

**FACTORS AFFECTING THE ADOPTION OF E-MARKETING AMONG SMEs;  
CASE STUDY OF SELECTED SMEs IN THE KUMASI METROPOLIS,**

**ASHANTI REGION**

**By**

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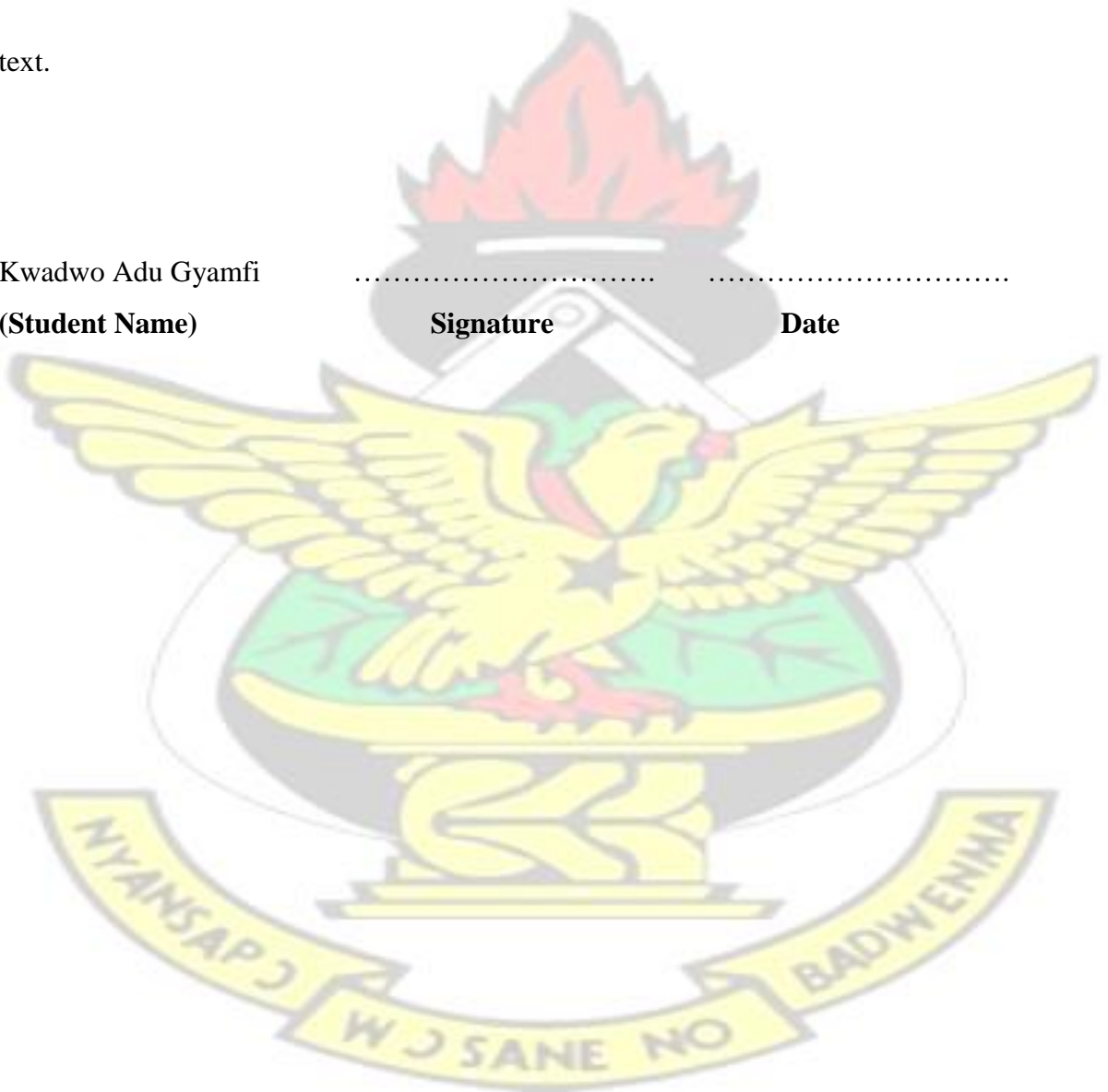
## DECLARATION

I hereby declare that this submission is my own work towards the Masters of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University except where due acknowledgement has been made in the text.

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## DEDICATION

To the pillar of my life, My Mother,

Mrs. Vesta Adu Gyamfi

# KNUST



## ACKNOWLEDGEMENT

I am exceedingly grateful to the almighty God by whose grace I have been able to complete this project. I wish to express my indebtedness to Dr. Bylon who painstakingly supervised this thesis and offered very useful criticisms and suggestions to make this study a success. Many thanks also go to the management and owners of the enterprises who assisted in gathering the needed information to accomplish this study.





## ABSTRACT

Over the years, the internet has steadily become an extremely relevant marketing tool for businesses around the globe including SMEs. Recent surveys have focused on the adoption of E-Marketing in both developed and developing countries. This study was conducted to investigate the factors that affect the adoption of E-marketing among small and medium enterprises. Its main objectives were to identify the various factors affecting the decision by SMEs owners and managers to adopt the technology or not. In addition, to ascertain the level to which each factor influences their decisions to adopt the technology. Lastly, the study aimed to find out the extent to which SMEs have adopted e-marketing in their operations. Quantitative approach was used to determine the magnitude of each factor in influencing adoption of E-Marketing among SMEs. A qualitative approach was useful to provide the researcher with perspective. The findings of this study do provide a basic support for the inadequate activity of SMEs with concern to E-Marketing. The study can therefore conclude that the main factors inhibiting the adoption of electronic marketing among SMEs in Kumasi are: technological incompatibility with target markets; lack of knowledge; stakeholder's unreadiness; technology disorientation as well as perception. These findings of the study indeed concur with various studies that argue that the non-adoption of e-marketing is multi-dimensional in its causality and it's largely dependent on the business sector under investigation.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

The definition for SMEs varies depending on the country even though attempts have been made to fashion out a universally acceptable one. For instance, an enterprise with an employee headcount of less than 250 and a turnover (in Euro terms) of about €50m is considered medium sized, and a headcount of less than 50 with a turnover of €10m or less is considered small scale. While an enterprise with less than 10 employees and a turnover of €2m is considered a micro enterprise by the European commission (2003). In Ghana however, the definition of SMEs borders on the number of employees the enterprise has. The application of this definition raises controversy due to the various precincts and limitations used by different official records of the country

(Dalitso&Quartey, 2000).

Small businesses are defined by the Ghana Statistical Service (GSS) as an enterprise employing 10 persons or less. Those that employ 10 people or more are classified as Medium and Large enterprises. Alternately, the National Board for Small Scale

Industries (NBSSI) in Ghana utilized both the „fixed asset base and the number of workers employed“ criteria to define SMEs. According to the NBSSI, enterprises less than 10 workers, has plant and machinery (excluding land, buildings and vehicles) and not exceeding 10 million Cedis (US\$ 9506, using 1994 exchange rate) are considered as

Small Scale Enterprises (Nkuah, Tanyeh&Gaeten, 2013).



The operational definition adopted for this study is the one offered by the Ghana statistical service. Hence, SMEs are enterprises that employ 10 people or more. The choice of this definition reflects accurately what the researcher as being the situation in Ghana has observed and allows for a wider inclusion of many enterprises in the study. In addition, Most of the SMEs in the study area do not register their businesses and do not keep proper records hence factors such as investment level; sales turnover and gross assets are not used.

## **E-MARKETING**

Like the name suggest, E-Marketing refers to the use of the Internet and digital media capabilities to facilitate the marketing of products or services. These now ubiquitous digital technologies are a valuable addition to traditional marketing approaches not considering the size and nature of the business. E-Marketing is also referred to as online marketing or web-marketing Internet marketing (I-Marketing) (introduction to EMarketing, 2010).

E-Marketing is similar to the traditional ways of marketing but entirely electronic, it involves the building of a strategy that enables a business to create awareness for its products and services and channel its communication almost instantaneously to the right audience. It consists of all activities and processes with the aim of finding, winning, attracting and retaining customers. What has changed is its wider scope and options as compared to the usual marketing methods.

## **OVERVIEW OF SMEs AND E-MARKETING.**

For developing countries like Ghana, the development of small and medium scale enterprises (SMEs) is vital to the growth of the national economy. For this reason, the government invests many resources in an effort to promote the sector for national economic growth. SMEs are considered to be a major employment source for the nation and contribute significantly to the country's productivity and job creation and the overall national domestic product. Despite all these potentials, the SME sector has failed to fully incorporate electronic marketing into its mainstream operational setup.

In recent years, ever-increasing number of businesses have been taking advantage of the Internet and other electronic media in conducting their marketing activities, giving the chance for Electronic Marketing (as a new marketing phenomenon and philosophy) to grow in a very dramatic and dynamic way (El-Gohary, 2010).

The conduct of this study is therefore to understand the various factors affecting the adoption of E-Marketing among small and medium scale enterprises in the developing context of Ghana.

### **1.2 Problem Statement**

According to a report by the Services Portal of the Government of Ghana, data on small and medium scale enterprises is not available but statistical data from the Registrar's General Department indicates that an enormous 92% of all registered companies in the country are SMEs. Villars, (2004) and Hayford (2012) support this. They state that, SMEs add 70% to the country's Gross Domestic Product (GDP) and account for 92% of

businesses in the private sector of Ghana. In addition, statistics from the NBSSI corroborates this in their 2012 report when they stated that SMEs constitute about 90% of the private sector's contribution to the GDP of Ghana.

As an enormous element in the economic structure of the nation, the domestic market has been the main outlet for SMEs in the country. The adoption of E-Marketing offers

SMEs a great opportunity to expand their access on a global scale. Its application in the SME sector would benefit enterprises in the way they communicate, and how they achieve their marketing objectives thus improving efficiency of operations. Researches on several developing countries like Ghana indicate SMEs are slow to adopting internet marketing compared to their larger competitors (Eshun & Taylor 2009). SME owners and managers may sometimes adopt E-Marketing in an ad hoc fashion in an attempt to defend their autonomy in the business (Gilmore, Gallagher & Henry, 2007). Unfortunately, this reflects the current situation in Ghana even though most SME owners understand the benefits E-Marketing in improving business practices. The owners of some SMEs have been relying on traditional means of marketing to achieve growth and a competitive edge mainly due to the lack of knowledge, limited funds, lack of skilled staff, and perceived lack of applicability to the business that SME is engaged in (Acquah, 2012).

The introduction of E-Marketing into the mainstream operations of SMEs can offer unique opportunities to overcome specific challenges. However, information on EMarketing adoption among Ghanaian SMEs is scarce thus; the fundamental problem motivating this study is the need to understand the factors affecting the adoption of E-

Marketing among SMEs in Ghana.

### **1.3 Research Objectives**

In a field with insufficient data, this study contributes to the already existing but limited knowledge in the area of SMEs and E-Marketing. The general objective of this study is to ascertain the various factors affecting the adoption of E-Marketing among small and medium scale enterprises. Consequently, the specific objectives of this research are

1. To identify the extent to which E-Marketing has been adopted by SMEs.
2. To identify the various factors affecting the adoption of E-Marketing among SMEs.
3. To ascertain the extent to which each factor affects E-Marketing adoption.

### **1.4 Research Questions**

With reference to the research objectives stated above, the study intends to find answers to the following questions:

1. To what extent has SMEs adopted E-Marketing into their marketing activities so far?
2. What are the various factors affecting the adoption of E-Marketing among SMEs?
3. Which factor has the most influence on E-Marketing adoption decision?

### **1.5 Scope of Study**

The study involves hundred randomly selected SMEs in the Kumasi metropolis, Ashanti region Ghana. The area was selected due to proximity to the researcher and for



convenience. The SMEs chosen were those that comply with the Ghana Statistical Services' classification of SMEs. The population comprises of owners and managers of SMEs. The scope involves SMEs that employs ICT to facilitate buying and selling and exchange of information in a manner that brings value to the organization. Consequently, for the purpose of this study, electronic transactions that happen over the internet including Emails and have a bearing on the operations of the business will be considered as E-marketing.

### **1.6 Research Methodology**

The study was conducted to understand the SME business environment, to put the SMEs in a socio-technical context to understand their nature and characteristics with regards to the adoption and use of ICT technologies. This research takes a quantitative and a qualitative approach in handling the data gathered. Quantitative approach allows the various factors of E-Marketing adoption to be quantified and measured in relation to the strength of their influences. The Qualitative method is to explore and interpret the nature and characteristics of the various influencing factors and their inter-relations. All SMEs operating within the Kumasi metropolis constitutes the population for the study from which a sample size of 100 SMEs was randomly selected to participate in the study. Simple random sampling technique was used to obtain the 100 respondents who were both managers and owners of the SMEs. Primary data was collected through the distribution of questionnaires to the respondents. Secondary data for the study was collected from various sources such as a literature review of previous studies, journals, websites.



### **1.7 Justification of Study**

This study seeks to provide SMEs in developing countries the needed information to enhance their marketing operations through online marketing platforms and expand their markets to transact with customers across all borders; thus, the findings will guide SME owners and management about the underlying factors that prevent incorporating online marketing practices into their business operations. In addition, this study will contribute to the limited body of knowledge that exists on SMEs and E-Marketing adoption.

### **1.8 Organization of Study**

This research has been organized into four chapters. Chapter One contains a brief description of the research through the introduction to the study. It also contains the problem statement, the research objectives, research questions the scope of the study as well as the justification of research. Chapter Two is the literature review which situated the work in the context of other studies already done. The Third Chapter outlines the research methodology adopted for this study. It examines the research method, sources of data, sampling procedure and data collection methods. This is followed by Chapter Four which features the analyses of field data and findings. Chapter Five contains the summary, conclusion and recommendations including areas for further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The previous chapter introduced the research topic, an overview of the subject, and the research questions that this seeks to throw some light on. This chapter concerns a review of related literature on E-marketing and its subsequent adoption among small and medium enterprises in the country. The chapter will begin with past studies in the area of ICT adoption among SMEs as a whole and of its component namely, E-Marketing.

#### **2.2 An Overview of ICT Adoption among SMEs**

Many opportunities lies in the adoption and integration of ICT into the operations of SMEs. With the dynamic nature of the business environment and the constant changes in the needs of SMEs, it has become relevant now more than any other time for small businesses to completely integrate ICT in order to grow and become competitive in the market. The integration of ICT allows small businesses to compete efficiently and successfully locally and internationally. The internet and ICT in general has provided immense benefits to small businesses, as ICT continues to evolve, it has provided numerous research opportunities (Fatima, Norizon2012). The application of ICT not only benefits large and developed companies but also small and medium enterprises in reaching their target and goals (Shemi, 2012)

Although ICT is not new to the business community in Ghana, its use became well known among firms and organizations only about two decades ago. During the introductory stages of ICT in the country, most businesses relied on faxes etc. organizations could only use hard copies of documents, which took relatively long periods to put together and deliver. Because of the worldwide impact of ICT adoption, some SMEs are beginning to realize its importance and have integrated it in their business operations. Nevertheless, some SMEs in Ghana and many other African countries are still hesitant to adopt ICT in their everyday activities.

### **2.3 A Brief History of E-Marketing**

E-Market origins predates the internet. The commencement of internet marketing takes us back to the 1960s, shortly after that, almost all innovative electronic applications was introduced just about the late 70s (Turban, King, Lee, & Viehland, 2004). An additional improvement which was later introduced known as the Electronic Data Interchange (EDI), made it possible for businesses to conduct transactions such as purchase orders and invoices to be transferred between two or more organizations using standard procedures and documents (Papazoglou & Ribbers, 2006).

The internet was started by the US Government in the late 1960s to assist scientific researches and matters of academia (Senn, 2004). A speedy development of the internet and its virtual contents subsequently enabled organizations to distribute and trade data as it was less expensive than the EDI which was previously the preferred medium (Turban et al., 2004). By the start of the millennium, the internet experienced a crisis known popularly as the Dot.com Crash that was characterized by the massive collapse of all internet-based

businesses in the United States (Teo & Ranganathan, 2004). Since that incident, efforts have been made by the US government, business organizations and ICT practitioners to find the best way to eradicate or minimize future system failures and losses. The number of Internet users has risen significantly since its introduction and by this means facilitate the exchange of goods and services between businesses and individual consumers.

Large business organizations especially in developed countries use E-Marketing and reap its benefits whilst the smaller and medium enterprises' adoption has rather been slow particularly of those in the developing country regions (MacGregor & Vrazalic, 2004).

#### **2.4 Benefits of E-Marketing to SMEs**

Due to potential benefits of E-Marketing to small businesses in the country and the national economy as a whole, its adoption by the small and medium businesses has been a source of concern for governments and researchers (OECD, 2004). Some benefits related with the adoption of E-Marketing by organizations and individuals as outlined by Senn (2004, p.387) are the Geographical reach of the technology since there is no barrier for participants as they are able to contact any geographical location on the globe through communication networks. Another benefit is Speed, where the interaction between the participants of E-Marketing happens within a short span of time. Productivity is also another benefit derived from adopting the technology as a result of the high-speed nature of Internet transactions, participants of E-Marketing can also devote their time to other pressing activities because



of the speed and time efficiency of the technology. This allows room to be extra productive and achieve desired outputs. It also contributes to Information sharing which is any digital data in the form of audiovisuals that is easily shared among participants that are connected to the network.

Another benefit for E-Marketing users is the capacity to be innovative with the products and services that they offer online. Another desired benefit associated with the adoption of E-marketing is Lower costs i.e. the nature of the internet allows for less expensive methods as compared to traditional ways of marketing. Because the technology eliminates intermediaries, communication between the producers and customers is relatively at no cost. Adopting E-Marketing strategies can also help a business to develop and sustain a competitive advantage over their competitors in the industry.

According to research, only large corporations in developed countries have actually taken up E-Marketing and realized its benefits (Martinsons, 2008). (Kartiwi & McGregor, 2007) also notes that large business organizations in developed countries find it easier to adopt E-Marketing into their operations because of the wide resources available at their disposal whilst SMEs in the developing regions find it a little harder to adopt E-Marketing because they lack the expertise, the resources and the political and business environment in the countries does not encourage E-Marketing adoption. Even though SMEs may benefit from E-Marketing implementation in several ways, it must be noted that its realization is not easily achieved. Majority of the stated benefits is gained through comparatively meek capital in new technologies. On the other hand, it is vital to note that the benefits stated above are not tied to E-Marketing (Cudjoe Dan, 2014)



## **2.5 SMEs Readiness for E-Marketing**

For small and medium organizations to successfully implement E-Marketing, an SME must have all the necessary infrastructures needed to conveniently adopt and implement a successful E-Marketing. The needed infrastructure is an internet connection or other communication networks like the Ethernet connected to electronic devices as laptop computers, personal computers and smart phones. The important element in all of this is the electricity needed to run these electronic equipments which is constantly available in developed countries but may not be the case with developing countries like Ghana which is at present experiencing the worst power crisis in the history of the country.

Several responses from researchers on the obvious obstacles of E-Marketing adoption indicate that most SMEs fail to reap its benefits because of a lack of awareness of its potential to transform businesses. (Constantinides, 2010) reports that the major barrier preventing the adoption of E-Marketing by SMEs is mainly due to a lack of interest and indifference. Unlike their larger competitors who reap the benefits of E-Marketing adoption, SMEs who do not yet fully understand the benefits and impact of E-Marketing do not also feel comfortable with the investments and cultural change involved (OECD, 2000). Besides the obvious lack of interest on the part of some SMEs in the developing countries, others in the developed countries have been able to adopt E-Marketing successfully. I hope that those in the developing countries like Ghana would eventually comprehend the benefits and impact of adopting E-Marketing in their operations as the internet becomes popular in the 21<sup>st</sup> century.

According to global networked readiness rankings (GITR, 2012), businesses in developing countries like Ghana have a low readiness status for the technology, this might explain why they are not adequately motivated for E-Marketing adoption.

## **2.6 E-Marketing Adoption Factors in SMEs**

The adoption factors for E-Marketing can be considered as those factors that either facilitate or prevent the adoption of E-Marketing. The factors would be looked at in a four dimensional framework. According to Tornatzky and Fleischer, an organization adopts and uses ICT innovation because of three main factors that are the Technological factor, the Organizational factor, and the Environmental factor. However, since individuals or a group of individuals owns most SMEs in developing countries including Ghana, the Individual factor has been included. The factors for that reason are based on the organizational, environmental, technological, and individual dimensions (Shemi, 2012)

### **2.6.1 Individual Factors**

The individual factors include the customers, the staff, management and anyone that conducts business with the organization. These individuals largely influence the adoption of E-Marketing in a firm. The level of education of these individuals and their technological awareness are very vital to the adoption process. Nearly all staff with influence and power to adopt the technology functions at an executive level or form part of a top-level unit that performs certain specific important responsibilities. The owner of the business usually manages most SMEs (Demirbas, Hussain, & Matlay, 2011). The following sub-sections describe owner/manager and other individual aspects affecting E-Marketing adoption.

#### **2.6.1.1 Characteristics of the Owner.**

The characteristics of the owner or a manager of an SME has a significant bearing on the adoption and implementation of ICT and E-Marketing. The owner usually makes all the executive decisions including all the financial decisions that has to do with the firms overall long term strategy, the acquisition of ICT infrastructure, whether the firm must adopt E-Marketing or not, depends on the level to which the owner appreciates ICT and new technological developments. This is usually the trend since the owner is the full driving force behind the organization.

The problem is when the owner or manager is unenthusiastic to recommend EMarketing or any ICT developments for that matter. A more enthusiastic owner develops new objectives for the SME in a way to transform it technologically (Karakaya & Shea, 2008). In the situation where the manager of an SME is not enthusiastic about technological innovations and does not wish to transform the firm, there is stifled growth. Extensive surveys have also further pointed out that the attitudes and perspectives of the manger on ICT use and adoption is significant in the development of the firm's internal ICT competencies (Wilson, Daniel, & Davies 2008).

#### **2.6.1.2 Level of Education**

The level of education of the manager and other key personnel in the firm is a significant factor in establishing and maintaining E-Marketing activities in the firm. According to

literature, the level to which an SME owner or manager is educated is considered to be an important criteria for the successful implementation of E-Marketing

(Sarosa & Zowghi, 2003). SME owners and managers in developing countries experience language barriers and cannot interact in most international languages which consequently prevents them from accessing the global market. The level of education usually considered acceptable is a high school certification even though a business certificate could go a long way (Shemi, 2012).

### **2.6.1.3 Level of ICT and E-Marketing Knowledge**

Another factor at the individual level is the extent to which the operators of small businesses are knowledgeable about ICT and E-Marketing. Consequently, a successful adoption and implementation of E-Marketing in a firms operations is partly dependent the level of ICT and E-Marketing knowledge of key personnel. A healthy appreciation for E-Marketing by the manager and other key personnel can influence the adoption process in the business. Due to the availability of resources and ease of entry into the business sector, SMEs in developed countries have a better knowledge of ICT than those in developing countries (Eriksson, Hultman&Naldi2008).

In a comparative study of ICT adoption levels in the US and Canada, Karakaya and Shea (2008) discovered that SMEs in the United States make better managerial decisions which they attribute to the adoption of ICT and E-marketing. They further establish that the numerous E-Marketing and ICT initiatives among the US companies are because of a huge appreciation for ICT technologies by both business and customers.

In developing countries like Ghana, a high level of illiteracy is prevalent amongst the SMEs. This makes it very problematic for the managers to appreciate the benefits emarket adoption brings to the firm. In most instances, especially in developing countries like



Ghana, SME owners are generally reluctant to keep themselves informed about ICT developments. Many owners are of the view that ICT and other technological developments are expensive to implement and have not explored other cost effective means of gaining access to international markets (Scupola, 2010).

#### **2.6.1.4 Social and Cultural Influences**

Several studies on the subject have iterated the need to consider the social and cultural influences that affect the E-Marketing decision in the context of a developing country (Avgerou, 2004). They further assert that not enough emphasis is placed on the social and cultural influences when such technologies are imported from developed countries into developing ones where it is expected to be implemented. Usually, these technologies are coded in the language of where it originated with little attention given to the languages of the developing countries. This is a key position advocated by

Avgerou and colleagues.

#### **2.6.2 Organizational Factors**

Organizational factors are unique to the firm itself and constitute the nature and characteristics of the firm. Several factors are cited as either motivating or hindering the adoption and implementation of E-Marketing in a firm.

The following sub-sections consider these factors:



### **2.6.2.1 Security, Trust, and Privacy Concerns**

Among the most critical determinants of E-Marketing adoption for businesses and online consumers are the issues of trust, online security and privacy (Bharat & Abhijit,

2010). According to Choudhury and Choudhury (2010), security is categorized into two: providing security for all transactional data and information of the users and privacy for the private details of the customers. In developing countries, customers have doubts about the security of their data and transactions on internet platforms. Such security concerns have allowed for the partial implementation of E-Marketing a situation where most internet-marketing providers allow electronic mails but not online expenses (Karanasios & Burgess, 2008).

Some researchers have narrowed the security concerns down to „Trust“, which is considered by the researchers as a significant element to be integrated into E-Marketing adoption (Dick, & Miller, 2011). The issue of trust is everyone’s responsibility in this setting and even more so for the internet stores (Kim & Benbasat, 2009).

An issue of privacy concerning business to consumer (B2C) environments is touched on by previous researches. Privacy in this context has to do with the ability of the organizations to protect and control personal information about the customers that transact business on their online platform. The large number of social media platforms has also made the privacy and protection of personal information more significant over the years.

There are no legal remedies provided to address the inevitable situation of a security breach on online platforms. This has been a major setback for most SMEs in developing countries since their governments provide no legal framework to regulate the activities of online marketing. In addition, most SMEs do not have the financial strength to restore and upgrade their systems should there be an attack on their systems.

#### **2.6.2.2 Financial Ability and Cost Implications**

Finance is perhaps the most outstanding issue affecting the decision to adopt EMarketing among the majority of SMEs in a developing country context like Ghana. Finance relates to resources firms can employ in acquiring and implementing technological innovations, consultation fees, the hiring and training of key personnel in the handling of their ICT set-up including the maintenance and servicing of ICT infrastructures and websites (Mutula & Van Brakel, 2007).

#### **2.6.2.3 Size of the Organization**

The size of an organization has been known to influence the decision to adopt EMarketing according to numerous surveys (Bharati & Chaudhury, 2006). Large organizations have been known to possess all the needed resources unlike SMEs who cannot afford the high cost of acquiring and setting up such a system. In the US environment, Bharati and Chaudhury (2006) observed the extent and the nature of ICT adoption among SMEs in the Boston area. They noted that the size of an organization has a significant weight on the kinds of technologies engaged. They further observed that simple technologies such as web and accounting softwares were ubiquitous with most firms unlike technologies like Customer Relationship Management (CRM) and SCM, which is complex, and in minimal use (Karakaya & Shea, 2008).

#### **2.6.2.4 Perceived benefits of ICT**

Another factor cited in literature is the perceived benefits resulting from E-Marketing adoption and use. Most small businesses in developing countries are not aware of existing technologies including E-Marketing and how such technologies can be of use to their organization because of lack of education mostly and also due to the perceived high financial requirements which makes some owners of SMEs simply not interested in its adoption. They often complain that trying to ascertain the benefits of a technology before actually using it makes it hard to adopt it. (Ramsey & McCole, 2009).

#### **2.6.2.5 Organizational Culture**

The culture of an organization has been cited as a key factor affecting the adoption of EMarketing strategies amongst SMEs. IT adoption processes that require some degree of change within an organization may also require changes in the culture. Therefore, the decision to adopt ICT systems such as E-Marketing will require some changes in the business processes as well as the culture of the organization. The impact of organizational culture on E-Marketing has not been explored in-depth.

Hofstede (1984) has done important work in this regard describing how organizational cultures affect ICT adoption in his research. Some dimensions of organizational culture include Power distance, which is the degree to which workers perceive the power in the organization is dispersed disproportionately. Uncertainty avoidance is the level of ambiguity and uncertainty associated with a person role in an organization. There is also individuality versus socialism, which describes the extent to which an individual perceive

himself or herself as an individual rather than team worker. Lastly, there is the relative importance of the here and now versus the future, which Hofstede referred to as

Time orientation.

Ghana as a country can be observed to be having low amount of individuality (Boateng, Molla & Heeks, 2009). Consequently, people prefer to communicate in less formal ways both in social and in business environments.

### **2.6.3 Technological Factors**

The technological factors discussed here are of the ICT itself. They constitute the nature and characteristics of the technology that the firm intends to work with or using. The subsections below takes on these factors:

#### **2.6.3.1 Availability and Slow Speed of Internet**

The level of internet availability in any developing country contributes to a great extent the readiness or delay in E-Marketing adoption. The slow speed of the internet even in the urban areas has only further deterred the adoption of ICT processes by most SMEs. Furthermore, the available internet is slow and does not encourage E-Marketing adoption by SMEs (Mutula & Van Brakel, 2007).



#### **2.6.3.2 Complexity of Technology**

One of the factors that described as essential in the adoption of E-Marketing among SMEs is the complexity of the ICT. Some concerns about how data is managed between the old and the new ICT applications for instance have caused some organizations to be unconvinced about E-Marketing adoption ((Forman, 2005). The manager or owner of an

SME with sufficient knowledge in ICT can proceed to implement E-Marketing transactions and reap its benefits on the other hand a manager with no or little knowledge may hinder any E-Marketing considerations in their organizations.

#### **2.6.3.3 Lack of Payment Facilities**

Facilitating services such as online payment structures are not available in most developing countries contributing to an incomplete E-Marketing system (Mercer, 2005).

#### **2.6.3.4 Lack of Reliable Power Supply**

Most developing countries do not have stable power supply and some are struggling to sustain a stable supply even at their current low levels. This observable fact has consequently affected E-Marketing adoption because there is no electricity to power ICT equipment.

#### **2.6.3.5 Language Barrier**

According to literature, language barrier has been cited as a factor preventing SMEs in developing countries from adopting E-Marketing transactions (Mercer, 2005). He further notes that almost all technologies required to implement ICT systems are developed with

English as the base language for these technologies thus emphasis is never placed on other languages unless they are developed for those specific regions.

#### **2.6.3.6 Lack of Internet Address space**

Chibelushi and Costello (2009) asserts that internet space is fast running out mainly as a result of the ever growing subscribers of mobile phones, the upsurge of internet users around the globe, the increasing use of radio frequency identification (RFID) tags.

#### **2.6.4 Environmental Factors**

An organizations external atmosphere also affects its ability to adopt E-Marketing. The external factors may relate to readiness of markets for E-Marketing, competition, role of government, finding the right partners, internet and telecommunications infrastructure, business industry culture etc.

##### **2.6.4.1 Government Support**

The government can play a role in the development and adoption of E-Marketing by establishing various forms of interventions for SMEs. These interventions can be in the form of facilitating policies for SME activities in the country, providing financial and technological support by establishing and empowering institutions, improving internet structures and enacting favorable laws (Martinsons, 2008). According to literature, governments of developing countries can support e-market and e-business adoption at

advanced levels by being proactive in providing the enabling environment for businesses to use ICT systems effectively. Unfortunately, this is not the case in almost all developing countries as their governments are for the most part concerned with issues of poverty, hunger etc.

#### **2.6.4.2 Business Partner Affiliation**

An additional factor that has an influence on E-Marketing adoption in SMEs is the quality and competences of business partners who may constitute customers and suppliers. Customers are the primary reasons why an SME may want to adopt any form e-business. Finding the right customer base that is e-market ready has been a reason why many organizations do not implement the system because it E-Marketing involves establishing a long-lasting relationship with the customer and this quite expensive to establish. This includes relationships with suppliers as well. (Parker & Castleman, 2009).

#### **2.6.4.3 The Nature and Characteristic of Value Chain**

In the business-to-business (b2b) environment, opportunities for E-Marketing adoption may be possible from the social relationships that exist between organizational buyers and sellers. It can also deter any opportunities for E-Marketing development. Studies from most developing countries indicates that the peculiar nature of certain industries such as the horticultural and garment industries prevent SMEs from adopting ICT systems (Moodley & Morris, 2004). For such industries its closed nature makes it irrelevant to conduct transactions openly on the internet.

#### **2.6.4.4 Economic and Political Instability and Human Rights Issues**

Political instability and a bad economy do not provide the environment needed for the development of internet-based transactions such as E-Marketing. It prevents SMEs from trading between them even on a regional level.

#### **2.6.4.5 Natural Disasters, Earth-quakes&Floods**

E-Marketing adoption can be greatly hindered and drastically slow its growth. For example, recent occurrences of devastating natural disasters in countries such as Japan, Haiti and Brazil, are brutal reminders by nature of the serious forces in the form of natural disasters that may confront SMEs and in most of these cases wipe out entire ICT infrastructures and lives (Shemi, 2012).

#### **2.6.4.6 Business Culture**

One of the factors cited in literature as significant for the adoption and development of E-Marketing among SMEs is the established culture of the organization. Organizational cultures vary from country to country and between different industries (Scupola, 2009).

#### **2.6.4.7 Macro-Economic Policies**

In developing countries, macroeconomic policies are a mechanism for E-Marketing expansion and development (Martinsons, 2008). Molla, Taylor, & Licker (2006) asserts that during the initial stages of e-market development and implementation, public as well



as other external institutions play significant roles to create favorable environments for the adoption and spread of E-Marketing..

#### **2.6.5 The Interaction of Factors and the Extent of E-Marketing Adoption**

While many researchers have looked into the different drivers and barriers to EMarketing adoption and development, very few of these studies have advanced that search into the fundamental nature of the factors affecting the adoption of E-Marketing and how they relate to its adoption by SMEs (Dholakia & Kshetri, 2004). Studies suggest that e-market adoption and its success depends on a clearly set and practical business strategy (Martinsons, 2008). Such business strategies are developed out of a thorough assessment of internal and external factors pertaining to the firms' activities.

#### **2.7 E-Marketing Development in Organizations**

This level takes most SMEs through several evolutionary stages. Most organizations begin by building one-way websites that features listing products and prices and then evolve into a two-way communication websites capable of interacting with customers by making sales transactions and having two-way communications whether sales, email, discussions and automated interactions.

##### **2.7.1 Growth Stages**

The growth stages concept is one outline that helps to understand the factors affecting EMarketing adoption among SMEs. Researchers have pointed out in previous studies that

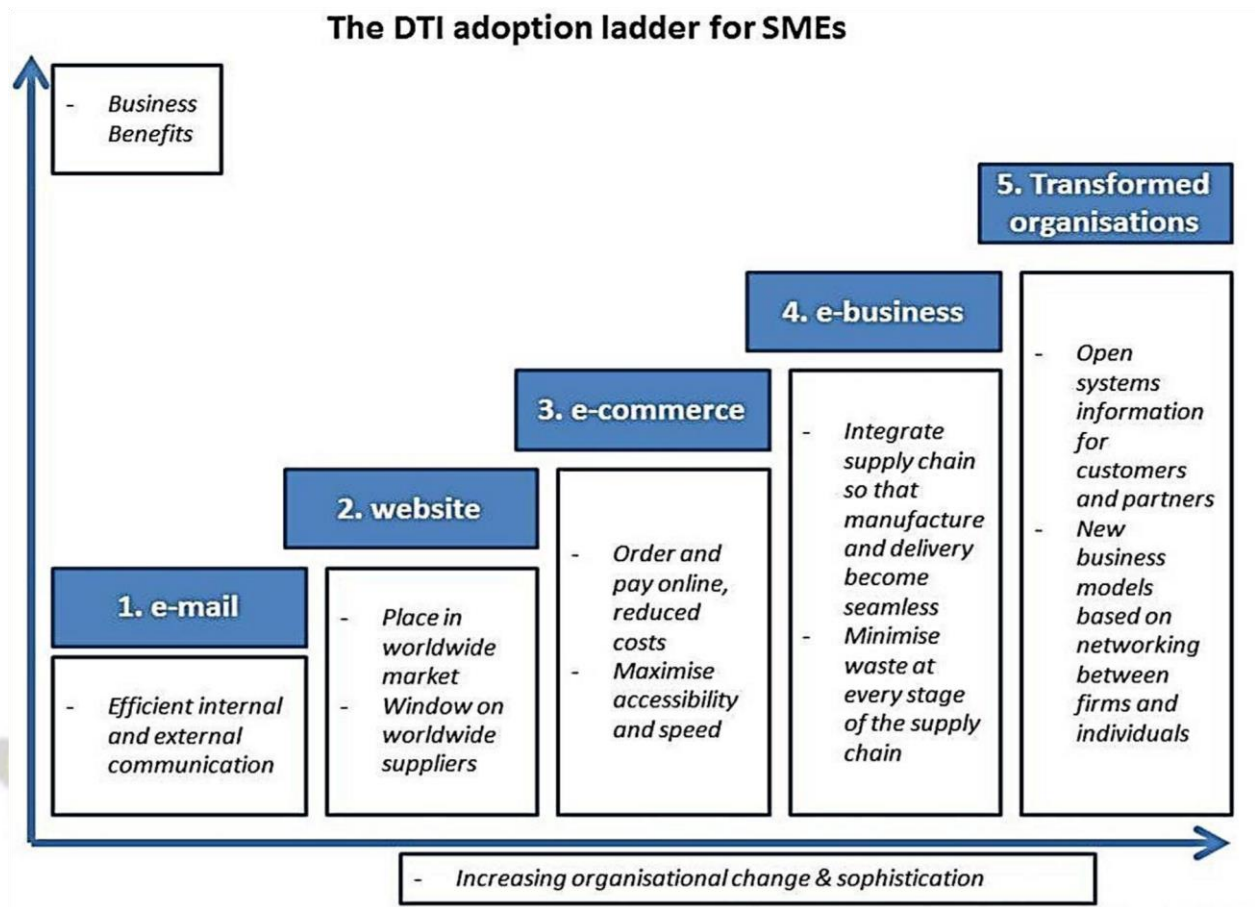
organizations undergo certain growth stages in their adoption of ICT and E-Marketing technology (Taylor & Murphy, 2004). These growth stages have assisted researchers in determining the various factors that have prevented or facilitated the development and adoption of E-Marketing technology among SMEs.

During the 1990s, the British governments' Department of Trade and Industry (DTI) EMarketing adoption ladder was a widely adopted concept (Martin and Matlay, 2001). It demonstrates the various stages SMEs move through in adopting any ICT technology.

The stages are:

1. E-mail
2. A website
3. E-commerce
4. E-business (E-Marketing) and
5. The transformed organization.

The DTI growth stages states that E-Marketing adoption process among SMEs progresses from one stage to a higher level in a chronological and well-planned approach (Martin & Matlay, 2001). However, this growth model has been criticized as being too basic and its linear evolutionary structure fails to address the complex activities of SMEs. It does not identify the non-linear and often complex processes of SMEs. Zappala and Gray (2006) are also of the view that the DTI model lacks strong evidence to suggest that the stages in the model actually do represent evolutionary steps by which SMEs transform themselves into e-businesses.



**Figure 2.1: DTI Adoption ladder UK online (Source: Martin and Matlay, 2001)**

Daniel, Wilson and Myers (2002), in their study on UK SMEs discovered that organizations move through four clusters in the process of adopting E-Marketing. These clusters form a sequence of stages where an SME moves from one adoption cluster to another. The first cluster constitutes innovation where small firms begin to develop emarketing services. The second adoption cluster involves small firms using E-mails to communicate with their customers and suppliers. The third cluster is SMEs using information based website services and the fourth cluster is developing online ordering services (Daniel et al., 2002). Their work has been highly criticized for being too simplistic

and as such has failed to recognize the complex nature of assimilating Emarketing into SMEs (Parker & Castleman, 2009). Furthermore, their work has been cited for not identifying the overlaps in the adoption stages and its inability to explain the underlining causes of rejection or the discontinuity of e-marketing adoption (Parker & Castleman, 2009). The findings and conclusion the work of Daniel et al, (2002) is understandable because at the time ICT adoption among organizations were at low levels and many SMEs were now recognizing the benefits of implementing e-business in general thus it is possible that SMEs exhibited such behavior when it came to ICT adoption.

Lee, Pak and Lee (2004) in their study differentiate between two types of business-tobusiness (B2B) e-marketing adoption. The basic and collaborative B2B E-Marketing. The basic B2B E-Marketing occurs where an organization has set up an electronic network to facilitate the transfer of commercial and other business documents. The collaborative B2B on the other hand describes the B2B networks that have been set up to create new inter-firm operations with partners. The researchers further states that the basic B2B E-Marketing does not yield the much-needed benefits as compared to the collaborative B2B electronic networks. SMEs in developing countries are the main beneficiaries of collaborative B2B networks more so in situations where SMEs usually form collaborative groups to transact business (Donner & Escobari, 2010). Other researchers have placed e-marketing development in organizations into two broad categories; the initial adoption and later institutionalization stages (Mollar and Licker, 2005).



Mollar and Licker (2005), in their study on e-business adoption among SMEs in developing countries asserts that organizations go through a six-staged adoption process in an attempt to develop E-Marketing. The six stages are:

Stage 0: Not connected to the Internet, no e-mail

Stage 1: Connected to the Internet with e-mail but no Web site,

Stage 2: Static Web, that is publishing basic company, information on the Web,

Stage 3: Interactive Web presence that is, accepting queries, e-mail, and form entry from users,

Stage 4: Transactional Web that is, online selling and purchasing of products and services such as customer service,

Stage 5: Integrated Web, that is, a Web site integrated with suppliers, customers, and other back- Office systems allowing most business transactions to be conducted electronically.

Molla and Lickers' six-stage process has also been criticized as Daniel et al condemned for being too one-dimensional and failing to identify the complex nature of integrating an ICT technology into organizations (Parker & Castleman, 2009).

Another adoption model proposed by Rao, Metts and Monge (2003), attempts to show the details of each adoption stage and identify the various facilitators and barriers at each step of adoption. The researchers developed a four-stage process organizations progress through in adopting E-Marketing. The stages are: Presence, Portals,

Transaction Integration, and Enterprise Integration.

The researchers add that there are unique facilitators and challenges peculiar to each adoption stage (Rao et al., 2003). They further state that while the adoption stages are chronological, an organization does not have to finish one stage before moving on to another. The model has provided a useful classification of organizations and introduced certain barriers and facilitators of E-Marketing adoption. The key criticism levied against this model is that it fails to consider the peculiar nature of SMEs environment in developing countries that contribute to failure to adopt E-Marketing. The researchers persuade others to pursue further studies regarding the model to advance it.



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter includes the study area, study population, research design, and sample size, sample frame, sampling techniques, methods of data collection, data handling, and ethical considerations

#### **3.2 Research Paradigm**

Research paradigm refers to the theories or a set of belief systems that guide how we conduct certain activities. It may constitute a range of thought patterns and actions that guides the conduct of a research. Research is governed by particular paradigms such as the phenomenology (qualitative) and positivism (quantitative). Each of these paradigms have their unique approach to the ontological, epistemological and methodological questions in research.

Phenomenology paradigm was first introduced by the philosopher Edmund Husserl and was later developed by Heidegger. In simple terms it refers to the situation where the researcher directly experiences and investigates a phenomenon directly, its primary objective is the direct investigation and description of phenomena as consciously experienced, without theories about their causal explanations or their objective reality (Manen M, 1990). Augustus Comte is credited with the development of the Positivism paradigm. Sometimes known as scientism, is the most widely used among research paradigms. The philosophy of positivism is that, knowledge is credible and trustworthy only if it is attained through pure observation and statistical measurements. In positivism

studies, the role of the researcher is limited to data collection and interpretation through objective approach and the research findings are usually observable and quantifiable (Collins, 2011). According to the principles of positivism, it depends on quantifiable observations that lead themselves to statistical analysis, the researcher is independent from the study and there are no provisions for human interests within the study. Using qualitative and quantitative approaches, the study examined the factors affecting the adoption of E-Marketing among SMEs; case study of selected SMEs in the Kumasi metropolis, Ashanti region. Quantitative approach was used to determine the magnitude of each factor in influencing adoption of E-Marketing among SMEs. A qualitative approach was useful to provide the researcher with perspective

### **3.3 Purpose of the study**

Most research can be placed under three broad groups namely Exploratory, Descriptive and Explanatory. The use of each depends on the end purpose of the researcher and what the research seeks to achieve. The purpose of the research is determined by the objectives in connection with the research problem at hand. Robson (2002) stated that, one means of gaining valuable insight and to find out „what is happening“, is to ask critical questions and assess a phenomena in new light by an exploratory approach. The prominent advantage of this approach is that, it is flexible and adaptable to change. The flexibility offered by the exploratory approach means that research could start expansive and become progressively narrower and more specific as it progresses.



The Descriptive approach is considered by many to be conclusive because of its quantitative nature. With this approach, the research is usually preplanned and structured in a way to collect information that can be statistically inferred on. It seeks to provide an accurate description of a phenomenon by better defining an opinion, attitude, or behavior. Saunders, Lewis and Thornhill (2007) further state that descriptive research can be considered an extension of exploratory research. With this approach, the researcher needs to accurately define the phenomenon under investigation. It also helps the researcher to draw specific conclusions based from the data collected.

Saunders et al (2007) describes explanatory studies as studies that establish a causal relationship between variables. The goal here is to explain the relationship between the variables of the phenomenon under investigation. Research begins as exploratory to find out what is happening and transforms to a descriptive and explanatory depending on the objectives of the study Anderson and Svensson (1999).

Research and information on SMEs adoption of the E-Marketing tends to be limited, thus the researcher is adopting exploratory and descriptive study to gather the relevant information in connection with the set research questions and objectives.

This thesis employs both exploratory and descriptive methods since it seeks to understand what is happening and ask questions about E-marketing and the level of adoption by small and medium enterprises in Ghana. In addition, there has not been enough studies conducted on the subject and so information regarding E-marketing and internet adoption by SMEs is hard to come by as a consequence this studies employs the exploratory and descriptive methods to inquire about what is happening for people to be abreast with the subject.

### **3.4 Sampling procedures**

This section introduces the various sampling techniques employed to accomplish the research. This denotes all the stages and the processes involved in reaching the respondents. According to Twumasi (1986), the first step in the selection of a sample is to consider sampling technique. In sampling design, characteristics of the population to be studied must be clearly indicated.

#### **3.4.1 The population and sample**

All SMEs located in the Kumasi metropolis constitute the target population for the research. The study populations are all the owners and managers of SMEs including all relevant personnel involved in the decision to adopt any ICT technology in the organization. The sample frame consists of SMEs that employ internet in their organizations but not specifically conducting business over the internet. This is based on the assumption that most SMEs in the study area do not have internet installed and the few ones that have do not use it for marketable purposes. The sample size for the study consisted of 100 respondents. This comprised of SMEs in the areas of finance, hardware, retail, manufacturing, clothing, stationery etc. The researcher chose this sample size of 100 to efficiently manage the responses due to time and resource constraints and to ensure a critical analysis of the phenomenon under study.

### **3.4.2 The sampling technique**

Researchers use sampling techniques to select the participants for their sample, these techniques help to minimize cost whilst maximizing generalisability (Babbie, 1990).

Random and Convenience sampling were utilized in this study. Simple random sampling precludes that all members of the study population are either physically present or listed, and the members are selected at random until a previously specified number of members or units has been selected (Henry, 1990). First, random sampling was used to select the SMEs within the Kumasi Metropolis to ensure that all SMEs that have the characteristics being investigated have equal chances of being selected. Convenience sampling includes participants who are readily available and agree to participate in a study (Berinstein, 2003). MacNealy (1999) indicates that convenience sampling is often called accidental. Convenience sampling was used to select respondents consisting of owners and managers or the decision makers of the SMEs. This was to ensure that only respondents with the characteristics that the researcher requires are selected for the study.

### **3.5 Data collection methods**

Primary data are information collected by a researcher specifically for a research assignment. In other words, primary data are information that a company must gather because no one has compiled and published the information in a forum accessible to the public (Berinstein, 2003). Bernstein, 2003, further states that Primary data are original in nature and directly related to the issue or problem and current data. Primary data are the data that the researcher collects through various methods like interviews, surveys, questionnaires etc.

According to Henry (1990), Secondary data are the data collected by a party not related to the research study but collected these data for some other purpose and at different time in the past. If the researcher uses these data then these become secondary data for the current user. These may be available in written, typed or in electronic forms. A variety of secondary information sources is available to the researcher gathering data on an industry. The data needed for this study was collected from several primary and secondary sources namely: document analysis, Literature reviews, website analysis and business environment observations. A self-administered questionnaire was distributed among the respondents. The information from the respondents constitutes the primary data for the study. Their responses were analyzed and became the basis for subsequent discussions. Quantitative data for the study was in the form of numeric responses or figures for issues such as “Number of employees in organization”, how many computers utilized by the organization, etc. a great part of the responses was qualitative in nature that comprised words and groups of words. Semi-structured interviews were used in the situation where respondents needed assistance with the questionnaires or were not specialists in the ICT field.

Secondary data was included in the study to broaden the scope of review and have a wider understanding of the phenomenon. Existing journals, articles, internet, newspapers, published and non-published works of scholars in the area of study formed the main sources of secondary data. Secondary data forms the contents of the literature review which was undertaken to understand the phenomenon from past literature.



### **3.6 Data Analysis**

Analysis of data is a process of editing, cleaning, transforming, and modeling data with the goal of highlighting useful information, suggestion, conclusions, and supporting decision making. (Adèr, 2008). From the self-administered questionnaires distributed to the respondents, both qualitative and quantitative data was gathered. Quantitative data from respondents was edited, coded and processed with Statistical Package for Social Sciences (SPSS). The data was analyzed using descriptive statistics as that allowed the researcher to make relevant interpretations and discussions about the topic under study.

### **3.7 Quality of the research**

Quality control of research is an integral part of all research and takes place at various stages, during data collection, data entry or digitization, and data checking. It is vital to develop suitable procedures before data gathering starts (MacNealy, 1999). According to Henry (1990), during data collection researchers must ensure that the data recorded reflect the facts, responses, observations and events. The quality of data collection methods used strongly influences data quality, and documenting in detail how data are collected provides evidence of such quality. The study on the Factors Affecting The Adoption Of E-Marketing among SMEs was conducted after the successful completion of series of tasks. After reviewing all relevant literature a questionnaire was prepared guided by the research questions to determine the factors affecting the adoption of EMarketing among SMEs. The questionnaire was structured to capture the relevant demographic details of each participating SME, and the perceived benefits of adopting E-Marketing and all potential barriers to its development. The questionnaires were distributed to 100 SMEs in the

Kumasi metropolis. The respondents were the owners and managers of small and medium scale enterprises and other relevant personnel involved in the decision to adopt ICT technology in the organization. Semi-structured interviews were conducted with the managers that are not IT specialists or needed assistance in understanding certain terminologies to make decisions. Quantitative method was used to establish the degree of each factor in influencing adoption of E-

Marketing among SMEs.

### **3.8 Research ethics and limitations**

Ethics should be applied on all stages of research, such as planning, conducting and evaluating a research project. The first thing to do before designing a study is to consider the potential cost and benefits of the research (Babbie, 1990). The primary ethical concern for the researcher was conducting the study without causing any infringements. Because of this, the study was carried out with the informed consent of the various respondents. The respondents were informed of the fact that the study was for academic purposes only and they possessed the right to decline the researchers' permission to interview them. Furthermore, the respondents participated freely whilst assuring them of secrecy and confidentiality on the information provided. In order to avoid plagiarism, all sources of information were appropriately recognized. Another limitation of the study was the researchers' inability to record all interviews thus all quoted interview narratives are paraphrased and may not reflect accurately what the interviewee said.

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## CHAPTER FOUR

### RESULTS, ANALYSIS AND DISCUSSIONS

#### 4.1 Introduction

This chapter of the study comprises the results and discussions of the fieldwork conducted in the study in line with the objectives of the study. As such, the researcher made all the analysis from responses acquired from the questionnaire administered to owners of SMEs in Kumasi. The study made use of Statistical Package for Social Scientist (SPSS) version 17.0 to perform all the analysis and the Microsoft Excel 2010 to generate the charts used in the analysis of the data.

In all, one hundred (100) questionnaires were given out with ninety-six (96) retrieved as valid to be used in the study. This gave a retrieval rate of 96%. The valid questionnaires were used for the analysis.

#### 4.2 How SMEs Defined Internet Marketing

According to the Manager of 4Heem Apparel: *Internet marketing is selling and promoting goods and services over the Internet.*

To the managing partner of Valor Prints: *Internet marketing is using the Internet to define to people about goods and services as well as encourage them to patronize the products you are offering on the Internet.*

To the C.E.O of Atlas Aluminiums: *Internet marketing is all about doing business using Internet.*

The Assistant manager of Degeo Boutique defined it as “*taking the extra mile to advertise or make your products and services available on the web or online.*”

#### **4.3 What factors affect the decision to adopt E-Marketing**

According to the C.E.O of Atlas Aluminiums: “*for me the biggest factors would be cost and accessibility. It is quite challenging for our budget to set up a fully functional E-Marketing system*”.

The managing partner of Valor Prints: “*First of all, I will say high cost of Internet connectivity. The monthly bundle is quite expensive. Also, stable Internet connection is not always available therefore making it difficult to access the net sometimes. Lastly, it is difficult to know exactly who the enterprise is dealing with or sometimes the responses are few so it wastes resources. All our online marketing efforts happen on social media. We use Facebook and Whatsapp to reach our customers.*

#### **4.4 Extent of Internet Marketing Utilization**

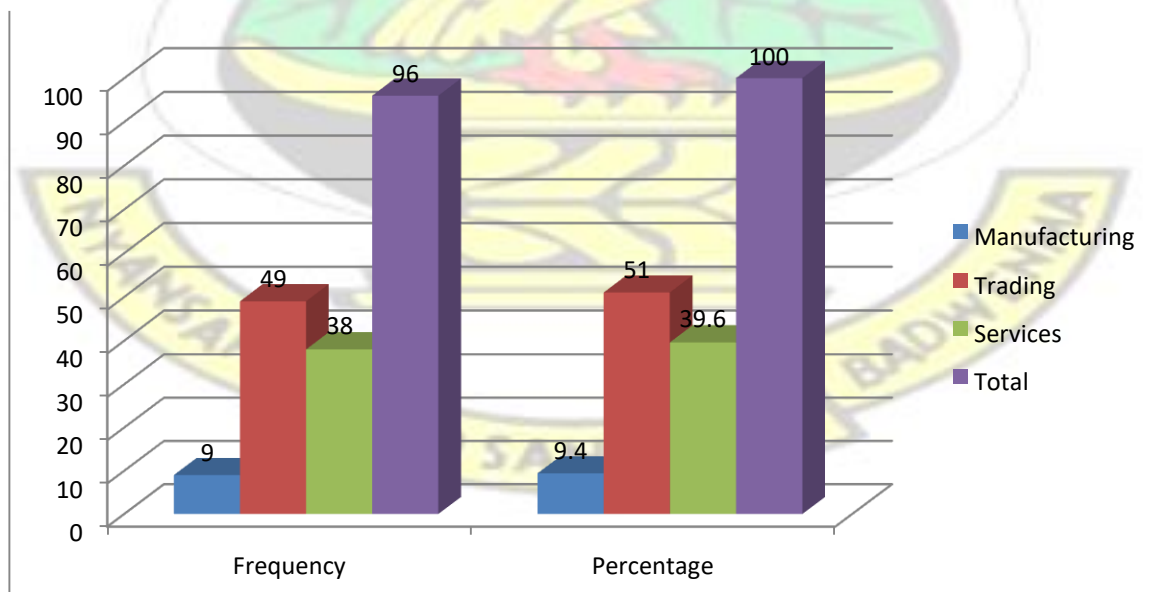
The CEO 4Heem Apparel said, the enterprise makes use of just two of the internet marketing components. “*The company uses email marketing to sends pictures to their*



*customers on the net on weekly basis. I take orders from our customers through emails sometimes whatsapp and facebook and update or send them new designs of our works. With the search engine as well I browse to read and gather information about my field of work.”*

#### 4.5 Company Profile of SMEs

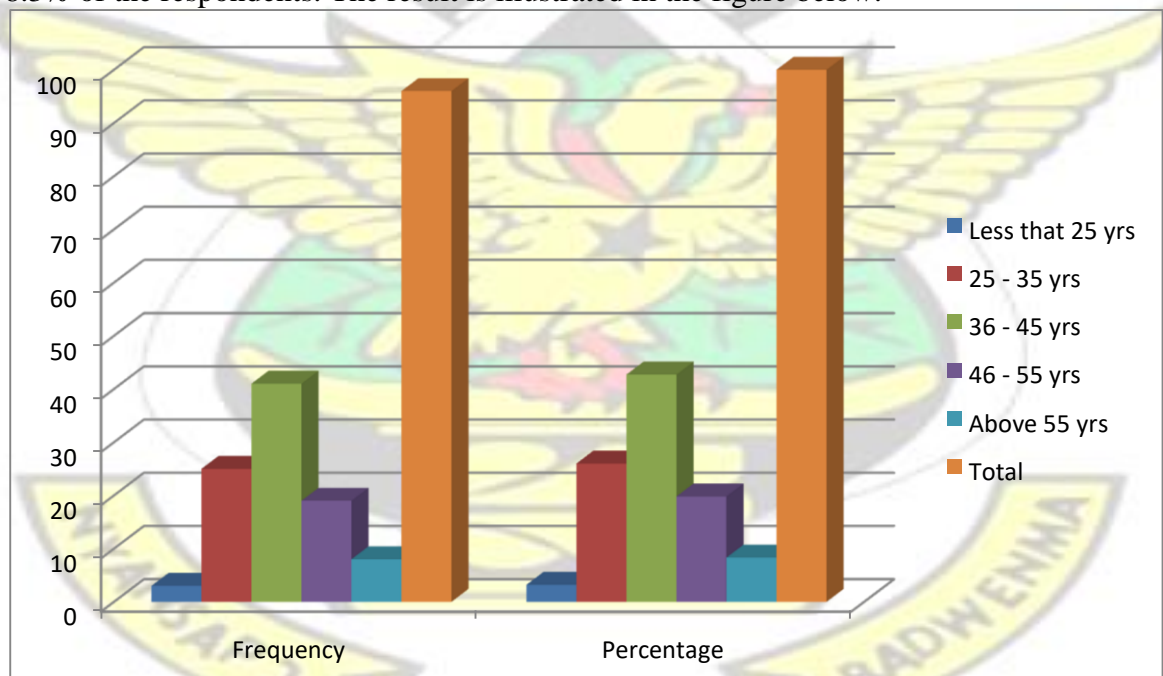
The study sought to ascertain the nature of enterprises in Kumasi. The study revealed that 49% of enterprises in Kumasi are trading enterprises. This is followed by service enterprises with a total of 39.6% of the respondents. Those that are engaged in manufacturing made up 9.4% of the respondents. This finding shows that most enterprises apart from those engaged in the provision of services engage in buying and selling of goods. This explains why there are so many foreign goods on the market in Ghana. The result is illustrated in figure 4.1 below.



**Figure 4.1 Nature of SMEs in Kumasi (Source: Field Data, 2015)**

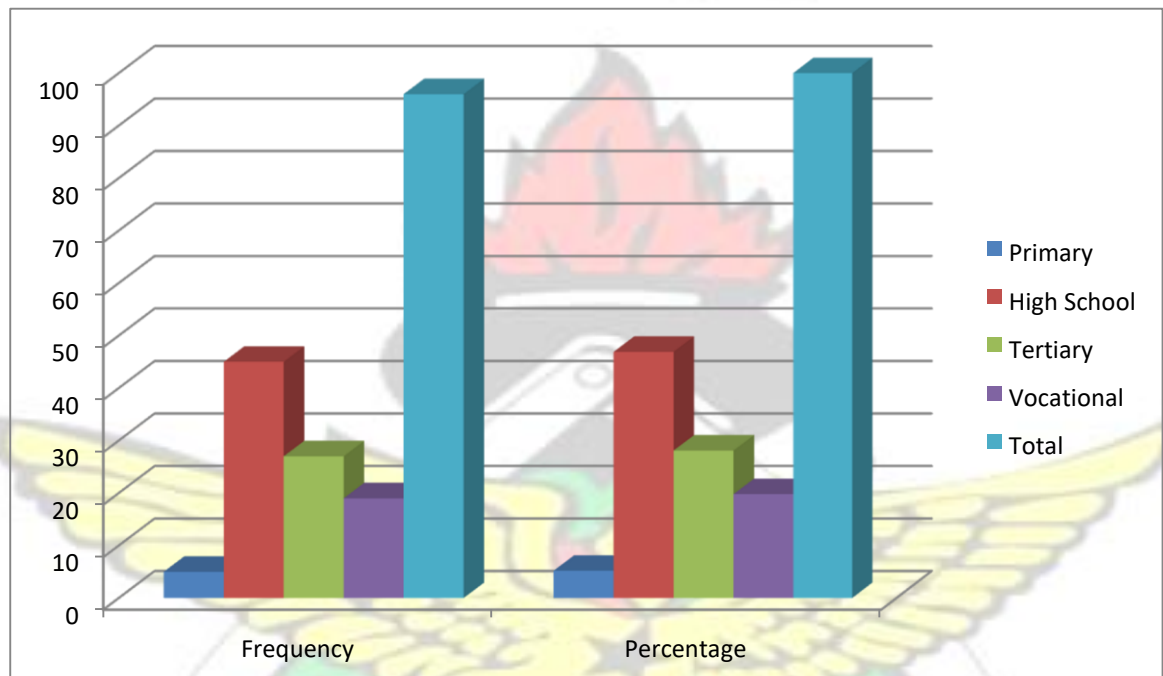
The study further sought to find out the age group of owners of SMEs in Kumasi. The study revealed that majority of SME owners fall between the ages of 36 – 45. This was represented by 41 respondents which constitutes 42.7%. This was followed by those between the ages of 25 – 35 which made up 25 respondents constituting 26%. Those between 46 – 55 were next with 19 respondents representing 19.8%. The findings indicate that most of the owners of SMEs are youth. This is very important for nation building as most of youth are engaged in businesses. Those above 55 years made up just

8.3% of the respondents. The result is illustrated in the figure below.



**Figure 4.2 Age Distribution of Owners of SMEs (Source: Field Data, 2015)**

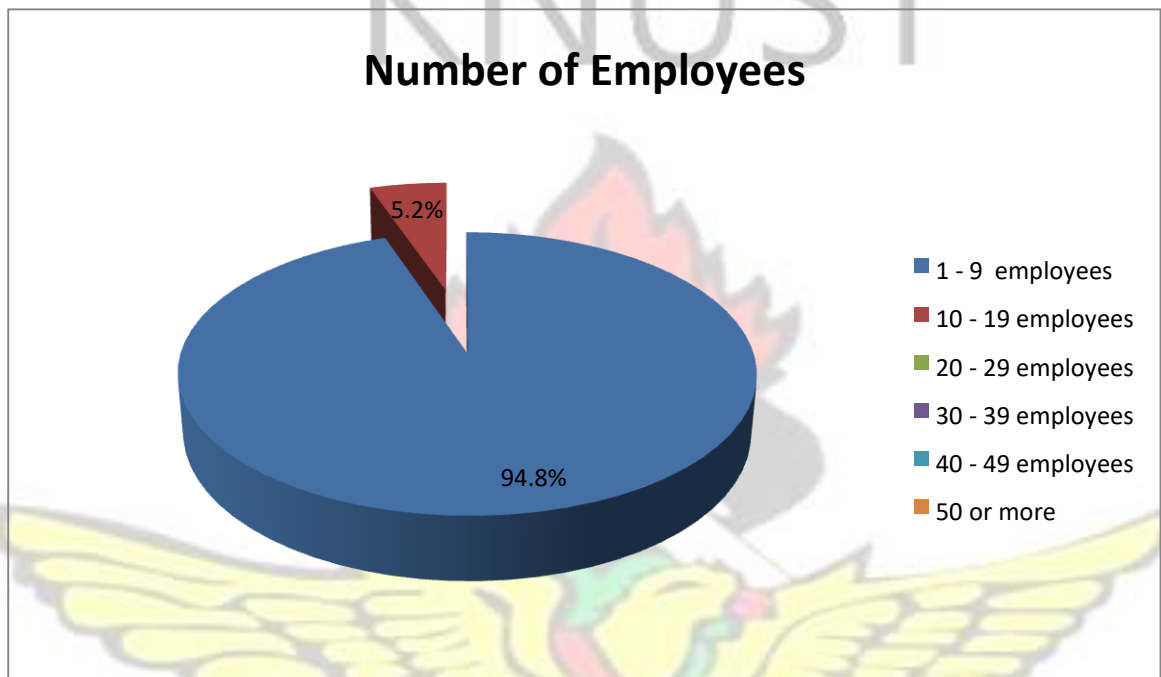
On the level of education of owners of SMEs, the study found out that the level of education among owners of SMEs is relatively low with 45 respondents representing 46.9% of the sample. Those with tertiary education represented 28.1% of the respondents with 19.8% having learnt a vocation. The finding from the educational level of owners of SMEs is illustrated in figure 4.3.



**Figure 4.3 Educational Level of Owners of SMEs (Source: Field Data, 2015)**

The next item on the profile of SMEs was to ascertain the number of employees of such enterprises. Most of the literature on the composition of SMEs describes the number of employees as one of the major components of SMEs. The European definition of SME postulates that a micro, small and medium-sized enterprise (SME) is an enterprise that employs fewer than 250 persons and which has an annual turnover of not more than 50 million Euro (Hayford, 2012). The National Board of Small Scale Industries (NBSSI) which is the regulatory authority for SMEs in Ghana defines SMEs as enterprises with not

more than nine (9) workers. The study revealed that 94.8% of the SMEs have between 1-9 employees. The rest which constitutes 5.2% of the respondents said they have between 10-19 employees. The number of employees of SMEs is illustrated in figure 4.4 below.



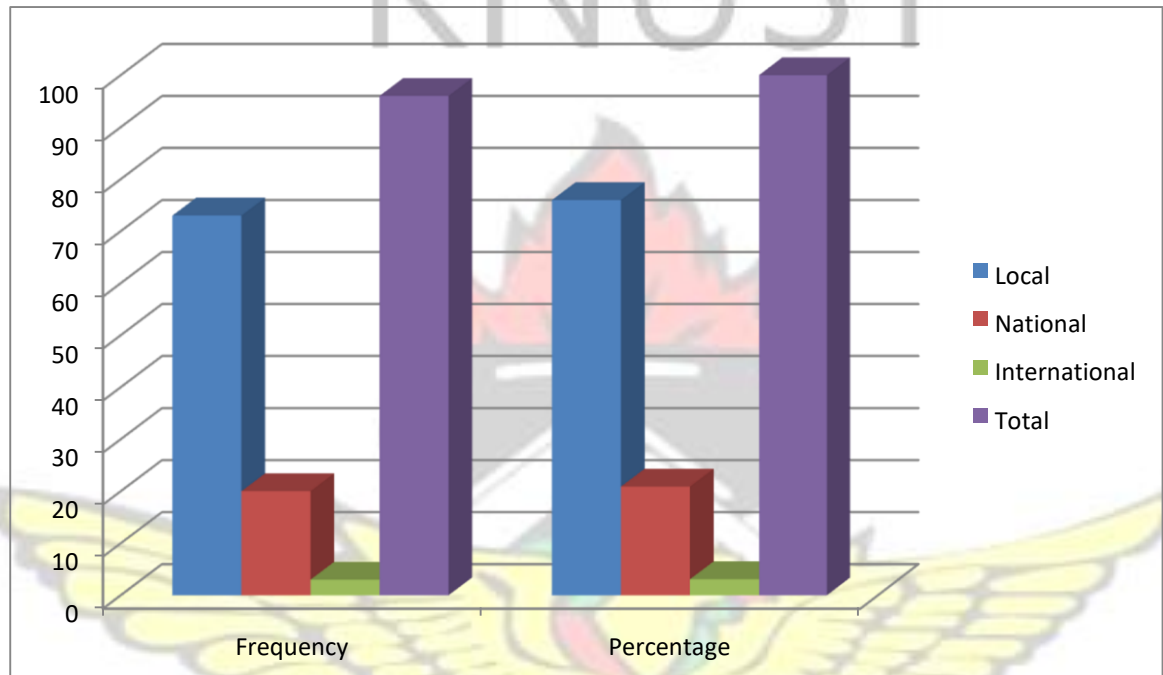
**Figure 4.4 Number of Employees of SMEs (Source: Field Data, 2015)**

The study also sought the scope of the business activities that SMEs. The study revealed that most of SMEs are operated locally in the city or town they are located. This was represented by 76% of the respondents. Those that said their scope is national also made up 100.9% of the respondents with those who have an international scope making up 3.1% of the sample.

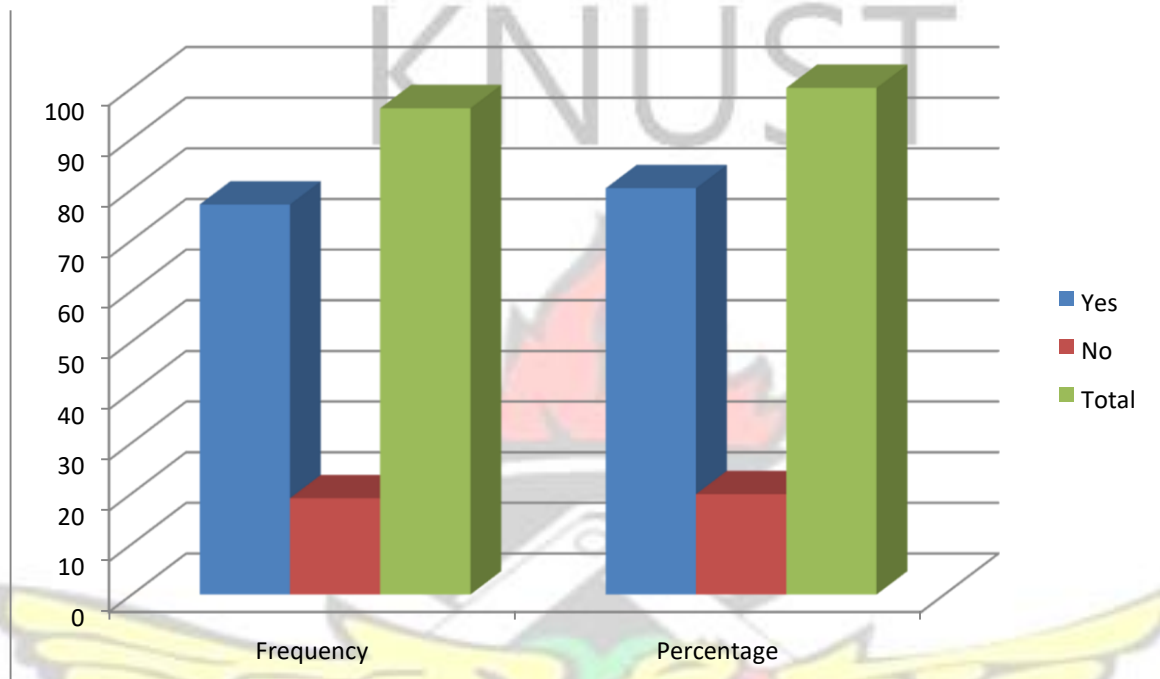
The last item on the profile of SMEs was whether they are registered or not. The study revealed that most of SMEs in Kumasi are registered. The study reported a total of 77



respondents representing 80.2% indicating that their businesses are registered with 19.8% representing 19 respondents indicating their businesses as not registered. The results from the scope of SME's business and whether they are registered are illustrated in figure 4.5 and 4.6 below.



**Figure 4.5 Scope of SMEs Business Activities (Source: Field Data, 2015)**



**Figure 4.6 Registered Businesses (Source: Field Data, 2015)**

#### **4.6 The Extent of E-Marketing Adoption among SMEs**

This objective of the study sought to ascertain whether SMEs have adopted E-marketing and is using them well to benefit them in their activities.

##### **4.6.1 Knowledge and Existence of E-Marketing in the Business Activities of SMEs To**

answer these objective, respondents were asked to indicate whether they had heard of the concept of e-marketing and to also indicate whether their enterprises have formalized e-marketing into policy at the company. The results from the study are shown on table 4.1 below.

**Table 4.1 Knowledge of e-marketing in the Business Process of SMEs**

Knowledge and Existence	Frequency	Percentage
Yes	84	87
No	12	13
Total	96	100

**(Source: Field Data, 2015)**

The study revealed from table 4.1 above that most of the respondents have heard of the concept of e-marketing and has involved it in their businesses where necessary. Eightyseven (87%) of the owners of SMEs have heard and attest to the fact that they have including it in their businesses.

The respondents were further asked to indicate the initiator of the e-marketing on the business activities of these SMEs. Below in table 4.2 are the results from the study.

**Table 4.2 Initiator of E-Marketing among SMEs**

Initiators	Frequency	Percentage
Management	49	51.4
Owners	44	45.9
Employees	3	2.7
Total	96	100

**(Source: Field Work, 2015)**

The results shown in table 4.2 above revealed that management and owners of SMEs have been very important players in the adoption e-marketing. This provides the clearest indication of how important e-marketing can be as a marketing tool for most of these

SMEs.

#### 4.6.2 Extent of E-marketing Adoption

The question set to measure the extent of e-marketing adoption by SMEs was constructed in a Likert scale of 1 – 5 where 1 = Strongly Agree and 5 = Strongly Disagree. Below in table 4.3 is the result.

**Table 4.3 The Extent of E-marketing Adoption by SMEs**

The Extent of E-Marketing Adoption		Mean	Std. Deviation	Rank
Most employees are computer literate	e-	<b>2.1429</b>	<b>.66299</b>	<b>1</b>
Firm recognizes the pros and cons of marketing		<b>2.4286</b>	<b>1.28388</b>	<b>2</b>
	is	<b>2.7143</b>	<b>1.13873</b>	<b>3</b>
The firm's owner thinks e-marketing important		<b>3.9231</b>	<b>1.03775</b>	<b>4</b>
	e-	<b>4.2308</b>	<b>.72501</b>	<b>5</b>
The firm's business is compatible with marketing				
E-marketing is a priority for the firm				

**(Source: Field Data, 2015)**

The finding revealed that most SMEs to agree that e-marketing is an important aspect of a business and when adopted properly can have a positive effect on their business activities. Even though the study revealed that e-marketing is not a priority of most of SMEs (4.2308), they agree that it is an important marketing tool. A mean of 3.9231 also indicated that most of SME businesses are not compatible with e-marketing. The results show that most of the employees of SMEs are computer literates and therefore offer an opportunity for the use of e-marketing in the business activities of SMEs. The study further revealed



that majority of SMEs recognizes the advantages and disadvantages of e-marketing utilization on their business activities. This was represented by a mean of

2.4286 with a standard deviation of 1.28388.

The last aspect of this objective was to ascertain whether SMEs regularly use emarketing tools in their business activities. The study found out that even though most of SMEs are aware of e-marketing, its adoption in most businesses however fall short. The study revealed that 55.6% of the respondents do not use any e-marketing tools as opposed to 44.4% of the respondents who have adopted e-marketing activities in their business.

#### **4.7 Factors that affect the Adoption of E-marketing among SMEs**

There are many important factors that affect the adoption of e-marketing among SMEs. These factors to a large extent affect how a specific enterprise view e-marketing and the perception they attach to its usage in the business. To answer this question, respondents were asked to indicate the factors that affect their usage of e-marketing. Below in table 4.4 is the result from the question.

**Table 4.4 Factors that the Adoption of E-marketing among SMEs**

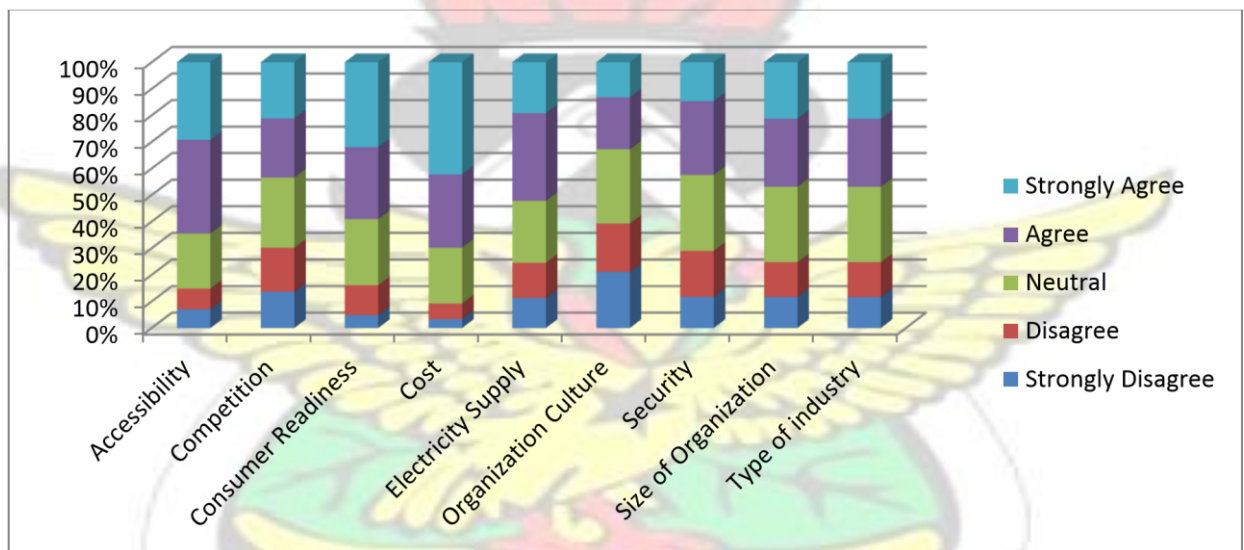
<b>RANK</b>	<b>FACTORS AFFECTING THE ADOPTION OF E-MARKETING AMONG SMEs</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Owner/manager skills	1.4321	.69333
2	Owner's lack of awareness of the technology	1.61003	.64278
3	Type of industry	1.6623	1.65100
4	Type of product/service	1.7231	1.90012
5	Competition in the industry	1.8221	.79831

6	Organizational culture	2.1010	.82159
7	Financial, technical and resource requirement	2.1261	.91589
8	Lack of qualified staff to develop and support Emarketing	2.2310	.67423
9	Low use of internet by customers and suppliers	2.3428	.99100
10	Security	2.4321	.75412
11	Low company literacy among SME owners	2.7231	.84404
12	Size of organization	2.7773	.45423
13	Perceived advantage	3.2125	.871100
14	Electricity supply	3.2140	.92307
15	High cost of website development	3.2140	.965100
16	Internet fraud	3.2158	1.52961
17	Distrust on the use of online payment systems	3.4210	.78552
18	Perceived ease of use	3.4512	.96961
19	Perceived usefulness	3.8500	1.25712
20	National ICT infrastructure	4.0012	.691008
21	Government support	4.2135	.78071
22	Lack of developed legal and regulatory systems	4.36100	.995100

**(Source: Field Data, 2015)**

The study revealed among the factors that affect the adoption of e-marketing that those factors that affect the adoption of e-marketing most are owners/managers skills, owner's lack of awareness of the technology, competition in the industry, type of industry, and the type of product/service. All of these factors had a mean of less than 2 which indicates that they strongly affect e-marketing adoption of SMEs. The other that affect e-marketing adoption among SMEs as revealed by the study were low use of internet by customers and

suppliers, low company literacy among SME owners, financial, technical and resource requirement, security, size of organization and lack of qualified staff to develop and support e-marketing. These factors also had a mean of between 2.0 and 3.0. This shows that a lot of factors should be considered if an SME decides to adopt emarketing in its business process. Aside these factors, there are other important issues to be considered in the adoption of e-marketing in a specific organization or firm. As peculiar as each SME might look, there is also the need to look at how some issues might be important to a specific enterprise.



**Figure 4.7E–Marketing adoption factors (Source: Field Data, 2015)**

The study revealed that cost is the most important factor that affects e-marketing adoption in SMES. According to the findings, 42.3% of the respondents were of the view that cost is very important in their decision to adopt e-marketing whiles 27.8% said it is important. The next most important factor as identified by the study is accessibility and then followed by the readiness of consumers to also use e-marketing tools. According the study, the least important factor that affects the adoption of e-marketing among SMEs is organizational

culture. This finding of the study shows that owners of SMEs are very concern about cost, accessibility and the readiness of consumers to embrace e-marketing. This finding of the study is consistent with that of Mercer (2005) who identified these factors as important considerations of every business entity in their quest to adopt e-marketing. According to Mercer (2005), the cost of adopting SMEs should not put pressure on the expenses of SMEs since their average turnover is relatively low. Any effort towards e-marketing should also be very accessible to be able to reach its target population.

#### 4.8 Barriers to E-Marketing Adoption among SMEs

To answer this part of the study, respondents were asked to indicate the things they think acts as barriers to the adoption of e-marketing by SMEs. Variables listed in the questionnaire as barriers were acquired through the literature reviewed by the study. Respondents were as such through a five Likert-scale where 1 = Strongly Agree; 2 = Agree; 3 = Neutral; 4 = Disagree; 5 = Strongly Disagree asked to indicate the extent to which they agree that the following variables are barriers. Below is table 4.5 showing the barriers to effective adoption of e-marketing.

**Table 4.5 Barriers to E-marketing Adoption**

	Mean	Std. Deviation
BARRIERS TO E-MARKETING ADOPTION		
Unconvincing benefits to the organization	1.3056	.52478



	1.7647	.53506
<b>Limited resources in terms of finance, computers software and hardware</b>		
	1.8125	.73506
<b>Low level of technology usage within the organization</b>		
	1.6970	.691008
Lack of qualified staff to develop and implement and support web sites		
	1.3714	.91804
<b>Low level of literary among SME owners</b>		
	1.7500	.91581
High cost of Internet Connectivity and website		
	1.9342	.78079
Inadequate transportation and delivery network		
	1.8529	.92307
Lack of online payment process		
	2.8667	.93109
Limited availability of Online Banking Services.		
	1.8824	.82139
Lack of developed legal and regulatory systems.		
	3.8947	.84440
Lack of government support		

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**(Source: Field Data, 2014)**

The results from table 4.5 indicate that most SMEs are not convinced about the benefits of e-marketing. This serves as the barrier that affects the adoption of e-marketing the most. On the perception of the barriers inherent in the implementation of various emarketing strategies, respondents were asked to rank the barriers to the adoption of emarketing. If owners of SMEs have doubts about the benefits of e-marketing as to other forms of

marketing, then it is definitely going to limit their adoption of e-marketing in their activities. Most of the owners also think it is not cost effective to adopt e-marketing and this also serve as a barrier. The other barriers that the study identified include low level of technology usage in most SMEs, low level of literacy among SME owners, lack of qualified staff to develop and implement and support websites, high cost of internet connectivity and websites. These findings of the study is consistent with the study of Purcell and Toland (2004) which revealed that the determinants of internet adoption in developing nations are mostly affected by factors relating to the cost of implementation as well as infrastructure, complexity of the use of internet as well as the perceived relevance of the technology. According to Cloete et al., (2005) and Nannozi & Coertzee (2006), South African SMEs see high cost of installation and maintenance as the barrier to its adoption. Another study by Ramsey and McCole (2005) also posits that most SMEs do not adopt internet marketing strategies because employees lack the needed managerial and business skills to operate e-marketing. Inadequate training, capital and understanding the potential benefits of e-marketing have also been cited by (Migiro & Adigun, 2005) as the main barriers to the adoption of e-marketing. Other studies consider lack of knowledge on the part of owners of SMEs as a major barrier as this brings about lack of awareness; lack of advice and support or having a staff compliment without the necessary IT skills (Kohn & Husig, 2006).

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter of the study consists of the summary of the findings, conclusions on the study conducted on the factors affecting the adoption of e-marketing among SMEs. The chapter then concludes with the recommendations of the study and areas of further studies or research.

#### **5.2 Summary**

E-marketing over the years has gained lots of popularity in the Ghanaian business environment as more companies and industries continue to incorporate it in their marketing activities. SMEs across the globe and specifically in Africa has embraced and has begun the implementation of e-marketing activities as it is seen as a major improvement in marketing for a firm. While e-marketing continually enjoys rapid growth and advances in practice, theory and research has been left lagging behind. This study was therefore necessary as it looked at the factors that affect the adoption of emarketing among SMEs using selected SMEs in the Kumasi Metropolis of Ghana as a case study.

The population of the study consisted of owners of SMEs in Kumasi. These owners were used because they were solely responsible for the implementation of e-marketing at their various workplaces. In all, one hundred respondents were purposefully sampled. The study had a response rate of 96%. All analyses were therefore made from the respondents who responded to the questionnaires. The study also made use of a structured questionnaire as

a data collection instruments with most of the questions crafted in a Likert scale of intervals 1 – 5.

### **5.3 Key findings**

The major findings from this study are summarized as follows.

#### **5.3.1 The Extent of e-marketing adoption**

The study found out that majority of the owners of SMEs know of the existence of emarketing. This was confirmed by 87% of the owners SMEs who took part in the study. The study further revealed that the initiators of e-marketing activities in most SMEs are mostly management and owners of the SMEs. Since management of SMEs are mostly the owners, it can therefore be said that owners of SMEs are most of the time the initiators of e-marketing among SMEs.

The study also found out that most of the employees of SMEs are computer literates and can handle the basic tools needed for e-marketing. To further ascertain the extent of SMEs adoption of e-marketing, the study revealed that most SMEs already know the advantages and disadvantages of e-marketing activities. Owners of SMEs are also aware of the importance of e-marketing on the business activities of SME.

The study finally on the extent of e-marketing adoption revealed that e-marketing is seen by most of SMEs as unimportant in their operations.



### **5.3.2 Factors that affect the adoption of e-marketing among SMEs**

The study found out that the factors that affect the adoption of e-marketing most among

SMEs are: owners/managers skills; owner's lack of awareness of the technology; competition in the industry; the type of industry and the type of product/service they produce.

The study further found out that in specific firms or organizations, the most important issues affecting e-marketing adoption are cost, accessibility and the readiness of consumers to embrace e-marketing.

### **5.3.3 Barriers to e-marketing adoption among SMEs**

The study revealed that the main barrier to the adoption of e-marketing among SMEs is that most of the owners are not convinced about the benefits of e-marketing adoption on their operations. The other barriers as revealed by the study includes low level of technology usage within the organization, low level of literacy among SME owners, Lack of qualified staff to develop, implement and support websites, limited resources in terms of finance, computer software and hardware and high cost of internet connectivity and websites.

## **5.4 Conclusion**

The findings of this study do provide a basic support for the inadequate activity of SMEs with concern to e-marketing. The study can therefore conclude that the main factors inhibiting the adoption of electronic marketing among SMEs in Kumasi are: technological incompatibility with target markets; lack of knowledge; stakeholder's unreadiness;

technology disorientation as well as perception. These findings of the study indeed concur with various studies that argue that the non-adoption of e-marketing is multi-dimensional in its causality and it's largely dependent on the business sector under investigation (Stansfield & Grant, 2003). The study thus concludes that SME as a business sector do not see the benefits of adopting e-marketing as a marketing tool.

SMEs as such see cost as the most important barrier to adopting e-marketing.

### **5.5 Recommendation**

To able to alleviate the barriers associated with the adoption of e-marketing among SMEs, it is necessary that formal education and means of awareness creation be introduced starting from national level so as the negative perception about the adoption of e-marketing will be averted. E-marketing can hardly be effective unless firms and individuals are educated about the opportunities that internet related technologies offer to businesses and customers as well (Stansfield & Grant, 2003). Access to computers and internet at the workplaces is important if e-marketing is to be enhanced but this is not enough without education and training in the effective use of these tools for marketing activities. Therefore, education and training should be initiated to increase the level of information and also the computer literacy levels of owners and managers of SMEs (O'Toole, 2003). Consumer readiness was also rated as one of the most relevant inhibitors of e-marketing adoption. There is therefore the need to encourage stakeholder participation especially customers and other critical stakeholders on the benefits and convenience of using electronic trading platforms.

Players in the internet industry should also seek to strengthen the internet capacity of SMEs through the nurturing of e-marketing and the examination of the feasibility of a local/regional mechanism to promote information sharing and capacity building with the aim of enhancing and increasing the efficiency and competitiveness of SMEs (Elliot & Boshoff, 2007). This will go a long way in repairing the negative perception that owners of SMEs have about the adoption of e-marketing in their businesses.

#### **5.5.1 Areas of further studies**

The study found cost, accessibility and consumer readiness as the factors affecting the implementation of e-marketing within SMEs. These barriers and the various insecurities they bring have inevitably reduced the popularity of adopting e-marketing strategies. There is therefore the need for further studies on how e-innovations may be taken advantage of, for the benefit of marketing especially within the small and medium business fraternity at both the local and national platforms. This kind of study can be conducted by both the academia or industrial experts with the view of establishing relevant skills and techniques that may be needed to increase the efficiency of internet marketing tools.

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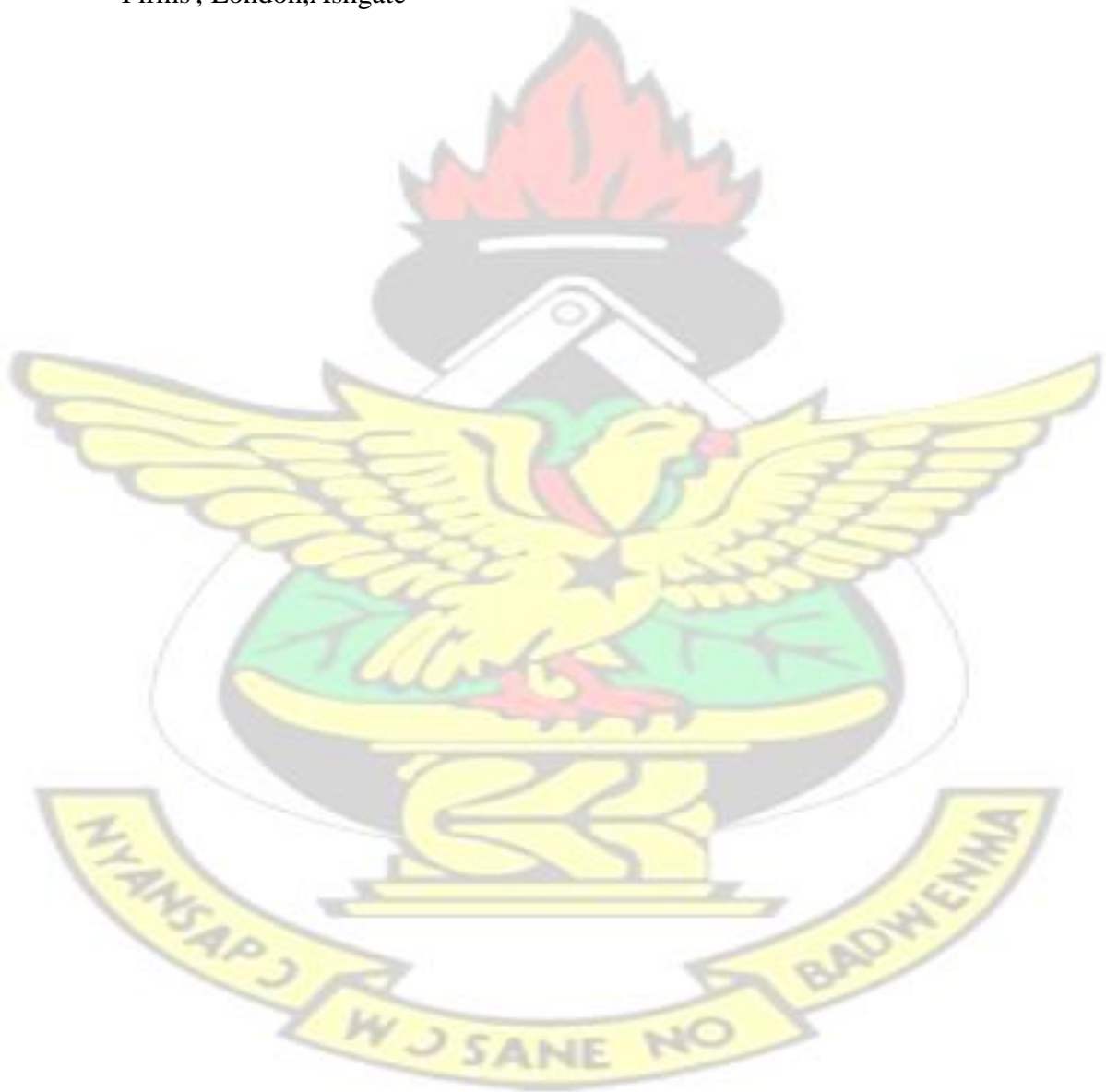
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## APPENDIX

### KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

#### QUESTIONNAIRE

Dear Respondent,

This questionnaire is designed to collect data on FACTORS AFFECTING THE ADOPTION OF E-MARKETING AMONG SMEs; CASE STUDY OF SELECTED SMEs IN THE KUMASI METROPOLIS, ASHANTI REGION. The information

collected will be used for academic purposes only .You are guaranteed of absolute confidentiality.

Thank you for your cooperation.

Please Provide Adequate Answers To The Following Questions. Tick Or Write In The Spaces Provided Thank You.

Part one:

1. Name of the organization

.....  
.....  
.....

2. Where is your organization located?

.....  
.....  
.....

3. Nature of your enterprise

☐ Manufacturing      ☐ Trading      ☐ Services

☐ Other, please

specify.....

4. Please specify the age of the Owner/Manager

☐ Less than 25 years   ☐ 25-35 years   ☐ 36-45 years

☐ 46-55 years      ☐ Above 55 years

5. Educational level of owner/manager?

☐ Primary   ☐ High school   ☐ Tertiary   ☐ Vocational

6. How many employees work with your organization?

☐ 1-9      ☐ 10-19      ☐ 20-29      ☐ 30-39

☐ 40-49      ☐ More than 50

7. What is the scope of your business activities?

☐ Local      ☐ National      ☐ International

8. Is the business registered?

☐ Yes   ☐ No

**Part Two: Internet usage and E-Marketing adoption level.**

This part concerns the various factors affecting the adoption of E-marketing for business transactions in the organization. E-Marketing in this research refers to conducting marketing activities depending on electronic marketing tools and means such as: Internet, Intranet, E-mail, Extranet and Mobile marketing. The following questions have been designed to measure the various factors that affect the adoption of E-marketing in the organization.

9. To what extent does management perceive the role of E-marketing in the operations of the organization?

☐ Very Unimportant ☐ Somewhat Unimportant ☐ Neutral  
☐ Somewhat Important ☐ Very Important

10. From the statement below, please indicate your level of agreement or disagreement to the following statements. Please use the scale below.

**1= STRONGLY DISAGREE 2=DISAGREE 3=NEUTRAL 4=AGREE  
5=STRONGLY AGREE**

<b>FACTORS AFFECTING THE ADOPTION OF E-MARKETING AMONG SMEs</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Owner's lack of awareness of the technology					
Competition in the industry					
Low use of internet by customers and suppliers					
Low company literacy among SME owners					
Electricity supply					
Financial, technical and resource requirement					
Government support					
National ICT infrastructure					
Organizational culture					
Owner/manager skills					
Perceived advantage					
Perceived ease of use					
Perceived usefulness					
Security					
Size of organization					
Distrust on the use of online payment systems					
Type of industry					



Type of product/service					
Lack of qualified staff to develop and support Emarketing					
High cost of website development					
Lack of developed legal and regulatory systems					
Internet fraud					
Uncertain taxation rules					

11. Please rate the following factors according to their importance to adopting EMarketing in your organization.

<b>Factor</b>	<b>Very Important</b>	<b>Important</b>	<b>Neutral</b>	<b>Not Important</b>	<b>Not Important at all</b>
Accessibility					
competition					
Consumer readiness					
cost					
Electricity supply					
Financial, technical and resource requirement					
Government support					
National ICT infrastructure					
Organizational culture					
Organizational culture					
Owner/manager skills					
Perceived advantage					
Perceived ease of use					
Perceived usefulness					
Security					

Size of organization					
Type of industry					
Type of product/service					

12. From the statement below, please indicate your level of agreement or disagreement to the following statements. Please use the scale below.

**1= STRONGLY DISAGREE 2=DISAGREE 3=NEUTRAL 4=AGREE**

**5=STRONGLY AGREE**

<b>EXTENT OF E-MARKETING ADOPTION</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The firm's owner thinks e-marketing is important					
E-marketing is a priority for the firm					
Management of the firm is committed to technologies like emarketing					
We have a policy that encourages emarketing initiatives					
The firm recognizes advantages and/or disadvantages of e-marketing utilization					
Most of our employees are computer literate					

The company has a policy that encourages e-marketing initiatives					
The firm's business is compatible with e-marketing business models					

13. From the statement below, please indicate your level of agreement or disagreement to the barriers to adoption of E-marketing among SMEs. Please use the scale below.

**1= STRONGLY DISAGREE 2=DISAGREE 3=NEUTRAL 4=AGREE**

**5=STRONGLY AGREE**

<b>BARRIERS TO E-MARKETING ADOPTION</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Low level of technology usage within the organization					
Low level of literacy among SME owners					
Unconvincing benefits to the organization					
Lack of qualified staff to develop and implement and support web sites					
Limited resources in terms of finance, computers software and hardware					

High cost of Internet Connectivity and website					
Inadequate transportation and delivery network					
Lack of online payment process					
Limited availability of Online Banking Services.					
Lack of developed legal and regulatory systems.					
Lack of government support					

*Thank you for your assistance.*

