



**NEAR EAST UNIVERSITY
INSTITUTE OF GRADUATE STUDIES
DEPARTMENT OF INTERNATIONAL BUSINESS**

**AN INVESTIGATION OF THE IMPACT OF E-COMMERCE
AND GLOBALIZATION ON FIRM PERFORMANCE IN
LIBERIA**

MSc. THESIS

JOEL TOLKER

**Nicosia
June 2023**

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MASTER THESIS

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Approval

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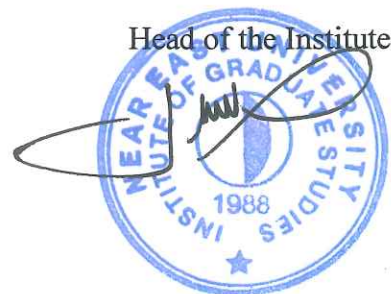
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Declaration

I hereby declare that all information, documents, analysis and results in this thesis have been collected and presented according to the academic rules and ethical guidelines of Institute of Graduate Studies, Near East University. I also declare that as required by these rule and conduct, I have fully cited and referenced information and data that are not original to this study.

JOEL TOLKER

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Abstract**AN INVESTIGATION OF THE IMPACT OF E-COMMERCE
AND GLOBALIZATION ON FIRM PERFORMANCE IN
LIBERIA****Tolker, Joel****Supervisor, Dr. Laith Tashtoush****MA, Department of International Business****June 2023, 65 pages**

Globalization has made it simpler and less expensive for firms to extend and develop universally. The aim of this research is to gain a better understanding of how a firms in Liberia that has succeeded internationally by utilizing an e-commerce and how affect their performance by taking the globalization as a mediator. Employees from SME in Liberia will make up the study's population. The overall number of employees in SME in Liberia was 8526. The ideal sample size was 368. The findings shows that globalization and scope of e-commerce use was supported, as firm performance was a significant predictor of scope of use. Globalization and type of e-commerce use were confirmed as well. Globalization and firm performance were also supported. Overall, the findings support the notion that e-commerce is reinforcing rather than transforming existing commerce patterns. Our major finding is that B2B e-commerce sales and services tend to be global, while B2C tends to be local or multidomestic, which matches the pattern hypothesized for upstream and downstream business activities.

Keywords: Globalization, Firm performance, E-commerce, SME, Liberia

ÖZ**AN INVESTIGATION OF THE IMPACT OF E-COMMERCE
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Küreselleşme, firmaların evrensel olarak genişlemesini ve gelişmesini daha basit ve daha ucuz hale getirdi. Bu araştırmanın amacı, Liberya'daki bir firmanın e-ticareti kullanarak uluslararası alanda nasıl başarılı olduğunu ve küreselleşmeyi aracı olarak performanslarını nasıl etkilediğini daha iyi anlamaktır. Liberya'daki KOBİ çalışanları çalışmanın evrenini oluşturacaktır. Liberya'da KOBİ'deki toplam çalışan sayısı 8526 idi. İdeal örneklem büyüklüğü 368'di. Bulgular, firma performansının kullanım kapsamının önemli bir belirleyicisi olması nedeniyle küreselleşmenin ve e-ticaret kullanımının kapsamının desteklendiğini gösteriyor. Küreselleşme ve e-ticaret kullanımının türü de teyit edildi. Küreselleşme ve firma performansı da desteklendi. Genel olarak, bulgular, ticaretin mevcut ticaret kalıplarını dönüştürmek yerine güçlendirdiği fikrini desteklemektedir. Başlıca bulgumuz, B2B e-ticaret satışlarının ve hizmetlerinin küresel olma eğilimindeyken, B2C'nin yukarı ve aşağı iş faaliyetleri için varsayılan modellerle eşleşen yerel veya çok ülkeli olma eğiliminde olmasıdır.

Anahtar Kelimeler: Küreselleşme, Firma performansı, E-ticaret, KOBİ, Liberya

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CHAPTER I

Introduction

Globalization (GB) has made it simpler and less expensive for firms to extend and develop universally. New advancements have set out open doors for firms to enter markets that before were shut because of guidelines, geological distance, assets, cost, and capital (Kraemer, Gibbs and Dedrick, 2005). Electronic trade (EC) has altered the manner in which we carry on with work thanks to the creating data arrangement of the web and utilization of sites and portable applications (Alshaddadi, 2021). These days, the web is the primary wellspring of data and EC sites work as a stage for correspondences and client connections. Global Standardization Organization (ISO) characterizes admittance to the web and organization as "the comfort of utilizing an item, administration, climate or article with the largest scope of chances" (Babenko, Kulczyk, Perevosova, Syniavska, and Davydova, 2019). EC gives a limitless upper hand to firms in the present time (Bhattacharya and Mishra, 2015). GB is characterized as one critical element for the expansive spread of EC and carrying on with work in an unfamiliar nation is a method for lessening cost corresponding to observing, exchange, exchange, streamlining of the store network, and set aside both time and cash (Babenko et al., 2019). EC incredibly affects the various fields of firms from client assistance to item plan and conveyance (Bhattacharya and Mishra, 2015).

The World Trade Organization (2013) characterizes EC as "the deal or acquisition of labor and products directed over PC networks by strategies explicitly intended to get or submitting of requests". The rising period of EC somewhat recently has made and developed the manner in which firms' capability in this day and age (Chang, Jackson and Grove, 2003). In the start of 1970, the practicality of electrical business exchanges began with Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT), which made it conceivable to trade items and move reserves on the web. As well as the capacity to grasp the buyers and convey quick and customized administration. This thusly prompted expanded income and lower costs (Alshaddadi, 2021). As EC develops all around the world, a lot more associations and areas are selecting to add the choice of EC in their administrations too, for example, E-Payment administration, E-activity administration, E-promoting administration, and E-information administration. This furthermore allows them an opportunity to contact

a bigger market or grow their administrations to a more noteworthy market with diminished expenses of tasks (Bhatnagar, 1999). EC influences enormously every one of the firms and investors by empowering every one of them to accomplish riches and worth. Mechanical progressions have empowered the web-based business market to develop past cutoff points and permit the firms selling on such stages to be a piece of an upheaval where firms can arrive at monstrous business sectors and clients all over the planet with prudent costs. A stage that permits them to unendingly develop. It likewise permits firms to smooth out their cycles and fill in their client support the executives (Chang et al., 2003). Besides, the pandemic of Coronavirus has expanded selling through EC channels and furthermore carried more open doors for firms to develop (Zennaro, Finco, Calzavara, and Persona, 2022).

These days, we live in a time of specialized upset or advanced change that causes the advancement of the psyche of the people who are essential for it. Taking into account that clients are progressively "digitalizing," firms consequently change and grow their specialized abilities to be imaginative and to set up their business for the computerized age, all to prevail upon however many clients as could reasonably be expected. Electronic trade, well known as EC, gives numerous better approaches to the business area and clients to convey, team up and to trade items or administrations. Through different web deals channels (sites, online commercial centers, web indexes, and so on), EC licenses market entertainers to analyze, pick and securely buy items and administrations. Firms ordinarily start their web show by giving data about their business and their buyer situated items/administrations on the side of different deals channels. The significance of EC in the present business is upheld by the reality given by Eurostat expressing, that in 2018, EC addressed 18% of the all-out deals in the European Union (EU) nations (Eurostat, 2019). What's more, it was found that one out of five firms in the EU involved EC in 2017, while the level of firms that utilized e-deals expanded by 7% during the period from 2008 to 2018 (Eurostat, 2019). Furthermore, the ongoing circumstance related to COVID-19 has demonstrated the way that EC can be a significant instrument for the general economy (World Trade Organization, 2020). As a matter of fact, as per the World Trade Organization (WTO) (2020), the circumstance prompted because of COVID-19 has brought about an expansion in Business-to-Business (B2B) EC. In a similar report, it is underlined that the worldwide idea of COVID-19 and its effect on EC will

additionally energize global participation and improvement of strategies connected with EC.

Much examination has analyzed the issue concerning the portrayal of firms in EC, yet in addition the impact that EC has on by and large firm execution (FP). In reality, EC benefits are various, for the clients, the firms and society overall. As made sense of in (Xia, Y.; Zhang, P.G., 2010), EC offers open doors for customary retailers to grow their piece of the pie while working on the productivity of their activities. Firms that utilization online deals channel have better in general execution and higher deals in examination with firms with no web-based deals (Cosgun, V.; Dogerlioglu, O., 2012). As per Intel Corporation, firms that put resources into e-business create the six following advantages: better data the board, better mix of providers, better channel organization, lower exchange costs, better market understanding and extended geographical inclusion (Damanpour, F.; Damanpour, J.A., 2001). In a similar sense, research (Khan, A.G., 2016), in light of optional information, gathered from distributed books, diaries, research papers, magazines, day to day papers, web and official factual records, is made fully intent on recognizing the advantages of EC and difficulties in EC. It is shown that advantages for customers who use EC are different, for example, an enormous cluster of items and administrations, the chance of 24-h-a-day buy from any area, less expensive items and administrations, time reserve funds and data accessibility (Khan, A.G., 2016). It is viewed as that firms that don't embrace EC innovation was abandoned. The advantages of EC for society are reflected in the accompanying: less traffic on the streets and lower air contamination, numerous people work at home and do less going for shopping, giving admittance to individuals in rustic regions to various items and administrations, working with conveyance of public administrations at a diminished expense (Shahriari, S.; Shahriari, M.; Gheiji, S., 2015). Then again, unique writing sources, for example, (Hornby, G.; Goulding, P.; Poon, S., 2002; Julian, C.C.; Ahmed, Z.U., 2005; Al-Hyari, K.; Al-Weshah, G.; Alnsour, M., 2012; Tesfom, G.; Lutz, C., 2006) distinguished a portion of the obstructions as far as EC use, for example, dependability, trust and hazard, absence of qualified staff, culture, absence of public key framework, association, extortion, old web route and lawful issues. By and large, the principal obstruction is viewed as connected with training and trust.

Research Problem

The specialty of entering unfamiliar business sectors through EC stages holds more prominent worth, it permits firms to offer their contributions straightforwardly to the end clients and today it likewise permits associations to offer their items and administrations in worldwide business sectors (Deng and Wang, 2016). The opposition is extraordinary globally and it constructs the need of understanding how online business markets can assume a part in worldwide exchanging (Bhattacharya and Mishra, 2015). Alshaddadi (2021) arrived at the finish of his review that more exploration of the comprehension of an EC technique is gladly received, what are the advantages of applying an EC system and how to foster it further.

Wang, Wang, Yu and Zhang (2019) talk about the reception interaction of EC from disconnected to on the web. The new innovation change prompts better approaches for correspondence with clients when it shifts from eye to eye to online channels, and more exploration of the EC stage's goal capability is required. Nisar and Prabhakar (2017) presumed that a test for firms, particularly in business-to-buyer (B2C), is to get a handle on the post-buy and consumer loyalty in EC, that there actually is a hole of the comprehension between customary disconnected deals and online EC. EC changes the construction of the store network to be more responsive and effective and firms in EC need to zero in on request satisfaction, dispersion channels, activity the executives, data advances frameworks, and coordinated operations (Zennaro et al., 2022). Babenko et al. (2019) expresses that GB influences EC diversely in B2B and B2C firms. Business-tobusiness (B2B) firms represent most of EC commitment, and incidentally, worldwide firms have a more noteworthy reception level with regards to B2B EC. Today, the utilization of EC methodology is principally utilized by huge firms with enormous capital and innovation assets in contrast with little and medium endeavor (SME).

A few purposes behind that are absence of assets with regards to human resources and abilities, subsidizing and security, and absence of mindfulness and possible advantages (Alshaddadi, 2021). Bodorick, Dhaliwal and Jutla (2002) states the restricted accessibility of assets in a SME go about as a hindrance for them to contend in the EC worldwide market. Mehrtens, Cragg, and Mills (2001) then again, imply that absence of monetary assets doesn't defer the support in that frame of mind

because of its low speculation costs. Saleh, Khaneghah, Shadnosh and ShowkatAbad (2019) show a few dangers that accompany using EC or E-shopping. In the first place, cooperation with customers and how they secure the message and data the organization is conveying. Second, the buyer's information and experience of E-shopping and their innovation ability. Third, contingent upon orientation the clients' way of behaving is additionally influencing the buy expectation and fourthly, the human mistake and innovation disappointment like monetary, government assistance and non-conveyance of items. This is all chance that can influence the result of a firm's web-based business system (Saleh et al., 2019). Simpson and Docherty (2004) bring up that overall, there are an incredible number of little and medium undertakings (SMEs) that hold an extraordinary potential to add to the EC market which could give them efficiency gains, nonetheless, their reception rates are a lot slower than anticipated. The reasons could remember the vulnerability for the advantageous additions from such innovative headways and the conceivable return of speculation. Research additionally proposes that SMEs are slower in coordinating EC applications into their current plans of action (Simpson and Docherty, 2004). Krishna and Singh (2018) contend that there are still hindrances in tech foundation, capital, arrangement, and shopper acknowledgment with respect to EC. Moreover, Kis (2020) contends that the EC model is changing the construction of the economy and the significance for firms to use an EC plan of action to have the option to remain available over the long haul.

Research Significant

The aim of this research is to gain a better understanding of how a firms in Liberia that has succeeded internationally by utilizing an EC and how affect their performance. Also, they can change strategy and enter a new market by utilizing an ecommerce B2C business model instead.

Research Questions

The purpose in combination with the research gap stated above leads to research questions which this research aims to answer them:

- How the EC effected by GB?
- What it is the major factors the EC have that could be affected the FP?

- How could the GB have affected the FP?
- How could the GB enhance the relationship between EC and PF?

Definition of the Terms

- **Globalization:** Anthony Giddens defines globalization as a decoupling between space and time, highlighting that with modern communication technology, knowledge and culture can be spread around the world simultaneously. Leslie Sklair defines globalization as the
 - emergence of a globalized economy based on new systems of production, finance and consumption, whereas Ulrich Beck asserts that Globalization- however the word is understood - implies the weakening of state sovereignty and state structures.
- **E-Commerce:** is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer or consumer-to-business. refers to companies and individuals that buy and sell goods and services over the Internet. Ecommerce operates in different types of market segments and can be conducted over computers, tablets, smartphones, and other smart devices. Nearly every imaginable product and service is available through ecommerce transactions, including books, music, plane tickets, and financial services such as stock investing and online banking. As such, it is considered a very disruptive technology.
- **Firm Performance:** is the potential and ability of a business to efficiently utilize the available resources to achieve targets in line with the set plans of the company, keeping in mind their relevance to the users (Peterson, Gijssbers, and Wilks 2003; Taouab and Issor 2019) .

CHAPTER II

LITERATURE REVIEW

E-Commerce and Globalization

EC implies that firms change their business to be executed electronically by site and webstore on the web. Firms adding EC as a promoting channel to expand deals and consumer loyalty, and furthermore gives client information (Bhattacharya and Mishra, 2015). The stages in EC businesses hold little boundaries to section relatively to the conventional technique for entering unfamiliar business sectors. Their enlistment and bonus charges are kept insignificant to advance more providers entering their foundation, which straightforwardly helps their own locales too (Chen, Seong, and Woetzel, 2014). The EC framework makes it feasible for exchanges anyplace whenever, contrasted with the conventional framework where the vender and purchaser need to meet and the exchange to be made at a specific time (Saleh et al., 2019). A company's support in the EC business relies upon the hierarchical inspiration and capacity as investigation state, master state, and detached state. Investigation states dispense their assets in learning the skill of working in a web-based climate while in master states they have effectively dominated the cycles to carry on with work on the web. Associations in the aloof state are not exactly excited to commit their assets for dynamic cooperation in the EC market however they will attempt them for the future (Grewal, Comer and Mehta, 2001). CampbellHunt (2000) makes reference to how the EC model sets out open doors for a half breed method of separation and cost-relationship. Caniato, Cagliano, Kalchschmidt, Golini and Spina (2009), talked about three fragments of Ebusiness reception in European firms. Low adopters had exceptionally low paces of reception of EC as well as E-acquisition while incomplete adopters had moderate degrees of reception. High adopters were the ones with an elevated degree of reception of E-business with its clients and providers.

To involve EC in a compelling manner the firm necessities to comprehend their shoppers purchasing and buy conduct. The initial step is to urge the clients to buy on the web, and the subsequent step is to console that the clients return and repurchase (Zhang, Fang, Wei, Ramsey, McCole and Chen, 2011). The EC model gives a business helps that makes it novel which incorporates moment admittance to

the worldwide market information and the actual market, the speed at which worldwide market is caught, the change yet to be determined of force among providers and clients. Supporting this explanation, around 66% of the firms working with EC locales guarantee they are beneficial (Actinic, 2002). Martin and Matlay (2001), states miniature firms zeroing in on business administrations were quicker towards transformation of EC and IT foundation than SMEs, adding to it, Daniel and Myers (2000) consented to same that old SMEs in the market are more averse to drive their endeavors towards EC. EC stages, for example, eBay, Alibaba, JD.com, Amazon, store and basic foods represented the greater part of the all out EC buys till April 2021. A review led in 2021 showed 18% of online customers were looking for basic food items online while Amazon exclusively took 14% of the portion of computerized customers (Statista, 2022c). Babenko et al. (2019) state in their article that in 2017 amazon.com, apple.com, and walmart.com were the best three retail locations online of EC on the planet. During Covid-19 pandemic, the interest for contactless conveyance and shopping expanded to where retailers were urged to investigate independent conveyance robots (Risberg and Jafari, 2022).

Execution of EC gets changes an association which can remember changes for correspondence (Chellappa, Barua and Whinston, 1996), changes in business technique utilized (Henning,1998), the construction of the market as well as arriving at new business sectors, approach towards ad libbing showcasing exercises, (Giaglas, Klein and O'Keefe, 1999) as well as the normal everyday exercises (Doukidis, Poulmenakou, Terpsidis, Themisticleous and Miliotis, 1998), working on the general effectiveness (Tetteh and Burn 2001) and further developing the deals income (Abell and Lim, 1996). EC holds the possibility to provide SMEs with the advantage of upper hand as it is the most savvy approach to arriving at clients and rivaling bigger associations internationally. Various state run administrations are presently perceiving this and empowering SMEs to partake in such exercises by raising subsidizing plans and drives that can work with these SMEs. Various examinations have accumulated observational information expressing that SMEs approach EC in more modest advances as opposed to more noteworthy jumps. (Eriksson, Hultma and Naldi, 2008).

All around the world it is recognized that the web period has altered the manner in which SMEs are carrying on with work upsetting the elements of global business empowering GB exchanges (Quelch and Klein, 1996). EC has brought another period of chances and difficulties to SMEs with fast development and internationalization (Ellsworth and Ellsworth, 1997). An investigation of the Asia Pacific district by Price Waterhouse Coopers 1999, by Fuller (2000) and Kendall (2000) proposed factors as explanations behind SMEs to adjust to EC. These elements incorporate better client support, worked on aggressive capacity, expanded deals income, alluring new speculation and getting to global business sectors. Admittance to the GB market has been featured as the most urgent main impetus for SMEs to adjust EC by these creators. Adding to something very similar, Tetteh and Burn (2001) and Maloff (1995), express that embracing EC and fostering an EC technique permits SMEs to extend their market reach worldwide and arrive at clients and markets that were once inaccessible letting these SMEs to contend locally, territorially, and internationally (Shewmake and Sapp, 2000; Bennett, 1997). Besides, it is additionally contended that the Internet time will ultimately decrease the hindrances to exchange and products that the SMEs are confronting, permitting them to exchange globally uninhibitedly (Bennett, 1997; Hamill, 1997). Bennett (1997) contends that "... the utilization of the Internet for GB showcasing empowers firms to jump the customary phases of internationalization, as it eliminates every single geological imperative, allows the moment foundation of virtual branches all through the world, and permits immediate and prompt unfamiliar market section to the littlest of firms".

Firm GB is proclaimed as a vital driver of internet business use (Steinfeld and Klein, 1999). They characterize extent of purpose as the degree of EC use for various exercises in the company's worth chain from publicizing and showcasing to deals, acquirement, administration and backing, information trade with clients and providers, and coordination of business processes. Additionally, they characterize sort of purpose as business-to-business (B2B) and business-to-customer (B2C) to represent central contrasts in business and shopper exchanges. Likewise, they expected that profoundly worldwide firms are probably going to utilize a more prominent extent of EC use than less worldwide firms, in light of multiple factors. To start with, firms confronting unfamiliar contest are under more noteworthy strain to take on innovations, for example, EC that empower them to secure or extend portion of the

overall industry and work all the more productively. Serious strain has been recognized through a few examinations as a significant determinant of its extent use, whether the degree of electronic report exchange (EDI) dispersion (Banerjee and Golhar, 1993; Ramamurthy et al., 1999; Webster, 1995), reception of IT developments (Gatignon and Robertson, 1989; Grover, 1993), or level of computerization (Dasgupta et al., 1999). It has likewise been viewed as a huge determinant of the extent of EC use explicitly (Zhu et al., 2002). Second, firms carrying on with work outside their own nation might be more persuaded to bring down their exchange and coordination costs by utilizing data innovation indeed (Malone et al., 1987). We would expect that this is valid additionally in the particular instance of Internet-based EC. Involving the Internet for additional inner exchanges and coordination can get a good deal on conveyance of merchandise by utilizing rich data streams to rearrange, smooth out, or substitute for the progressions of actual products in the store network (Kraemer and Dedrick, 2002; Sturgeon, 2002). Also, firms that trade in worldwide business sectors are feeling the squeeze from exchanging accomplices to embrace and use EC for outer exchanges (particularly B2B) to lessen exchange and coordination costs with different individuals from the worth chain. This is particularly obvious on account of worldwide creation firms and product chains overwhelmed by global enterprises (MNCs) that might expect accomplices to involve EC to There is a hypothetical premise in the business technique writing for expecting that a few ventures and business exercises will incline toward worldwide union while others was set apart by nearby uniqueness. Doorman (1986) recognizes worldwide businesses, in which firms gain upper hand by coordinating their exercises around the world, and multidomestic ventures, in which contest happens autonomously inside every country. Further, he isolates the worth chain into upstream and downstream business exercises. Upstream exercises, for example, inbound coordinated factors and tasks are not reliant upon area, and can be coordinated internationally to accomplish economies of scale. Then again, downstream exercises like showcasing, deals, and client support are area reliant and should be coordinated on a multidomestic premise.

Globerman et al. (2001) apply Porter's speculations to EC explicitly. They battle that the effects of EC contrast across different phases of an industry's worth chain, and that acquisition of business inputs (B2B) is becoming globalized while

acquisition of end administrations by shoppers (B2C) stays confined. Despite the fact that their examination is restricted to optional information on the retail financier industry, they presume that retail (B2C) EC is somewhat unaffected by GB and is described by multidomestic contest because of the heterogeneity of buyers and different public regulate. By contrast, they find that EC for wholesale brokerage activity (B2B) is more globalized. As a result, they argue that EC is not inherently a globalizing force, but one that can actually enhance local competitive advantage. Based on the above discussion the following hypothesis formulated:

H₁: there is a positive impact between e-commerce and globalization.

E-Commerce and Firm performance

There are three strands of research concerning the impact of EC investments on firm performance. The first category challenges the so-called “productivity paradox”, and suggests that EC has a direct and positive impact on a firm’s productivity and profitability (Zhu and Kraemer, 2002). The second category adopts a process-oriented perspective to examine the relationship between EC strategy and intermediate business processes, which in turn affect the overall firm performance (Chatterjee et al., 2002; Barua et al., 2004; Sirmon et al., 2007). The third strand of research employs the RBV to study the linkage between EC investments and firm performance advantages (Zhu, 2004; Elia et al., 2021). These studies demonstrate that physical EC resources are not related to firm performance per se (Park et al., 2017; Fung, 2019). Rather, the business value of EC strategy is contingent upon a combination of technological, business and human resources that are associated with valuable, rare, inimitable, and non-substitutable (VRIN) (Bharadwaj, 2000; Santhanam and Hartono, 2003; Kr€akel, 2016). They are often tacit, idiosyncratic and developed over an extended period of time and are thus extremely difficult to codify and cope with by competing firms.

Using a matched-sample comparison group methodology, Bharadwaj (2000) and (Chatterjee et al., 2002) investigated the relationship between EC technological capability and firm performance and found that a superior performance advantage is determined by the firm’s ability to create a unique EC capability, which is a combination of technological resources, human IT resources and IT-enabled business

resources. Along the same vein, Santhanam and Hartono (2003) adopted a longitudinal study to examine the sustained effect of EC capability on firm performance. The findings showed a significant and positive connection between the EC capability and sustained competitive advantage.

Overall, this stream of literature consistently reveals that “stand alone” resources, such as physical IT systems, are not capable of producing a sustained competitive advantage. Rather, IT value is shaped by a combination of internal and external resource bundles complementary to physical IT assets (Trantopoulos et al., 2017; Sabherwal et al., 2019).

In the context of EC strategy, while it can bring numerous benefits to firms in terms of reducing information asymmetry, enhancing customer relationships and streamlining processes upstream and downstream of the value chain, it also poses a number of challenges, such as potential channel conflict, integration of online and offline business and the emergence of new business models (Elia et al., 2021; Tolstoy et al., 2021). As a result, firms have experienced a great deal of performance variance, even when they embrace the same EC initiatives or have access to the same EC technology. From the RBV perspective, performance variances in EC stem from the different EC capabilities that firms possess, which are essentially the combination of human, business and web-based technologies that produces resource complementarity (Gorla et al., 2017; Xiao et al., 2019). Whereas individual resources can be easily transferred, this resource’s complementarity is far more difficult to duplicate by competing firms (Zhu and Kraemer, 2002).

Use of new information technologies is expected to improve FP, by reducing transaction costs and increasing coordination of activities among business partners (e.g., Malone et al., 1987). EC specifically (especially B2B) is predicted to result in lower coordination costs due to automation of transactions online, as well as productivity and efficiency gains (Amit & Zott, 2001; Lucking-Reiley & Spulbur, 2001; Wigand & Benjamin, 1995). EC also is expected to facilitate entry into new markets or extension of existing markets (Garicano & Kaplan, 2001), and greater integration of systems with suppliers and customers (Wigand & Benjamin, 1995). Thus, three dimensions of EC impact on FP have been identified in prior research,

namely, market impacts, efficiency impacts, and coordination impacts (Kohli & Devaraj, 2003).

Firms can also use IT to help improve the performance of different business activities along the value chain (Porter, 1985), categorized into three dimensions: downstream activities such as sales and marketing, customer service and support, activities internal to the firm such as production, operations and logistics, and upstream activities such as information sharing with suppliers (Mahmood & Soon, 1991). IT use for downstream activities is theorized to lead to greater market impacts, while internal operational use results in greater internal firm efficiency, and upstream IT use facilitates coordination with suppliers and business partners (Tallon et al., 2000). Thus, we would expect that a firm's EC use leads to specific types of FP improvements along these three dimensions. Based on diffusion theory (Rogers, 1983; Tornatzky & Fleischer, 1990), we propose that a greater scope of EC use (that is, use of EC for a greater number of business activities) will yield greater impacts on FP. To illustrate, we would expect a firm that uses the Internet for sales and marketing, for procurement, and to coordinate and share information with suppliers and customers would see greater impacts on FP than one that simply has a web site with marketing information. If this is the case, then there should be a direct relationship between scope of use and FP, in terms of increased efficiency, coordination with suppliers and business partners, and sales and market position. Therefore, the following hypothesis is presented:

H₂: there is a positive impact between e-commerce and firm performance.

The meditating role of Globalization between E-Commerce and Firm performance

GB tends to have a different impact on firms regarding whether they focus on B2B or B2C EC. B2B EC firms seem to have more global and upstream business activities, while B2C EC firms operate more local or multidomestic downstream business activities (Kraemer et al., 2005). B2C EC has been growing at a fast pace as individuals are adopting purchasing their routine items online. In 2013, approximately 1 billion individuals made their purchases online and by 2018 the number increased to 1.8 billion making it oneseventh of the world's population (Statista 2022b). In 2017

the global sales amount was around 2.3 trillion USD which is projected to increase to 4 trillion USD in 2021 (Statista 2022c). The pandemic of Covid-19 accelerated online shopping which increased by 50% in 2020. This generated a growth in B2C EC sales which affected the B2B EC (Gulc, 2021). Ecommerce has changed the supply chain and made it more efficient and easier to connect and communicate both with suppliers and customers (Warkentin, Bapna & Sugumaran, 2000). For companies to build up their EC platform, legitimacy is of importance. Legitimacy includes stakeholders such as consumers, sellers, suppliers, and government that have an impact on the company's future and growth. In an institutional environment political, social, and technical acceptance contain the development of the online platform in such ways as innovation, strategic alliance formation, internationalization, and a target group of stakeholders for the proposed aim (Kwak, Zhang, & Yu, 2019). The new way of information flow has led to increase in quantity and quality and enable companies to offer a direct channel. Direct channel means that the consumer now buys the product directly from the company, which also increases the communication with customers. This in turn leads to companies being able to customize the product and offer the customer exactly what they demand. Furthermore, by selling directly to end user companies can save costs which can result in a lower price of products (Warkentin et al., 2000). Therefore, the following hypothesis is formulated:

H₃: Globalization mediate the relationship between e-commerce and firm performance.

Globalization and Firm Performance

The researchers also expect that there was a direct relationship between firm GB and FP. Also, they would expect highly global firms to perform better in terms of increased efficiency, coordination with trading partners, and improved market position. It is likely that global firms will realize greater impacts on FP, because they can employ resources and capabilities developed throughout their global operations to improve business processes and more effectively deploy technologies such as EC (Bartlett & Ghoshal, 1998). Global firms are also in a better position to benefit from EC as they can achieve economies of scale and global reach (Porter, 1986). Finally, firms with greater global scope are likely to face greater transaction costs due to their

expansion into diverse geographic regions, and EC use may help reduce such transaction costs (Garicano &

Kaplan, 2001; Malone et al., 1987). A firm's global scope has been found to be a significant predictor of EC value in the financial services industry (Zhu et al., 2004). GB should also have an indirect effect on FP through the scope of EC use, since highly global firms will use EC more extensively, and more extensive use will result in improved FP. EC use will thus mediate the effects of GB on FP. These direct and indirect effects of GB should have additive functions.

Although emerging economies are more globalized than others (Naghshpour and Marie, 2008) very little is known about the impact of globalization on firm performance. Besides, the effect of different dimensions of globalization, especially at the micro level, is again somewhat neglected. So, this paper not only addresses a crucial empirical question through focusing on the impact of globalization on firm performance/value but is also hoped to provide insights on the effects of different dimensions of globalization on firm performance/value as well. Within the scope of this research, following De and Pal (2011), globalization can be defined as the process of opening up of economies to the outside world to facilitate trade, reduction in physical and other barriers to increase mobility of goods and factors of production as well as labor force: that is, it is a process of integration of economies through economic, social and political processes.

As numerous studies have shown, more productive firms that can pay the fixed cost required to start exporting/FDI are more likely to become exporters/multinationals (selection effect), and such internationalized firms are more likely to improve their productivity by learning from international markets (learning effect). Internationalized firms, therefore, are expected to perform better than others because of these two effects. As for Japanese firms, many studies confirm that internationalized firms tend to be more productive than domestic firms (e.g. Kimura and Kiyota, 2006; Tomiura, 2007; and

Wakasugi et al., 2011). For example, Wakasugi et al. (2011) showed that exporting firms' total factor productivity (TFP) is 38% higher than that of non-exporting firms. They also showed that multinational firms' TFP is 31% higher than that of non-multinational firms. Moreover, as predicted by Helpman, Melitz, and Yeaple (2004),

firms engaged in both exporting and FDI show the highest productivity on average, followed by exporting firms and firms not engaged in exporting and FDI. Furthermore, firms that invest in more regions tend to be more productive (Tanaka, 2012a). The superior performance of internationalized firms can be explained by the selection effect and the learning effect. In the case of Japan, Kimura and Kiyota (2006) and Todo (2011a) confirmed that both effects raise the productivity of exporting and/or FDI firms. As shown in Figure 3, in the case of Japan, export starters tend to show higher productivity growth than firms that do not start exporting.⁴ Although Wagner (2012) argued that previous studies on other countries did not always find a positive learning effect, in the case of Japan, many studies including the ones mentioned above, have found a positive learning effect. While firms are required to continuously improve their efficiency to survive competition in foreign markets, they can also learn foreign firms' best practices by entering foreign markets via exporting or FDI. They not only learn foreign competitors' marketing know-how and their products but also obtain feedback from foreign customers.

H₄: there is a positive impact between globalization and firm performance.

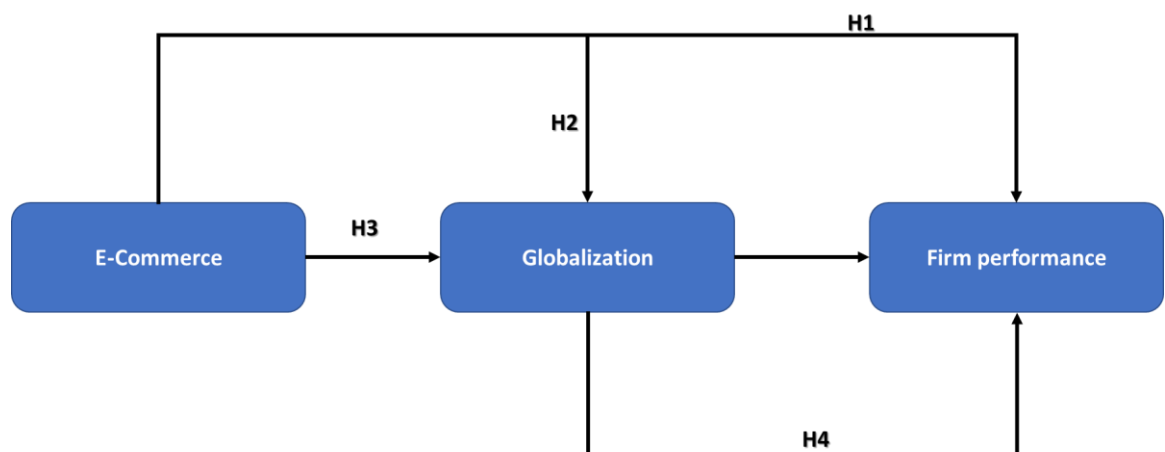


Figure 1 Research Model

CHAPTER III RESEARCH METHODOLOGY

Research Design

The author traces the exploration approach used to examine the effect of EC on FP in Liberia by taking the GB as a mediator. In this review, the cycles used to break down information and test speculations by gathering information, estimating factors in the examination model, and the kinds of investigation techniques utilized SPSS v25 are portrayed. A few basic subjects should be tended to prior to undertaking research, including the sort of examination, the destinations for examination, and the strategies used to gather information by developing an action or scale to equitably screen an idea, build, or thought.

Sampling & Sample

The major goal of the research sample was to acquire a thorough and accurate representative of SME in Liberia. All employees in SME in Liberia are included in the study's target group. This is due to the fact that they do a wide range of jobs in many areas and must ensure that the outcomes are long-lasting when applied to new responsibilities. The questionnaire was utilized between January and March and November 2023, after receiving approval from the NEU ethics committee. In SME in Liberia, a questionnaire was hand-delivered to different departments and units. When all of the responses are collected, they were entered into a database and analyzed using SPSS version 25.

Employees from SME in Liberia will make up the study's population. The overall number of employees in SME in Liberia was 8526, according to the annual report of SME in Liberia for 2021. The ideal sample size was 368. Furthermore, convenience sampling was used in this study, which meant gathering data from members of the public who were eager to participate. From 368 questionnaires distributed, 350 were received which making 95% as a response rate.

Data Collection Procedures

This research aims to investigate the mediating role of GB with EC and FP among employees working in SME in Liberia in 2022. The hypotheses for this study

were tested using a questionnaire based on literature reviews, with employees working in SME in Liberia serving as the analysis unit. The author told the respondents that their participation was voluntary and acquired verbal consent from them before delivering the questionnaire in order to collect trustworthy and meaningful data and avoid coerced participation. A questionnaire will used to collect data for this study, which is considered to be an effective and accurate technique of data collection. As a result, the questionnaire approach was chosen as the best method for dealing with the current investigation.

To identify any inaccuracies or potential sources of misunderstanding, university professors with expertise and knowledge in the disciplines of organizational culture and entrepreneurship reviewed the purpose of this questionnaire is to check the accuracy and validity of professional terminology as well as their perspicuity. The surveys' validity was also tested by the distribution of 20 questionnaires as part of a pilot study to adjust proportions to responders' capacity to answer the questions, and the questionnaire questions were changed to be completer and more accurate based on their comments. A 5-point Likert scale was used to develop the questionnaire, with Strongly Agree = 5 and Strongly Disagree = 1.

Study Variables and Instrument

The research is both quantitative and cross-sectional. E-Commerce Scale (ECS), the Globalization Scale (GBS), and the Firm Performance Scale (FPS) are among the four elements of the questionnaire, which total 23 items.

Demographic Information

In addition, the study evaluates some demographic characteristics mentioned in Part 1 of the questionnaire (see Appendix). Gender, age, educational level, and years of experience.

There are four demographic questions (items 1–4).

EC Scale

The ECS that was used in this research was created by (Roshanak Saneifard, 2009). This scale consists of 5 items in a normal Five-Point Likert Scale format ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). According to Hair, Black,

Babin, and Anderson (2014), Cronbach's alpha must be at least 0.7 to obtain dependability and be considered an acceptable study.

GB Scale

GB scale has (4) items developed by (Juanita Bacsu, 2007). Employees provided data, which was analyzed using a five-point Likert scale ranging from 5 = Strongly Agree to 1 = Strongly Disagree.

Firm Performance Scale

FP scale has (10) items developed by (Alex Mpsa, 2016). Employees provided data, which was analyzed using a five-point Likert scale ranging from 5 = Strongly Agree to 1 = Strongly Disagree.

Table 1 The Cronbach's Alpha for Research Variables

Variable Name	Number of Items	Cronbach's alpha
E-Commerce	5	0.857
Globalization	4	0.755
Firm Performance	10	0.834
Total	19	0.780

Data Analysis Procedures

Following the information assortment, the information was examined utilizing SPSS v.25 programming utilizing the accompanying techniques: To start, decide the scale's and poll's unwavering quality and legitimacy utilizing Cronbach's alpha coefficient. As per Sekaran and Bougie (2016)., Cronbach's alpha qualities more prominent than 0.70 demonstrate solid inside consistency in estimated factors and increment steadfastness Second, relationship examination shows how factors are decidedly associated. Third, factor investigation was utilized to find the principal parts to check whether the elements utilized in the review had the option to evaluate the

factors and on the off chance that the elements in the poll were connected with the factors. As indicated by Hair, Black, Babin, and Anderson (2014), exploratory component investigation (EFA) is utilized to dissect information and gives data on the quantity of elements needed to appropriately address information. Besides, all deliberate or noticed factors are related with each component dependent on the worth of the heap assessment factor. The significant element of EFA is that all elements are gotten only from measurable outcomes, not from any hypothesis, and that the variables can be named after the component examination is finished. All in all, EFA can be evaluated without knowing the quantity of elements as of now present in the review or which factors are connected with which builds. At long last, involving the PROCESS Procedure for SPSS v3.4, relapse investigation was used to examine the theories proposed to find the intervening capacity of GB with EC and FP in Liberia among staff working in SME in Liberia. The theories and sub-speculations assessed in this review will have a 95 percent certainty level. (or then again a wiggle room of 5%). The invalid theory is dismissed on the off chance that the PV is under 0.05; assuming it is more than 0.05, the invalid speculation is acknowledged. A few synopsis tables were ready during Coronavirus to feature the likenesses and contrasts of GB with EC and FP among SME in Liberia staff.

CHAPTER IV RESULTS

Descriptive Statistics

The purpose of this research is to examine an investigation of the impact of e-commerce and globalization on firm performance in Liberia. To achieve this goal, the researcher distributes (383) questionnaire were subjected to (350) valid questionnaire for statistical analysis. Table 2 summarizes the distribution of the questionnaire on the research sample. **Table 2** The Distribution of The Questionnaire on The Research Sample

	Number	Ratio
Distributed questionnaires	383	100%
Questionnaires recovered	379	98%
Non-refunded questionnaires	9	2%
Non-analytical questionnaires	20	5%
Questionnaires under analysis	350	95%

After collecting the questionnaire from the sample, the questionnaire response scale which contains 34 items was translated to a quantitative scale by giving the answer category 5 = Strongly Agree, 4 = Agree, 3 = Neither Agree nor Disagree, 2 = Disagree, 1 = Strongly Disagree. The total scores of the sample respondents for each paragraph were classified as shown in Table 3.

Table 3 The Degree of Approval of the Questionnaire Paragraphs

Likert-Scale	Classification	Description
1	1 – 1.79	Strongly Disagree
2	1.8 – 2.59	Disagree
3	2.6 – 3.39	Neither Agree nor Disagree
4	3.4 – 4.19	Agree
5	4.2 – 5	Strongly Agree

The researcher relied on the degree of approval of the questionnaire paragraphs according to (Idek et al., 2014) the rule specified in Table 4 that the approval for the paragraph is strongly disagreed if the average mean of the paragraph between 1 – 1.79, disagree if the average mean of the paragraph falls between 1.8 – 2.59, neither agree nor disagree if the average mean of the paragraph is between 2.6 – 3.39, agree if the average mean of the paragraph between 3.4 – 4.19, and strongly agree if the average mean of the paragraph between 4.2 – 5.

E-Commerce

Table 4 shows the mean scores for the EC items. The respondents' mean scores for the EC items range from 3.33 to 4.12. At the same time, their standard deviation

demonstrated that the items do not present a high deviation from the average mean among items.

Therefore, the respondents' mean scores for EC (overall), as well as each of its dimensions, were all above the 3.00 mid-point score. These scores indicate that the customers perceptions of the EC are satisfactory.

Table 4 The Mean Scores for the EC Items

Items	Mean	Std. Deviation	Degree of Approval
EC1	3.33	1.03	Natural
EC2	4.08	1.10	Agree
EC3	3.73	1.04	Agree
EC4	4.03	1.05	Agree
EC5	3.34	1.04	Natural
EC Means Score	3.80	1.06	Agree

Globalization

Table 5 shows the mean scores for the GB and its sub-dimensions items. The respondents' mean scores for the sub-dimensions of GB items range from 3.33 to 4.12. At the same time, their standard deviation demonstrated that the items do not present a high deviation from the average mean among items. Therefore, the respondents' mean scores for GB (overall), as well as each of its dimensions, were all above the 3.00 mid-point score. These scores indicate that the customers perceptions of the GB are satisfactory.

Table 5 The Mean Scores for the GB Items

Items	Mean	Std. Deviation	Degree of Approval
HD1	3.33	1.03	Natural
HD2	4.08	1.10	Agree
HD3	3.73	1.18	Agree
HD4	4.03	1.12	Agree
HD Means Score	3.79	1.22	Agree

Firm Performance

Table 6 shows the mean scores for the FP items. The respondents' mean scores for FP items range from 2.16 to 3.99. At the same time, their standard deviation demonstrated that the items do not present a high deviation from the average mean among items. Therefore, the respondents' mean scores for FP (overall) was 2.9 this indicate that the customers perceptions of the FP are natural.

Table 6 The Mean Scores for the FP Items

Items	Mean	Std. Deviation	Degree of Approval
FP1	2.33	1.13	Disagree
FP2	2.36	1.03	Disagree
FP3	2.53	0.96	Disagree
FP4	2.16	0.96	Disagree
FP5	2.44	0.93	Disagree

FP6	3.12	1.22	Natural
FP7	2.56	1.16	Disagree
FP8	3.35	1.00	Natural
FP9	3.99	1.13	Agree
FP10	3.76	1.07	Agree
FP Means Score	2.9	1.07	Natural

Demographic Characteristics of Respondents

Demographic characteristics of respondents that have been captured in this research include 3 different aspects; gender, age, educational level,. First, gender was measured into two categories of male and female. Second, the age which was measured in seven categories having options of less than 25 years, from 25 – 29 years, from 30 – 34 years, from 40 – 44 years, from 45 – 49 years, and more than 50s years. Third, educational level was measured in three categories diploma or below, undergraduate, postgraduate or above.

Gender

Gender respondents were selected in two categories: male and female. In data from customers, the majority of male and female respondents were 63% and 37% respectively.

Table 7 summarize the sample distribution by gender.

Table 7 Sample Distribution by Gender

Variables	Frequency	Percent
Gender		
Male	219	63%
Female	131	37%
Total	350	100%

Age

In customers data, respondents were of different age groups in a relative distribution as shown in Table 8. The highest representation is respondents who belong to the 30 – 34 years by 51%. The rate of ageing between 35 – 39 years was 23%, respondents from 25 – 29 years were 8%, from 40 – 44 years 7%, from 45 – 49 years 4%, and 5% were more than 50s years.

Table 8 Sample Distribution by Age

Variables	Frequency	Percent
Age		
25-29	30	8%
30-34	180	51%
35-39	82	23%
40-44	25	7%
45-49	17	4%
50 years and more	16	5%
	350	100%

Educational Level

The educational level of respondents was measured in three categories as shown below in Table 9. The highest percentage of respondents who obtained an undergraduate degree is 93%, and postgraduate or above is 7%.

Table 9 Sample Distribution by Educational Level

Variables	Frequency	Percent
Educational Level		
Undergraduate	327	93%
Postgraduate	23	7%
Total	350	100%

Correlation Analysis

The results of the correlation analysis which indicates that all the three constructs were positively correlated with each other with 0.01 significance value are shown in Table 10. The relationship between EC and FP ($R = 0.831$, $p = 0.01$) is considered as a significant and high positive correlation. The relationship between GB and FP ($R = 0.776$, $p = 0.01$) is considered as a significant and high positive correlation. The correlation coefficient between EC and GB ($R = 0.761$, $p = 0.01$) is considered as very high positive correlation. **Table 10** Correlation between Research Variables

	EC	GB	FP
EC	1		
GB	.761**	1	
FP	.831**	.776**	1

N=350

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

Hypotheses testing

The relationship between E-Commerce and firm performance

Hypothesis H1 posits that EC positively influence FP. As shown in Table 11 the linear regression demonstrated that the path estimates between EC and FP was significant ($F_{(1,348)} = 510.039, p < 0.05, R^2 = 0.691$). Also, the model coefficient shows that EC were positive and statistically significant to FP ($T_{(348)} = 22.584, \beta = 0.982, p < 0.05$). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis has been rejected. If zero falls outside of the interval, then the hypothesis has been accepted. In Table 11 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 0.896, ULCI= 1.068), so the author infers that the effect of EC on FP is significantly different from zero.

Therefore, hypothesis H1 was accepted.

Table 11 Regression analysis of EC on FP

Model Summary								
Model	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.831 ^a	.691	.690	.691	510.039	1	349	.000
a. Predictors: (Constant), EC								
ANOVA ^a								
Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	17647.382	1	17647.382	510.039	.000 ^b		
	Residual	7888.810	348	34.600				
	Total	25536.191	349					
a. Dependent Variable: FP								
b. Predictors: (Constant), EC								
Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	35.553	1.631		21.804	.000	32.341	38.766
	EC	.982	.043	.831	22.584	.000	.896	1.068
a. Dependent Variable: FP								

The relationship between E-Commerce and Globalization

Hypothesis H2 posits that EC positively influence GB. As shown in Table 12 the linear regression demonstrated that the path estimates between EC and GB was significant ($F_{(1,348)} = 314.644, p < 0.05, R^2 = 0.580$). Also, the model coefficient shows that EC were positive and statistically significant to GB ($T_{(348)} = 17.738, \beta = 1.515, p < 0.05$). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis has been rejected. If zero falls outside of the interval, then the hypothesis has been accepted. In Table 15 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 1.347, ULCI= 1.683), so the author infers that the effect of EC on GB is significantly different from zero.

Therefore, hypothesis H2 was accepted.

Table 12 Regression analysis of EC on GB

Model Summary								
Model	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.761 ^a	.580	.578	.580	314.644	1	349	.000
a. Predictors: (Constant), EC								
ANOVA ^a								
Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	14806.786	1	14806.786	314.644	.000 ^b		
	Residual	10729.406	348	47.059				
	Total	25536.191	349					
a. Dependent Variable: GB								
b. Predictors: (Constant), EC								
Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	25.199	2.639		9.548	.000	19.998	30.399
	EC	1.515	.085	.761	17.738	.000	1.347	1.683
a. Dependent Variable: GB								

The Mediating role of globalization between e-commerce and firm Performance

Hypothesis H₃ posits that GB mediates the relationship between EC and FP. As shown in Table 13 the PROCESS Procedure for SPSS v3.4 were conducted to assess each component of the proposed mediation model by using the bootstrapping method with bias-correlated confidence estimates. First, it was found that the direct effect of EC was positively associated with FP ($T_{(348)} = 22.584$, $\beta = 0.982$, $p < 0.05$). It was also found that EC was positively related to GB ($T_{(348)} = 17.738$, $\beta = 1.515$, $p < 0.05$). Lastly, results indicated that the mediator GB was positively associated with FP ($T_{(348)} = 15.2311$, $\beta = 1.1702$, $p < 0.05$). In this research, the 95-confidence interval of the indirect effects was obtained with 5000 bootstraps resamples. The indirect effect of the mediation analysis confirmed the mediating role of GB in the relationship between EC and FP because zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI=0.0721, ULCI= 0.1239), so the author infers that the effect of GB between EC and FP is significantly different from zero. This means that the direct effect of EC on FP became significant when controlling through GB, thus suggesting a partial mediation. Therefore, hypothesis H₃ was accepted.

Table 13 Mediation analysis of GB between EC and FP

Model Summary						
R	R²	MSE	F-value	df₁	df₂	p-value
0.848	0.719	27.4309	508.4570	2	353	0.000
Model Coefficient						
	β coefficient	SE	T-value	p-value	LLCI	ULCI
Constant	29.9532	2.1770	13.7587	0.000	25.6733	34.2332
SC	0.1143	0.0148	7.7434	0.000	0.0853	0.1433
ED	1.1702	0.0768	15.2311	0.000	1.0192	1.3213
Indirect Effect						
	Effect	SE	LLCI	ULCI		
ED	0.0965	0.0132	0.0721	0.1239		

The relationship between globalization and firm performance

Hypothesis H4 posits that GB positively influence FP. As shown in Table 14 the linear regression demonstrated that the path estimates between GB and FP was significant ($F_{(1,348)} = 281.525$, $p < 0.05$, $R^2 = 0.551$). Also, the model coefficient shows that GB were positive and statistically significant to FP ($T_{(348)} = 16.779$, $\beta = 0.448$, $p < 0.05$). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis has been rejected. If zero falls outside of the interval, then the hypothesis has been accepted. In Table 14 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 0.395, ULCI= 0.501), so the author infers that the effect of GB on FP is significantly different from zero.

Therefore, hypothesis H4 was accepted.

Table 14 Regression analysis of GB on FP

Model Summary								
Model	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.743 ^a	.553	.551	.553	281.525	1	348	.000
a. Predictors: (Constant), GB								
ANOVA ^a								
Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	3673.972	1	3673.972	281.525	.000 ^b		
	Residual	2975.459	228	13.050				
	Total	6649.430	229					
a. Dependent Variable: FP								
b. Predictors: (Constant), GB								
Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	14.162	1.001		14.142	.000	12.189	16.136
	GB	.448	.027	.743	16.779	.000	.395	.501
a. Dependent Variable: FP								

CHAPTER V

DISCUSSION AND CONCLUSION

Discussion

Globalization and scope of e-commerce use was supported, as firm performance was a significant predictor of scope of use. This is consistent with the view that global firms face increased pressure to use e-commerce as a response to international competition and the operational need to coordinate more effectively across national borders. Looking specifically at the types of activities that global firms conducted on the Internet, we found that the difference between high global and low global firms was explained by a particular set of activities that high global firms were more likely to carry out online. Global firms were significantly more likely to use the Internet for exchanging information with customers and suppliers, integrating business processes, and after sales service and support, but not for sales, procurement, and marketing. This might be explained by the fact that business processes of global companies are more difficult to integrate, and they must coordinate with more business partners over greater distances. Thus, global firms can reap greater benefits from using the Internet as a tool for integration and coordination. Sales and marketing, on the other hand, are more local in nature, so potential benefits are similar for both global and local firms. It is somewhat surprising that there is no difference in online procurement, as one might expect that global firms are buying from a more geographically dispersed set of suppliers and could achieve greater impacts in terms of reducing procurement costs by utilizing the Internet. One explanation might be that global firms are more likely to be already using EDI. If this is the case, they may be using the Internet in the search and negotiation process, but using EDI for the actual transaction.

Globalization and type of e-commerce use were confirmed as well. This supports the argument that upstream activities, which involve B2B relationships, are more global in nature, while downstream activities that involve consumer interactions are more local or multidomestic (Porter, 1986). B2B e-commerce can be applied in a standardized way on a global basis and thus benefits from economies of scale, while B2C e-commerce requires significant adaptation for each local environment and therefore might not result in economies of scale. Instead, local firms may have inherent advantages over global firms in doing business online with consumers. These could include better knowledge of consumer preferences, established brand names,

and effective distribution channels that can be used to support a “click and mortar” strategy for e-commerce. These findings are partially explained by industry effects; namely, the highly global firms tend to be concentrated in the manufacturing industry and engage in more B2B e-commerce in general than low global firms, which are dominated by finance and do more business with consumers. However, globalization did have significant effects on B2B and B2C use, over and above the evident industry effects. Globalization also had effects on e-commerce use that were independent of firm size and country. These findings suggest that globalization is more than a proxy for industry or firm size, and that it transcends individual country effects.

One explanation might be that highly global firms (over half of which were foreign headquartered) provide fewer services overall to consumers, and that they are more likely to outsource the services they do provide in other countries rather than performing them directly. Global firms may see less payoff or competitive advantage in providing online services to consumers. Knowledge of B2C is less transferable from country to country, and it is expensive to get local knowledge. Global firms may be deterred from providing B2C e-commerce services by challenges due to national differences in language, culture, and regulations, which may be especially important in the often highly regulated financial sector. If this is the case, the difference is simply explained by the fact that local firms are more service oriented, not that they have a higher proclivity for providing those services online.

On the other hand, it could be that for any given level of consumer services, local firms are more likely to provide them online. The reasons could have to do with better ties to local supply chain partners. Two examples are product availability information and order tracking, both of which are common services offered on B2C web sites. Providing these services online requires integration with warehouses, distribution centers, and shipping companies to track inventory and shipment information. This may be easier for local firms that have well-established relationships with local partners.

Hypotheses regarding globalization and firm performance were also supported. The findings show that global firms enjoyed greater positive impacts on firm performance, in terms of efficiency, coordination, and market impacts. This effect is, however, mediated by scope of e-commerce use. The fact that e-commerce use is a mediator

means that globalization also has an indirect effect on performance. Globalization leads to higher levels of e-commerce use, which in turn has positive impacts on performance. Comparing high and low global firms, Figure 4 shows that highly global firms were more likely to experience improvements on every item surveyed than low global firms. Differences were significant for all types of performance, but were most pronounced regarding increased international sales, improved coordination with suppliers, and decreased procurement and inventory costs. Globalization thus appears to lead to performance improvements, particularly in terms of increased coordination.

There are two likely explanations for these differences. First, global firms may have greater opportunities for performance improvement. This may be because they are more inefficient and ineffective in each area and have more room for improvement. On the other hand, their scale and scope may give them more opportunities to realize benefits from using the Internet than local firms with more limited scale and scope (Porter, 1986). A second explanation, posited earlier, is that global firms have access to a larger reservoir of resources and capabilities to draw on when implementing IT innovations such as the Internet, and thus have an advantage in effectively deploying the technology and in making needed process changes to reap the benefits from use (Bartlett & Ghoshal, 1998). Both of these possible explanations warrant systematic examination in future studies, but were beyond the scope of this research.

Hypothesis regarding e-commerce scope and firm performance was supported as well, with important qualifications. E-commerce scope of use was positively associated with improved performance. This shows that more broad-based use of e-commerce (i.e., use of the Internet for a wider range of activities) results in greater performance gains. However, the separate analysis of B2B and B2C e-commerce reveals that the two different types of use were linked to different performance dimensions. Both B2B and B2C use drove market- and efficiency-related performance improvements, but B2B use led to greater coordination as well, while B2C use did not. Overall, B2B use appeared to have more fundamental impacts on firm performance, as it led to a broader range of improvements (market position, coordination, and efficiency). The impacts

of B2C use were more limited to market position and efficiency, although it did have a stronger association with market-related impacts than did B2B use.

Overall, our research findings are in line with theory suggesting that B2B e-commerce should lead to greater impacts on upstream activities such as coordination with suppliers and business partners, while B2C e-commerce should lead to greater downstream impacts on sales and market position (Mahmood & Soon, 1991; Porter, 1985,1986; Tallon et al., 2000). In light of this prior theory, it is not surprising that B2C e-commerce would not have major impacts on coordination with suppliers and customers, as sales to consumers do not require coordinating activities in the same way as do supply-chain activities with business partners, which are facilitated by B2B e-commerce. Although B2B requires upstream coordination between firms and integration of their information systems and processes, B2C involves the downstream relationship between the firm and the consumer. Thus, it makes sense that B2B would have an impact on the upstream dimension of coordination (including decreased procurement and inventory costs and improved coordination with suppliers), but that B2C would not, as it has greater impacts on downstream activities such as sales and market position. However, the findings also suggest that these distinctions are not so neat, as both types of e-commerce use also yield impacts beyond each of these dimensions. The fact that B2C e-commerce was associated with efficiency gains supports arguments that providing services online can lead to major cost savings: for instance, by eliminating the need for customer service and technical support staff (Kraemer et al., 2000; Kraemer & Dedrick, 2002). Online banking is supposed to reduce the need for customers to visit branches or use call centers, while online retailing likewise reduces the need for in-store or call center staff. Overall, the greatest impact from e-commerce use was improved sales and competitive position, which resulted from use of both B2B and B2C.

Conclusion

This research shows that the relationship between globalization and e-commerce is complex and varied. Among firms that use the Internet to conduct business, global firms use the technology more intensively, engaging in a wider variety of e-commerce activities than less global firms. However, when e-commerce is broken down in terms of the type of business relationship involved, we find a very different

picture for B2B and B2C ecommerce, with global firms more likely to engage in the former and local firms in the latter. The findings provide empirical support for Porter's (1986) thesis that upstream activities, which involve B2B transactions, are more global in nature, while downstream activities involving B2C interactions are more local, or multidomestic. The empirical findings reinforce qualitative research on ecommerce that suggests that global convergence is occurring in B2B through the coordination and integration of business processes and operations, but that B2C remains more of a local phenomenon due to divergence in consumer preferences and habits (Gibbs et al., 2003). This research represents the first effort to test the effects of globalization on e-commerce empirically, through a large-scale study across ten countries and three industries.

Although globalization has a negative effect on B2C, firms derive most of their performance benefits from B2B rather than B2C, so the net effect of globalization seems to be a positive one on firm performance. Local firms do appear to be benefiting from ecommerce though, especially B2C services, which drive increased sales. Global firms get more performance improvements from e-commerce than local firms, as they tend to adopt B2B, which has greater impacts across a broader range (efficiency, coordination, and commerce) than B2C, which is a driver only of increased sales and efficiency. Global firms also get more direct impacts from ecommerce, presumably as they have greater resources and scope to use it better.

Overall, the findings support the notion that e-commerce is reinforcing rather than transforming existing commerce patterns. Our major finding is that B2B e-commerce sales and services tend to be global, while B2C tends to be local or multidomestic, which matches the pattern hypothesized for upstream and downstream business activities (Porter, 1986); namely, global firms (particularly manufacturing firms) are more likely to do business with other businesses, while local firms (especially finance and distribution) are more likely to provide sales and services to consumers.

Managerial Implications

The finding that global firms are the ones primarily engaging in B2B – which constitutes the majority of all e-commerce – implies that e-commerce will reinforce existing international competitive advantages rather than leveling the playing field and

enabling local firms to compete with global firms in international markets. Doing business across national borders involves more than simply setting up a web site and offering products or services to the world. The virtual world of commerce must be supported with physical, financial and information processes that global firms are more likely to already have in place, and which local firms cannot duplicate easily or cheaply. This challenge claims by Cavusgil and many in the popular press, e.g., “ecommerce is a great equalizer! It creates a level playing field between small and large firms, experienced and inexperienced, and domestic and foreign” (Cavusgil, 2002, p. 24).

On the other hand, these inequalities do not preclude local firms from participating in ecommerce. In fact, as Porter and others suggest, local firms may have valuable resources that put them at a competitive advantage in their home markets. These include local knowledge, strong brand names, distribution channels and service infrastructure. These resources can be an advantage in B2C e-commerce and are not easy for global firms to replicate in each national market around the world. This implies that less global firms can look for opportunities in local markets rather than trying to use the Internet to reach farflung international markets. If these firms do want to expand into global markets, they are more likely to do so by adopting B2B ecommerce to break into the global production networks for multinational corporations than by trying to sell directly to foreign consumers.

The Internet is still relatively new as a medium for conducting business, having been opened to commercial use less than ten years ago, and its ultimate impacts are still to be seen. In time, it may have a transformative effect on many industries, just as earlier innovations such as railroads, electricity, the telephone, and computers have done. For now, however, the changes are more supportive than disruptive of existing industry structures and competitive environments.

Limitations

Despite the large scale of our study, it is limited in several ways. First, the results are based on a cross-sectional survey conducted at one point in time. As such, they cannot establish causality. We rely on the logical argument that the process of firm globalization has been occurring longer than Internet-based e-commerce has been

in existence, so it precedes it chronologically. However, we would argue that over time, greater e-commerce use in turn leads to greater firm globalization. Second, due to the methodology used, the models in our study explain a low amount of variance. We chose to focus on the effect of firm globalization on e-commerce use and impacts, rather than being explicitly interested in a range of factors explaining different types of impacts. Given the robustness of our estimates, the results indicate that globalization does have an effect on e-commerce use. It also has an impact on performance, both independently and through the mediating influence of scope of e-commerce use. Third, our study used subjective measures of firm performance. Although this was a necessity given the scale and multicountry aspect of the study, the results would be stronger if objective performance measures could have been included, especially if both types of measures could have been used in order to examine the correspondence between such measures. Future cross-country research should rely on some external data on firm performance in addition to perceptual data when the latter must be used. It should also include country-level variables such as the evenness of the IT infrastructure across the different countries in which each firm operates, as well as more extensive indicators of firm globalization, such as the number of countries or continents of operation, to better measure global scope. Finally, longitudinal study of these relationships over time will help to better assess causality and investigate reverse effects of the scope of e-commerce use on firm globalization.

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ETHICAL APPROVAL

NEAR EAST UNIVERSITY

SCIENTIFIC RESEARCH ETHICS COMMITTEE

20.03.2023

Dear Joel Tolker

Your application titled **“An Investigation of the Impact of E-Commerce and Globalization on Firm Performance in Liberia”** with the application number NEU/SS/2023/1549 has been evaluated by the Scientific Research Ethics Committee and granted approval. You can start your research on the condition that you will abide by the information provided in your application form.

A handwritten signature in black ink, appearing to read 'A. KIRAZ'.

Prof. Dr. Aşkın KİRAZ

The Coordinator of the Scientific Research Ethics Committee

**APPENDIX
QUESTIONNAIRE**



Near East University

Graduate school of Social Science

Department of International Business

Dear Responder,

This questionnaire aims to complete a study conducted by the researcher under the title, **An Investigation of The Impact of E-Commerce and Globalization on Firm**

Performance in Liberia. Please fill this questionnaire that designed to conduct the study. All data was used for scientific research purposes and was treated with strict confidentiality.

Thank you for your cooperation

Researcher

Please answer the questions by placing a (X) next to the answer that suits you.

1. Gender

Male

Female

2. Age

Less Than 25
35 - 39

From 25 - 29

From 30 - 34

From

From 40 - 44

From 45 - 49

More than 50s

3. Educational level

Diploma and below Undergraduate Postgraduate or above

4. Years of Experience

Less than 1 year From 1 - 4 years From 5 – 9 years From 10 - 14 years

From 15 – 19 years From 20 – 24 years 25 or More years

Please answer the questions by placing an (X) next to the answer you think is appropriate for you.

#	Items	Strongly disagree 1	Disagree 2	Neither agree/ nor disagree 3	Agree 4	Strongly agree 5
	E-Commerce	(Roshanak Saneifard, 2009)				
5.	E-commerce contributes to the betterment of life					
6.	E-commerce would lead to an invasion of personal privacy					
7.	E-commerce would improve my performance in online transactions					
8.	It is safe to use E-commerce to make transactions					
9.	E-commerce is compatible with existing technology					
	Globalization	(Juanita Bacsu, 2007)				

10.	Many people say we are presently experiencing a process of globalization which means that the ECONOMIES of all the countries of the world are becoming more and more linked					
11.	Globalization refers to a process in which ideas, behaviors and beliefs are exchanged and dispersed worldwide through travel, migration and the mass media					
12.	Globalization refers to the increasing irrelevance of the institutions and boundaries of the nation state in an era of economic integration					
13.	Globalization refers to the growing global expansion of political interrelations beyond the borders of the nation					
	Firm Performance	(Alex Mpsa, 2016)				
14.	The business information on SMEs performance is readily available when needed					
15.	The available information is relevant for business performance					
16.	The available information provides changes in the business environment					
17.	The available information inform requirement on business registration					
18.	The necessary information is available on time					
19.	When sales increase my business improved substantially					
20.	When sales increase business profits improve to a great extent.					

21.	When sales increase the business recover all initial costs of investment					
22.	When sales increase the number products to the market improved					
23.	When sales increase my business attract large number of customers					

PLAGIARISM REPORT

AN INVESTIGATION OF THE IMPACT OF E-COMMERCE AND GLOBALIZATION ON FIRM PERFORMANCE IN LIBERIA

by Joel Tolker 20214391

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1	Kenneth L. Kraemer, Jennifer Gibbs, Jason Dedrick. "Impacts of Globalization on E-Commerce Use and Firm Performance: A Cross-Country Investigation", The Information Society, 2005 Publication	8 %
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