

# Utilizing Information in Non-traditional Export Firm Management in Ghana

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*Information is useful for enhancing the success of export firms operating on the advantaged and dis-advantaged end of the global digital divide; in developed and developing economy contexts. As part of a larger e-readiness survey of Ghana's non-traditional export sector, this study aims at identifying the nature of information which players in Ghana's export sector need to enhance export-competitiveness. The study focuses on players in a horticultural export cluster comprising non-traditional export firms, export logistics providers, financial institutions, export associations, government/regulatory agencies and export-related NGOs. Data was collected from 56 players related to the Ghanaian non-traditional export sector. Responses were first analysed across categories and then by categories of respondents' organisations for comparisons. The findings show that the type of information respondents found most essential are those related to market and production. NTE firms regularly receive information on payment, demand trend and orders.*

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## INFORMATION AS A STRATEGIC RESOURCE

Excellent information is also needed for facilities management (firm infrastructure), motivation, monitoring and evaluation of staff performance (human resources management), management of e-business and other information and communication technologies (technology development) and in the purchasing and supply decisions (procurement) of a firm. Additionally, Bhatt and Emdad (2001) hypothesize that in a digital/e-commerce age, a majority of firms are planning to conduct their business electronically; "information" becomes that main medium through which business transactions are exchanged. Bhatt and Emdad (2001) further speculate that in e-commerce, information is not viewed as a by-product of the strategic activities performed around the physical value chain; rather it begins to play a strategic role in itself. This sort of thinking is reflected in the "virtual" (online) value chain (Rayport and Sviokla 1995) proposition that conjectures that the virtual value chain is comprised of "gathering, organising, selecting, synthesising and distributing of information". Other strategic perspectives that lend credence to the importance of information for organisational survival include the concept of the value chain (Porter 1985). The value chain proposes that businesses comprise a series of activities by which value is created. The value chain is an organising tool for firms operating in domestic and international markets and encompasses the following five activities:

- i. Inbound logistics
- ii. Operations
- iii. Outbound logistics
- iv. Marketing and Sales
- v. Service

The value chain also acknowledges the importance of support activities of firm infrastructure, human resources management, technology development and procurement as key support activities in the value-

creation efforts of organisations. In each of the core and support activities captured in the value chain framework, the importance of information is clear. In respect of in-bound logistics, for example, information about the cheapest sources of raw materials is key to lowering of costs in the production of goods and services. Operations are better-facilitated where there is smooth information flow between several firms' actors and departments and this will have an effect on timely distribution (outbound logistics), better segmentation, targeting, positioning and selling activities (marketing and sales) and ultimately, assist in rendering excellent customer care (service) to both internal and external customer audiences.

The survey specifically investigates the following:

- i. What types of information do players in Ghana's export sector need to achieve success in an electronic age?
- ii. What kind of information do players in Ghana's export sector regularly receive from their clients?
- iii. Where do players in Ghana's export sector get their business information from?

This paper sets out to ascertain the information acquisition and use idiosyncrasies amongst selected players in Ghana's export sector; drawing a distinction between online and offline information sources.

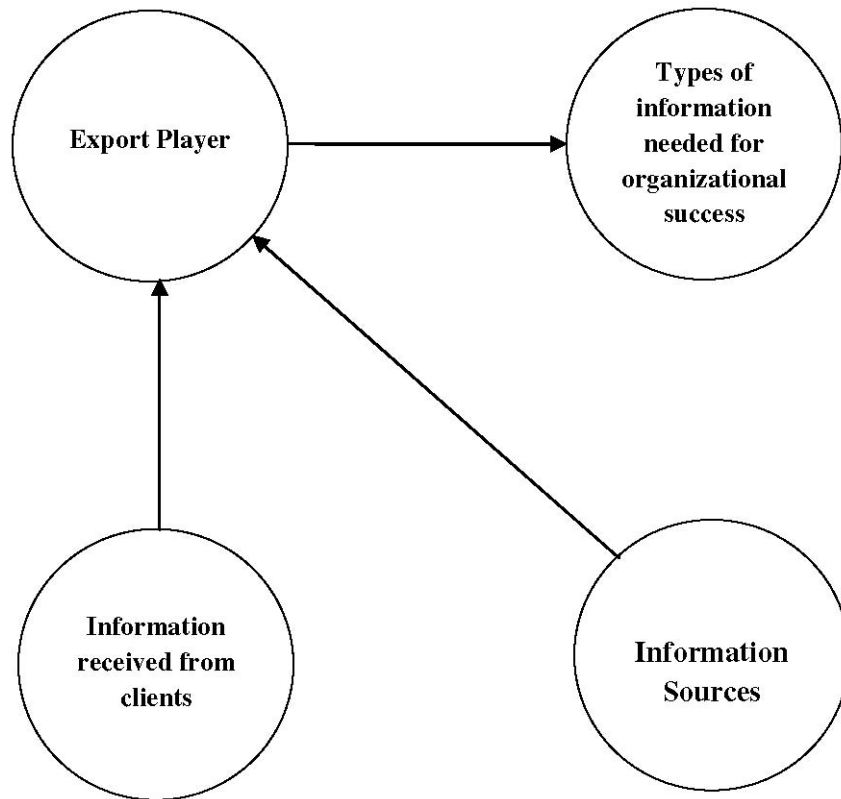
#### **AN OVERVIEW OF GHANA'S EXPORT SECTOR**

The Ghana Export Promotion Council has established a web portal to improve the e-commerce capacity of Ghanaian NTEs. An article on the GEPC web portal ([www.gepcghana.com](http://www.gepcghana.com)) states that "as a response to the emergence of new information and communication technologies and the resultant redefinition of the role of trade information services, the Ghana Export Trade Information Centre (GETIC) was set up in November 2005 to assist exporters make strategic decisions. The services available at GETIC for NTEs include product and market information, an electronic trade library, Internet access, electronic registration of exporters and email broadcast and replies. At GETIC, exporters are registered online and the profiles of exporters who register with GEPC are automatically incorporated in GEPC's electronic directory at [www.gepcghana.com](http://www.gepcghana.com).

#### **INFORMATION AND EXPORTING: A THEORETICAL FRAMEWORK**

Organizational strategy involves selecting the structures and resource allocations to be adopted within chosen domains. Choosing the most appropriate online and offline information sources by players in Ghana's export sector is one of the options available in respect of organisational strategy. Eisenhardt and Schoonhoven (1990) have argued that firm growth analysis must begin with the role of the organisational decision-maker; the desire of top managers to undertake a strategy of growth and their ability to make strategic choices. The conceptual framework presented in Figure 1 is developed from strategic choice thinking underpins the research investigations for this study.

Figure 1: Conceptual Framework



Source: Authors own conceptualisation

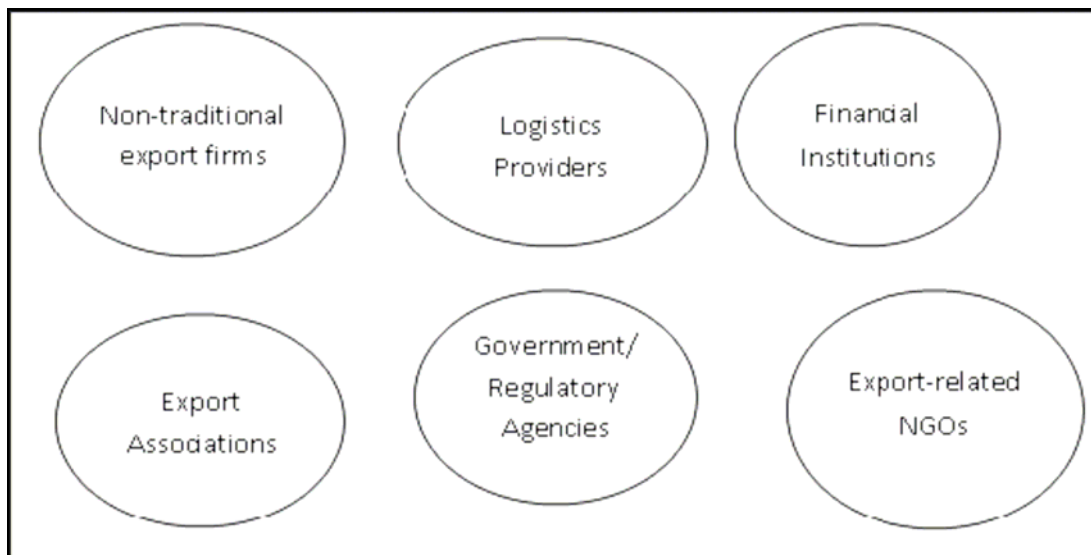
The strategic choice perspective argues that organisational members take actions to adapt to their environment. The perspective focuses attention on individuals and groups within organisations to explain organisational processes (Judge and Zeithaml 1992). There is a pre-supposition that organisational actors possess the discretion to act on their own free will (Hambrick and Finkelstein, 1987). Flowing from the strategic choice thinking, I delineate a strategic cluster (export associations, firms, NGOs, government/regulatory agencies, logistics providers and financial institutions) and try to understand their information use and acquisition idiosyncrasies in their quest to improve their respective organisational fortunes and the competitiveness of the export sector as a whole. Specifically, I delve into information needed for organisational success, information sources and information received from clients. Key linkages between these information pillars will eventually be based on our eventual empirical evidence.

## METHODOLOGY

A quantitative research design is employed to investigate the research issues in this paper. The research was conducted as part of an e-readiness survey of Ghana's non-traditional export by the Federation of Association of Ghanaian Exporters (FAGE) under the auspices of the Trade and Investment Program for a Competitive Export Economy (TIPCEE). As part of improving the innovation climate in Ghana's export sector, TIPCEE seeks, in addition to catching up with current industry practices, to develop a culture of innovation within the horticultural industry cluster. The import of the former is that the introduction of new concepts and technology must be carried out through export industry associations and institutional support agencies. The objective is not only the sustainability of new practices, but in the end

sustainability of the innovation process itself – to recognise market and industry changes and quickly adapt to meet demand in the spirit of building an innovative climate in the export industry cluster. Built on electronic organisational orientation, this e-business readiness survey was launched. This survey was meant to identify gaps in the electronic business orientation of the horticultural export cluster (see export cluster diagram below) and a road map drawn to assist in improving the e-business orientation of players in the cluster.

**Figure 2: Horticultural Export Cluster**



For the purposes of conducting this e-readiness survey, a Canadian e-commerce expert was contracted, who assisted in the formulation of the e-readiness questionnaire. The questionnaire was aimed at key constituents of Ghana's horticultural export cluster. These key constituents were the NTEs themselves, export logistics providers, financial institutions, export associations and export-related NGOs. These six constituents were key to the functioning of horticultural export clusters in Ghana. The e-readiness questionnaire had a section that elicited general background information on the firm answering the questionnaire, the next section focussed on computer technology and use, the third on phone services and use and the fourth on fax usage. The next section focussed on eliciting data on themes ranging from information devices, software usage, internet access and use, email access and use, information networks and information typologies. The data was collected by two main routes. The first route was the invitation of key personnel (informants) from the companies targeted for the research to the conference room of the Federation of Associations of Ghanaian Exporters and then, personal contacts were also made on the company premises of the companies involved in the research.

Responses to items on the instrument were provided by officers in decision making positions in these organisations. 15 respondents in each of the six cluster constituent categories were contacted. We delineated and received varied response degrees from each category. 56 valid responses were received from the initial target of 90 firms representing a response rate of 62%. The authors of this paper have a relationship with FAGE and therefore, were given access to the questionnaires after the data had been received. After the data was received, it was coded, entered and analysed using SPSS 13. The profile of the survey respondents is showcased below. The next section showcases the presentation and discussion of our study findings.

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## PRESENTATION AND DISCUSSION OF FINDINGS

### *Information Types*

Respondents were asked for the type of information they needed to achieve success in their organisations. Responses given concerned information relating to the market, pricing, production/technical/administration, research/best practices, shipping/cargo and government policy. By far, the most needed types of information are those related to the market and production. Apart from respondents from government/regulatory agencies who mostly mentioned production/technical information, 7% of all respondents mentioned the need of market-related information. Industry research/best practices information is mostly needed by those in the financial institutions and export-related NGOs. Those who most need production/technical information include export associations, NTE firms, government/regulatory agencies, financial institutions and logistics providers.

When analysed from a value chain perspective, it would seem that most important bits of information needed for export success by NTEs relate to inbound and outbound logistics (production/technical information) and marketing/sales and customer service (market). In an electronic age therefore, the adoption of an e-business posture could mean that the Internet could deliver specific information benefits for the strengthening of the inbound/outbound logistics and marketing/sales/service functional areas in a Ghanaian non-traditional exporting firm. In respect of inbound/outbound logistics, e-business can deliver the following specific benefits:

- (a) ascertaining international quality standards (e.g. EU fruit/horticultural export standards) so that non-traditional export products (e.g. pineapples and cashew nuts) can be produced and prepared to meet the standards required in the markets they are being exported to.
- (b) the comparison of prices from potential suppliers of raw material for the export operations irrespective of the geographical location of these potential suppliers.
- (c) e-mail can facilitate the receipt of export orders and serve as a channel of providing continuous information to prospective clients about the state of their export orders.
- (d) e-mail also facilitates the quick outsourcing of business to other local NTEs in cases where export orders received by a particular NTE, are too large to be filled by that particular NTE. E-business could, therefore, eventually facilitate the formation of clusters of NTEs that produce similar products and take on larger orders as an export firm cluster than they could as individual NTEs.

In respect of sales/marketing/service provision in an NTE seeking export success, an electronic posture could yield the following specific benefits:

- (a) The crafting and deployment of a website that announces the company to an international market and acts as a customer prospecting tool and also signals to all stakeholders in the NTEs business network, that it is a serious international company. Swash (1998) notes that “on the Internet, it is possible not only for the large multi-national companies to have a web presence, but for much smaller companies too”. A website that is dynamic could also mean that prospective clients could leave export requests on the website; have access to an FAQ (Frequently Asked Questions) portion of the website, where preliminary enquiries about the NTE and its products have been pre-answered; and can therefore be easily accessed. A website could also mean that the corporate e-mail address of the NTE can be configured to receive regular market updates from international/local organizations like the International Trade Centre, the Federation of Association of Ghanaian Exporters, Federation of International Trade Associations (FITA) and Export Ghana; the web portal of the Ghana Export Promotion Council. Under the trade news from GEPC section of the Ghana Export Promotion Council website ([www.gepcghana.com](http://www.gepcghana.com)) for example, there is a listed article on the list of trade fairs for 2008. This type of information could be invaluable for the sales and marketing function of a Ghanaian/developing economy NTE. FITA also passes along regular market related information as

evidenced by the 26<sup>th</sup> September, 2007 edition of their bi-weekly newsletter service which had articles spanning a feature on Morocco as a gateway for trade to Europe, Africa, and the Middle East, and a guide to doing business internationally ([www.fita.org](http://www.fita.org)).

- (b) An electronic posture could also mean that the Internet can be utilised as a potent research tool and for gathering competitor intelligence of both local and international NTEs. Market demand is ultimately influenced by the number of actors in any given international market and the respective market shares controlled by each of these market actors. Knowledge of competitor activity, changing market demand patterns (e.g. the new demand for European market for MD II pineapples) and research for enhancing sales and marketing activity could all be the result of having an e-business orientation in the way Ghanaian NTEs acquire, process and use information.

The most common kind of information regularly received by respondents from their clients is information on demand trends (54%). This is followed by payment information (48%), order forms (33%) and others concerning quality, customer service, technical information and information on prices. NTE firms regularly receive information on payment, demand trend and orders. Non-traditional export firms tend to be small and therefore, issues of pricing and timely payment are key to the continued existence. It is important to note that they receive information on issues related to payment more than demand for products or the placement of firm orders. The pre-ponderance of payment information may be explained partly by the fact that the conduct of full blown e-commerce activity for a majority of Ghanaian businesses still remains a mirage because a majority of Ghanaian companies can still not receive and make payments for goods and services online. The Bank of Ghana (Ghana's central bank) proposes to introduce the e-zwich ([www.e-zwich.com](http://www.e-zwich.com)) by middle 2008. The e-zwich is the first attempt at improving the e-commerce propensities of players in Ghana's financial sector and the Ghanaian business community at large. The e-zwich is a common platform (national switch) that links the payment system of all banks, savings and loan companies and rural banks in Ghana. It enables loading and spending of e-cash and also allows the settlement of inter-bank claims in addition to online transactions. Payment for exports purchased from NTEs therefore may have to be consummated in a combination of online and brick-and-mortar formats and this may account for the high preponderance of information related to payments. Government/regulatory agencies regularly receive information on quality, technical data and prices while export associations receive information on demand trends. This information is transmitted by clients through a combination of online and offline modes. Majority (82%) stated the use of e-mails. Offline methods used include phone (63%), fax (35%), mail (31%) and personal delivery (39%).

Sources of information on current market and sales conditions for respondents include the Internet, clients, journals/magazines/newspapers and other industry publications, personal contacts, surveys and other electronic media sources. 34% of NTE firms obtain this information from clients, 34% from the Internet and 30% from shipping companies. Majority of exports logistics organisations mentioned the Internet, journals and market research as their sources. The Internet and trade journals were the major sources mentioned by respondents in government/regulatory agencies. Respondents from export associations mentioned the association, client feedbacks, Internet and news magazines as their sources. For those in export-related NGOs, the Internet and news publications are their main sources. Finally, respondents from financial institutions source current market and sales information from the Internet, journals, surveys, clients and newspapers.

#### **IMPLICATIONS OF FINDINGS FOR PRACTICE**

Export associations should begin to develop export clusters that are powered by superior information management capacities; driven by e-business. Export associations should also create the relevant e-business training regimes so that Ghanaian NTEs, particularly the horticultural sub-sector human resource, can be up-skilled. The Ghana Export Promotion Council, for instance, has with the help of the Commonwealth Secretariat, hired experts who are scheduled to "review GEPC's export training school

and make recommendations on how it's capacity can be enhanced to meet the demands of the current export environment" ([www.gepcghana.com](http://www.gepcghana.com)). Any e-commerce/e-business training regime should definitely include the management of electronic resources for export advantage.

At the horticultural firm level of the NTE sector, key capabilities would have to be built up through the exercise of strategic choices aimed at:

- i. Moving beyond the e-mail stage of e-business endeavour
- ii. Reconstituting their strategic imperatives by matching the export information needs with the most cost-effective electronic modes of information acquisition.
- iii. Developing better partnerships with counterparts in their value chain network to better understand their information needs and preferences and designing export information strategies aimed at better leveraging these relationships.

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#### **Webography**

[www.gepcghana.com](http://www.gepcghana.com)  
[www.fita.org](http://www.fita.org)

