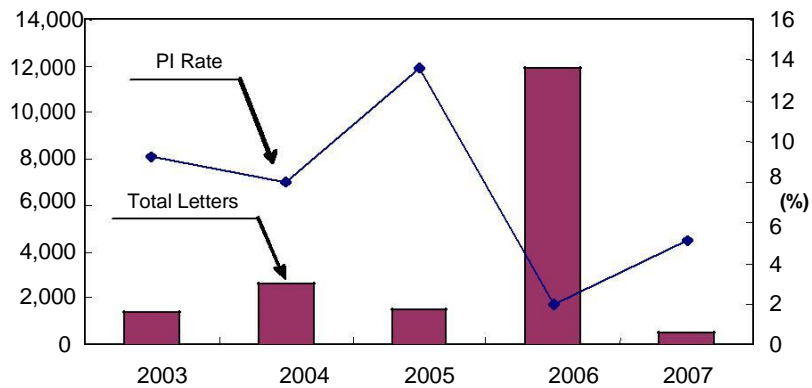


Figure 2. Yearly trend of e-mail marketing.

All the class work was independently implemented over a five-year semester period, which spanned from 2003 until 2007. Over this time period, 17,966 sets of data were collected. Every class hour was organized into two parts: the first half of the class focused on activity reports and troubleshooting with field experts, and the second half of class allowed the team to prepare their working plan for the next week. At the end of the 15th week, the class had general presentations on their performance and class reviews. Their final reports were utilized as the data base for this research. The overall ratio of the revealed PI was 4.52% (or 812 over 17,966 inquiries). The PI rate peaked at 13.61% in 2005, and bottomed at 2.01% in 2006. The correlation matrix is shown in Table 1; this

matrix suggests that all of our observed variables have a positive relationship, but there is no strong relationship that has a correlation coefficient higher than 0.8, indicating that there is no multicollinearity problem in our structure equation model (Figure 2) (López-Gamero et al., 2009).

## RESULTS AND DISCUSSION

### Reality and validity

To improve the reality and detect possible problems

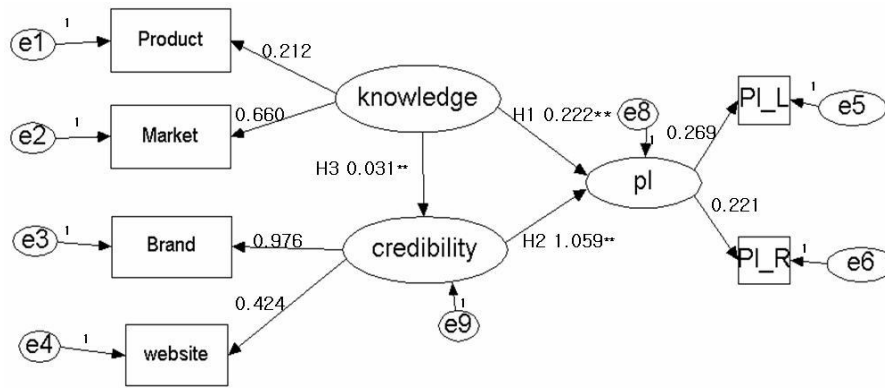


Figure 3. Structure equation modeling results.

Table 2. Reliability and validity test by Cronbach and CFA.

Variable	Cronbach alpha $\alpha$	$\chi^2/df$	GFI	NFI	CFI	RMSEA
Knowledge	0.752	2.427	0.912	0.972	0.893	0.083
Credibility	0.774	2.303	0.926	0.973	0.896	0.056
Purchase intention	0.784	2.428	0.922	0.984	0.894	0.082
Recommended criteria	>0.7	<3	>0.9	>0.9	>0.9	<0.08

related to a non-response error or bias, we drew a comparison between early respondents and late respondents within each population. After conducted this comparison, the data is divided into two groups, according to time that we received each questionnaire in the mail. The *t*-test between the two groups revealed no significant differences ( $p < 0.01$ ) in the mail responses for the constructs used. Hence, a response bias does not appear in the study. Validity refers to whether a measure correlates with the theorized latent construct that it purports to measure. In addition, a confirmatory factor analysis (CFA) is one of the most effective tools to test the validity (Zeng et al., 2010). SPSS 17.0 and Amos 17.0 were used to test reliability and validity, respectively. The results are shown in Table 2. For the reliability, the Cronbach alphas are bigger than the suggested 0.7, and the CFA measures for the validity test such as  $\chi^2/df$ , GFI (goodness-of-fit index), and NFI (normalized fit index) are all better than the recommended criteria; thus, the reliability and validity of the data are all acceptable. However, the CFI (comparative fit index) of some variables, and RMSEA (root mean square error of approximation) are close to the recommended criteria (see the bold numbers). The interpretation may be that these two criteria are a comparative index that may have a positive relationship with a number of observed variables. In our model, for the simple solution reason, we just selected six observed variables (Zeng et al., 2010; Kim, 2010).

### Results of the hypotheses

The hypothesis on the knowledge proposition (H<sub>1</sub>) is accepted as shown in Figure 3 and Table 3. An e-EIF should provide traditional marketing knowledge for both the market and the product, which should be chosen by exporters. As the e-EIFs become more knowledgeable about the professional market channel, the number of importers who respond to the inquiries will increase. Considering the factors loading, the market variable (0.660) shows better performance than the product variable (0.212). These results imply that, even if the product is well informed by the Internet, marketing by exporters still has limits in searching and utilizing the appropriate market channel. Thus, professional market knowledge is a major factor to be preferred in the global market through indirect e-mail marketing.

The hypothesis on the brand credibility proposition (H<sub>2</sub>) is accepted. People are more willing to follow suggestions from a legitimate third party because that authority possesses more power to convince (Huang et al., 2006). If the e-EIFs have a better brand that is supported by public authorities such as universities or certified associations, the importers will feel more comfortable about the cyber transaction. Note that H<sub>2</sub> points out the passive character of the e-EIFs as a simple web-market setter. Even if the exporter utilizes these e-EIFs' websites to expose their presence, they are not guaranteed to have successful operation of the trade procedures for its

**Table 3.** Path coefficient results.

Path			Estimate	S.E.	C.R.	P
PI	<---	Knowledge	0.222	0.033	6.814	**
Pi	<---	Credibility	1.059	0.008	136.724	**
Credibility	<---	Knowledge	0.031	0.002	18.092	**

\*\* means  $p < 0.01$ .

feedback. Due to this passive character of e-MPs, the proactive role of traditional EIFs should be combined with this passive networking of e-trade. If we combine the traditional brick-and-mortar type of knowledge, as the proactive pioneer to 'create' the market channel, the click and brick type of integrated network manager could be defined as the metamediary (Choi, 2010), which involves the multi-tasking proactive role on e-mail marketing with the third party leadership. That is shown in our hypothesis H<sub>3</sub>. The interconnection hypothesis, H<sub>3</sub>, is positive and significant, which implies that there exists a positive interrelationship between the traditional role of knowledge-based EIFs and the web-marketing credibility-based e-EIFs.

## Conclusions

In this study, we integrated the previous researches for the traditional EIFs with web-marketing credibility. As an international transaction, e-trade should be promoted by professional web marketing strategies that are more complicated than a B2B shopping mall-type of marketing activity. At the same time, collaboration among the participating agencies such as transporters, and customs agents is a very important part for e-trade automation. These systematic and collaborative activities in the cyber transaction network require professional support from e-EIFs. Based on this information, we tested a well-known traditional hypothesis regarding the knowledge advantages of EIFs, as well as the new, but mostly supporting, feature of cyber trust or credibility in terms of credibility proposition. In this paper, the empirical tests conclude that all of these factors of EIFs and e-EIFs enhance the possibility to increase purchase intention. Among the factors, brand power is the most effective in terms of its estimated coefficient (1.059), which implies the e-business based websites as well as their utilization with authentic leadership by e-EIFs as the network manager, is much more important than any other determinants. The explanatory power of the product proposition is very weak (Trabold, 2002), which implies the knowledge on the product is not much important in e-trade.

It should be mentioned that, in this paper, the definition of e-EIF is slightly different from the standard definition. In our definition, e-EIFs not only conduct website

promotion on their homepages, but they also conduct aggressive direct marketing through customized e-mails. This is different from the simple or passive e-EIFs, which provide website and software solutions, such as match-maker or automatic e-mailer services. Thus, the e-EIFs in our research should be defined in a way that includes this more aggressive role. Choi and Lee (2009) suggested this more aggressive role for e-EIFs as a metamediary with the functions of facilitator, collaborator, and web-service provider.

## IMPLICATIONS AND SUGGESTIONS

Our empirical results are unique because they show overall support for the role and function of intermediation in web-based e-trade. Some of the previous research did not support intermediation in international trade (Trabold, 2002; Peng, 1998). However, EIFs make up a large portion of international trade in Korea, Taiwan, and Japan (Hsing, 1999; Kotabe, 1984). This research not only integrates all the propositions, but it also integrates the transient characteristics of intermediaries under the e-business paradigm. International trade involves much uncertainty, even in the Internet era; thus, it requires specialized know-how and skills and thus, the role of the intermediaries should be emphasized. As in the Korean economy, many developing countries have practical as well as psychological barriers to enter the global market. In that case, if the government promotes international trade with some incentives related with intermediation, it would become more feasible for small firms to abolish these barriers via e-EIFs. Theoretically, knowledge of the product should be the first core-function of the intermediary in international trade. But trust and brand image are much more important for e-EIFs. If trade partners do not have mutual trust, the e-EIFs could provide it as an objective third party. Several studies have pointed out that providing trust could be the most important role for EIFs; in fact, this role even overshadows other roles (Kasper and Streit, 1998; Trabold, 2002).

The Korean economy heavily depends on international trade, and thus the government has been promoting EIFs with many incentives. However, as the volume of the economy increases and the economic structure becomes more complex, the government has shifted its economic

paradigm from a selective concentration on EIFs, such as Samsung and Hyundai, to more open participation of all manufacturing firms without the mandated help of EIFs. Unfortunately, this governmental paradigm shift has not worked well since the share of Korean exports by small and medium-sized manufacturers declined from 41.8% in 1996 to 30.8% in 2008. Most of the small and medium-sized manufacturers face invisible psychological and practical entry barriers to the global marketplace. They definitely require third party professional support in the international arena, even in the Internet era. With limited support from the Korean government, small companies were only able to develop very simple websites that were not attractive to importers; thus, the small manufacturers gave up making an effort to engage in international trade. Unfortunately, there are sharp distinctions between traditional EIFs such as Samsung and Hyundai, and e-EIFs such as EC21.com and KNET. As the research concludes, the interconnection between these EIFs and e-EIFs should be emphasized for the inter-connective governance of performance-oriented e-trade promotion.

The empirical results show that even in the internet era, most of the manufacturers need professional website support as well as skilled negotiators to utilize these sites online more actively. Thus, knowledge of the intermediation and third party professional credibility is too important to neglect. Manufacturers need more integrated multi-professional support for their web marketing for the reliable transaction; they also need truthful negotiation and monitoring of contract fulfillment by a third party. This kind of new intermediary could be called a metamediary (Choi and Lee, 2009).

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