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INTERNATIONAL BUSINESS

**MASTER THESIS**

'THE IMPACT OF PERCEIVED EXPORT BARRIERS ON EXPORT PERFORMANCE: A  
CASE STUDY OF GHANAIAN NON-TRADITIONAL FIRMS'

BY  
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## ABSTRACT

*Over the years there have been substantive studies albeit contradictory findings on the relationship between perceived export barriers and export performance (Madsen, 1987; Zou and Stan, 1998; Aaby and Slater, 1989), on firms of different sizes and resources across a wide variety of industries. In spite of the increasing research on export performance in business studies, the major focus has mainly been on studies within the scope of western market context. There have been relatively few studies done with respect to this in a developing market context such as sub-Saharan Africa and particularly Ghana. This literary gap has been the main motivation for this thesis.*

*We reviewed prior literature and conducted a survey of 100 Ghanaian non-traditional export firms. Our findings supported our main hypothesis that there is a negative relationship between perceived export barriers and export performance. Other findings support the hypothesis that internal management forces and firm size had a negative relationship with perceived export barriers. However, two of our hypotheses that firm internationalization had a negative relationship with perceived export barriers and that firm commitment had a positive relationship with export performance were not support*

*Findings from this study adds up to prior literature by isolating for discussion variables which contribute to the improvement of both perceived export barriers and export performance measures in a sub-Saharan African country context.*

*Some of the noted limitations during our study include the following; first, scanty research work on problems pertaining to exporting firms from developing countries served as a major limitation of our work. The lack of research on the subject with particular reference to developing country context indicates the lack of theories and methodologies developed specifically for the context of a sub-Saharan African country. Findings from this study can be adapted to serve as a guide in the development of a questionnaire for a survey of small and medium scale exporters from other developing countries. This research work may also serves as an important guide for future researchers who intend to study export problems in other developing countries. Moreover, policy makers in developing countries can use this work to identify export problems that firms face in order to provide timely and effective assistance to small and medium scale enterprises engaged in export ventures.*

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## Abbreviations

ECOWAS	Economic Commission of West African States
EDIF	Export Development and Investment Fund
EPV	Export Production Villages
ERP	Economic Recovery Program
EU	European Union
FDI	Foreign Direct Investment
GATT	General Agreements of Tariffs and Trade
GDP	Gross Domestic Product
GEPC	Ghana Export Promotion Council
GSB	Ghana Standards Board
HDPE	High-Density Polyethylene
LISREL	Linear Structural Relations
MFN	Most Favoured Nation
MTP	Medium Term Plan
NLCD	National Liberation Council Decree
NRCD	National Redemption Council Decree
NTEDP	Non-Traditional Export Development Plan
NTES	Non-Traditional Export Sector
PCA	Principal Component Analysis
PVC	Polyvinyl Chloride
SME	Small and Medium Scale Enterprises
SPSS	Statistical Package for the Social Sciences
WTO	World Trade Organization

## **INTRODUCTION**

Integration of the world economy has long been an issue of significant academic interest (Kuada, et al, 2000). Evidence from recent studies indicates the significant imminent flow of trade between and among world economies in coming decades (ibid). This looming rapid growth in world trade enjoins us to reconsider current theories of internationalization with particular reference to export barriers in a bid to inform stakeholders in developing countries in their effort to integrate into this looming world economy.

Research into the internationalization process of firms based in developing countries, is however, in their embryonic stage as previous studies have been concentrated on developed country firms. As such few studies have been published on constraints to export sector development and performance of exporting firms in developing countries (ibid).

When an exchange of goods and services occur across national boundaries, it is called international trade. Exports are the goods and services sold by individuals or nations. International trade of which exports is an essential part has been going on for thousands of years. However, improved technology and the emergence of large multinational corporations have increased the volume of this trade tremendously, (Nelson, 2000). It is estimated that in 2007, world output of goods and services amounted to \$50 trillion at current prices. Imports and exports accounted for 30% of this colossal sum. Invariably, world trade in goods and services exceeded \$16 trillion, (Krugman, and Obstfeld, 2009). The enormous volume of this annual exchange between individuals and nations across numerous geographical borders is in itself indicative of the profitability of the import and export business. The growing importance of international trade can also be ascertained through the use of the openness index which shows imports and exports as a percentage of GDP. In 1980 the average openness index for the world stood at 29, this however rose to 33 by 2004. Ghana in particular recorded a huge rise in its openness index, from a low of 5 in 1980 to 35 by 2004. Ghana's economy has therefore come to be more dependent on international trade during the course of the last 20 years. To further illustrate the growing importance of world trade, comparison is made between world commodity output and total exports. World commodity output and total world exports rose evenly between 1950 and 1960. However, by 1973 world export had risen by 500 percent while world commodity output only rose by 200 percent. By 1989 world exports rose a 1000 percent over 1950 figures while world commodity output rose by just 400 percent within the same period. Between 1990 and 2004 world exports more than doubled while world output rose by 37 percent, (Husted, and Melvin, 2007).

The reasons for the explosion in world exports are diverse but one major factor that is attributed to this by many authors is the major reduction in export barriers to international trade that has occurred during this period. These include government imposed limits on trade including tariffs and quotas on imports and exports. This has largely been facilitated by governments around the world and especially in industrialized countries entering into a series of multilateral agreements to lower government imposed trade barriers, (Husted, and Melvin, 2007).

The considerable improvements in telecommunication technology and transportation modes have substantially reduced the cost of transporting goods across borders making international trade more profitable than five decades ago.

International markets have also become much more harmonized, very much interdependent and increasingly international in nature. Conditions among nations too have changed drastically, favoring importing and exporting from all countries. It is thus common place to find that, for the final consumer to be reached, goods and services have to be sold across borders, and thus export becomes very important.

In general the expansion of a nation's export has positive effects on the growth of the economy as a whole as well as on individual firms (Cavusgil and Nevin, 1981). According to Barker and Kaynak (1992) exporting is of vital economic importance to trading nations and their firms. Exports boost profitability, improve capacity utilization, provide employment, and improve trade balances. The increasing globalization of the world economy and the widespread opinion that increased exports benefit society has stimulated research in this area (Gripsrud, 1990). In general, it is established that world trade has boomed over the last 50 years. However, this boom has not been uniform for all countries. Industrialized countries account for the bulk of the world trade. In 1965, the United States, the 25 countries of the EU, Australia, Japan and New Zealand accounted for 70% (percent) of world trade. By 2004 these countries accounted for 61% (percent) of world trade. The reduction is as a result of the emergence of Asia as an important producer of exports. However, as Asia was growing in importance as a remarkable exporter, Africa and Latin America registered a considerable reduction in their already meager share of world export. Africa's share fell from 5% (percent) to 2% (percent) while Latin America declined from 7% to 5% (percent).

The growing decline in exports in developing countries, and the need to improve upon the volume of exports by mitigating this decline in export growth, is what makes the study of export problems and export related issues necessary.

A more straight forward way of doing this is to encourage firms to export more and induce non exporting firms to enter into the business. Leonidou (1995) lends credence to this idea by suggesting that, the most common mode of participation in the international market place is exporting, because it involves minimum business risk, requires low commitment of resources and offers high flexibility of movement. Johansson (2000) further states that, for a firm new to international marketing, exporting is the most attractive option. By far, most exporting firms in developing countries and Ghana for that matter, fall under this category. Various studies conducted have dealt with the issues of what factors affect exporting activities and perceptions of exporters and non-exporters. Sanjaya Lall (1991) noted that exports of even 'simple' manufactures by developing country firms face a number of difficulties. Many studies (Sanjaya Lall, 1991; Egan and Moody, 1990; and Wortzel and Wortzel, 1980) suggest that information gaps of all kinds, and various transaction costs as well as more costs arising from economies of scale in advertising and distribution, act as significant barriers to entry and expansion by new exporters. Such barriers are of special significance to developing countries because of the relative distance from final markets, inexperience, small size and inadequacy of local institutional support. According to Johnson and Wiedersheim-Paul (1975) a manufacturing firm is often exposed to a number of barriers to export, identifiable at all stages of the international process, from the early stages to the more advanced stages. Alexandrides (1971), concluded that, the major problems preventing firms from initiating export was the existence of intense competition from foreign markets, lack of knowledge of exporting, inadequate understanding of export payment procedures and difficulty in locating foreign markets.

### **Statement of the Problem**

As indicated in the introductory section, the importance of export to a country and individual exporting firms cannot be over emphasized. The export activity however, is one that is characterized by a lot of inhibition throughout all phases of the process. These inhibitions or export barriers do not just exist in vacuum but in the minds of those who manage individual export firms (their perception). Cavusgil and Nevin (1981) indicated that, a more plausible and logical explanation of a successful export behavior of any firm lies in the strength of commitment of the managers to export rather than any factor external to the firm. The work of Lee and Brasch (1978), further points to the greater importance of awareness of opportunities for innovation in export as opposed to the analysis of problems associated with export. The most important point of notice here is the 'awareness'. Indeed, most studies about barriers faced by developing countries and

Ghana for that matter, have concentrated on analysis of the barriers associated with export rather than the perception of exporters to these barriers as well as factors that influence these barriers. However, there is a general consensus in international export literature that when firms decide to enter foreign markets, they must adjust to a foreign national culture and be prepared for challenges, such as differences in language, lifestyles, cultural standards, consumer preferences and purchasing power, (Albaum and Tse 2001). Over the years, there have been contradictory findings in international business literature as to the relationship between perceived obstacles by export managers and export performance. In fact some literature did find a negative relationship between perceived barriers and performance (Madsen, 1987; Zou and Stan, 1998). However, some studies have found out that managerial perception of export barriers has an influence on export performance (Aaby and Slater, 1989). These studies have been conducted on firms of different sizes and resources across a wide variety of industries and have covered different countries such as South Africa, USA, Canada, Brazil, Norway, Turkey etc. There is however little literature concerning sub-Saharan Africa in this respect. It is against this background that it is imperative to study the perception of managers as to the intensity and degree of inhibition they face in their export activities. This is particularly important for the non-traditional export sector in Ghana as it expected to become the engine of growth for the Ghanaian economy.

### **Objective of the Study**

The purposes or objectives of any study are fundamental to the success of the study and they give the researcher the direction and what to look for in the research process. Objectives are necessary to help the researcher select relevant sources when researching topics and appropriately include information from such sources; logically introduce and incorporate quotations; synthesize information in a logical sequence; identify different perspectives; identify complexities and discrepancies in information; and offer support for conclusions that are arrived at. This particular study focuses on one main objective as follows:

- To investigate the perception of export barriers by Ghanaian non-traditional exporters and the relationship that exists between this perception and other variables including; internal management forces, firm size and degree of internationalization. Further the relationship between these variables and export performance is investigated.

## Research Questions

Apart from the research objectives, the research questions further delineate the boundary of research and give it an overall direction. For this study, the following are the major research questions:

- What export barriers are perceived by Ghanaian non-traditional exporters as being the most serious and how is this perception affect export performance?
- What is the relationship between internal management forces firm size, degree of internationalization, perceived export barriers, and export performance?

## Scope of the Study

Spatially, the study is limited to the operations of export firms in Accra, Tema and Takoradi areas in Ghana. These locations are chosen due to the availability of data and also because it is widely acknowledged that most export firms and activities are based in these areas because of the sitting of the main ports and harbors in these locations.

The study would also focus on firms involved in the non-traditional export sector. Traditional exports in Ghana are largely in the hands of agencies and corporations in which the state is a major player. The study was deemed to have better success if it focused on the private sector and individual entrepreneurs who would most likely feel the impact of trade barriers operating on their own without any state intervention.

Traditional exports in Ghana are defined by the import-export Act of 1995 (Act 503) as cocoa beans, logs and lumber, unprocessed gold and other minerals and electricity.

Non-traditional exports are defined by the Ghana Export Promotion Council as all other products other than cocoa beans, logs and lumber, unprocessed gold and other minerals and electricity. They include:

- Horticultural products
- Fish and sea food
- Prepared food and beverages
- Handicrafts and other manufacture items
- Processed wood

## **Justification of the Study**

The of role export to the development and sustenance of any economy especially in a developing country cannot be over emphasized. It is pertinent to make exports a pivotal part of economic growth especially for developing countries like Ghana whose economies have been characterized by annual trade deficits.

Ghana's 25 year development plan (1995-2020) otherwise known as Vision 2020, is to make Ghana a middle-income country by year 2020. Ghana's development plans and revenue projections are dependent on the expected earnings from exports. According the Ghana Export Promotion Council (GEPC), for the export sector to play its role in the realization of the vision, exports are to reach \$16.0 billion by the year 2020. Since this cannot be realized by the traditional export sector due to sectoral and market constraints, export diversification, with a focus on non-traditional sector, is seen as the strategy for export growth (Buatsi, 2002).

## **Organization of the Study**

The thesis consists of mainly six chapters namely: Introduction, Literature Review, The case of Ghana, Methodology, Data Analysis and Interpretation, and summary and Conclusion. Chapter one, the Introduction to exporting focuses on general literature on the development and importance of international trade. Chapter two (Literature Review), concentrates on introduction and importance of international trade, perceived export barriers, classification of trade and export barriers, and export performance. Chapter three (Ghana), discusses export development, promotion and policy in Ghana. Chapter four (Methodology) discusses the research design, types of research (deduction or induction approach, choice of methodology and reason for selecting a quantitative approach, data collection methods, sources of secondary data and its advantages and disadvantages, types of primary data and methods of collection, sample selection and methods for selecting sample and data analysis methods. Chapter five (Data Analysis and Interpretation), presents the data gathered through the questionnaire and correlation between the concepts and factors outlined in the research questions through the use of path analysis. Chapter six (Summary and Conclusions) presents the conclusions and suggestions deduced based on the literature review and the analyses and presents recommendations for further studies.

## **LITERATURE REVIEW**

### **Introduction**

International trade is the exchange of capital, goods and services across international boundaries. International trade has been the cornerstone of most economies and in some cases constitutes a large chunk of GDP. Whilst it is widely acknowledged that international trade played a major role in many countries, (especially industrialised countries) throughout history, recent developments do indicate that its importance is on the rise especially in the light of the rise of many large multinationals and a significant increment in industrialization. Most importantly, advancement in transportation systems and telecommunication developments has significantly changed the nature and intensity of international trade.

The nature of international trade is not significantly different from domestic trade at least in principle. The fundamental difference between international and domestic trade borders largely on cost and other impediments (barriers) which are going to be dealt with in detail in this thesis. Cross border transactions typically impose additional costs such as time costs, tariffs, as well as country differences such as language, legal systems and culture. Another common albeit less significant difference between international and domestic trade is that domestic trade encompasses goods, services and other factors of production such as labour and capital whilst international trade is largely confined to trade in goods and services.

As already indicated, the importance of international trade cannot be over emphasized. For any nation to fully realise its development objectives, international trade as well as its accompanying complications must be fully appraised by both academics and industry practitioners alike. As Tajzadeh-Namin et al, (1996) put it, to accomplish economic growth and development, every society needs focused objectives to enhance export value so that an export oriented culture may spread. Export development can most appropriately be viewed through the spectacle of export performance of the individual firms engaged in exporting activities within the said society. Export performance as concept has engaged the attention of many scholars and industry practitioners alike as competition within world markets has intensified hence the call for an increased understanding of the drivers of export performance (Cavusgil and Zou, 1994; Morgan, Kaleka, and Katsikeas, 2004).



Much as the export activities and good export performance result in economic growth of nations, sustainable export may not be achieved unless other factors affecting trade such as the perception of export barriers faced by exporters and many other variables within exporting itself such as the sizes of firms engaged in the activity, management orientation towards export and the various industries that contribute to the export portfolio are examined critically to create an understanding of the nature of the relationship between these variables and export performance. It is hoped that the ideas and results that are presented in this thesis would shed light on the correlation between export performance, export barriers, firm size and internal (management) forces. It is hoped that these ideas would enlighten industry participants and export thinking and as such have a positive impact on export performance especially in Ghana.

### **Internal Management Forces and Perceived Export Barriers**

Most of the actions that drive activities in the firm emanate from managerial actions. Internal management force (firm commitment and management experience) is therefore an important function in the continuous solution of challenges which the firm faces in the international market. Important barriers firms faces in their export activities includes limited access to information to locate and further analyze opportunities in foreign markets (Weaver and Pak, 1990; Tseng and Yu, 1991), the need to identify an appropriate overseas partner to represent the firm in the foreign market (Moini, 1997), inadequate knowledge about the appropriate export documentation and complex workings of export transactions (Bauerschmidt et al., 1985; Gripsrud, 1990). However, in recent times, intense export competition has been noted to represent the most significant of all the challenges (Dichtl et al., 1990; Leonidou, 1995b; Kaleka and Katsikeas, 1995). Analysis of the foregoing indicates that the quality of the firm's management force may have an impact on these barriers. It is noted that the impact of firm resource commitment on export barriers is well documented (Christensen and Da Rocha, 1994). Several articles have indicated lack of management commitment and firm commitment to export as barrier to the development of export-marketing activities (Kaleka and Katsikeas, 1995, Christensen and Da Rocha, 1994; Aggarwal, 1986). Naidu et al., (1997) notes that positive firm commitment and management experience substantially leads to a reduction in export barriers. This result was elicited from their work which found that trained human resources and management attitude was a major ingredient needed to enhance the development of export activities. This is further corroborated by Cavusgil and Zou (1994), who notes that the firm's strategy is largely influenced by management forces such as international experience and the extent of international business involvement. Ibeh (2004)

recognizes the impact of trained and experienced human resources on export barriers. These prior studies indicate that a negative managerial attitude toward exporting constrains firm's activities in the international market. As such firms that takes into account the requirements for international activities in its human resource management practices, particularly for its managerial and professional employees is more likely to do better in its export attempts (Gomez-Mejia, 1988). Aggarwal (1986) indicated that the quality of manufactured products in Venezuela, Argentina and Chile stays at a low level due to low quality human resources. As noted from the foregoing the literature indicates a negative relationship between internal management forces and perceived export barriers.

We hypothesize:

***H1: Firms which commit large amounts of resources to their export activities and have a high degree of managerial experience in exporting perceive fewer exporting barriers***

### **Firm Size and Perceived Export Barriers**

The discussion in export barriers in the next section identified export barriers as varying across firm size. Different studies have been conducted to ascertain the relationship between firm size and export activity. Results affirm correlation between firm size and exporting; large firms have a larger probability of exporting than smaller ones (Paulo Azzi da Silva 2000). However studies by Aaby and Slater (1989) confirmed contradictory results in their findings. According to this research, the relationship of firm size and export barriers to exporting showed in most cases significant results, with larger and smaller firms perceiving obstacles differently (Keng and Juan, 1988; Barker and Kaynak, 1992; Leonidou, 1995). Also Katsikeas and Morgan's (1994) studies on relationships between firm size discovered that firm size can be associated to some perceived obstacles but not to all of them. Further research from Brazil established that perception of barriers appeared to be correlated at least to some extent, to firm size (Cardoso, 1980; Figueiredo and Almeida, 1988; De Carvalho and Da Rocha, 1998). On the contrary however a study by Fleury (1986) in the engineering services industry identified no relationship between these variables a possible result of the type of industry (services).

We hypothesize:

***H2: The larger the firm is, the fewer barriers it is likely to perceive***

## **Internationalisation and Perceived Export Barriers**

Whilst many studies have been conducted on the relationship existing between non-exporters and exporters, and their perception of export barriers (Cheong and Chong, 1988; Barker and Kaynak, 1992; Ramaseshan and Soutar, 1996), studies on internationalization variables have not been given similar attention. Outcomes of such studies have often been marred by conflicting results. Studies by Katsikeas and Morgan (1994), notes that novice exporters concentrate on issues of pricing whilst experienced exporters were more concerned with national export policy and domestic currency devaluation issues. Studies by Tesar and Tarleton, (1982) could not ascertain whether perception of export barriers differs between aggressive and passive exporters. Kaleka and Katsikeas (1995) reported conflicting results when they understudied regular and erratic exporters. However a noted research undertaken by Bilkey and Tesar (1977) indicates that as firms internationalize the effect of export barriers such as obtaining foreign representation, understanding international business practices and financial transaction with overseas customer's increases. The inconsistencies in research outcomes of internationalization and export barriers may be due to the problems inherent in exporting. These include limited access to information in order to identify opportunities in foreign markets (Moini, 1997), difficulty in identifying suitable overseas partners to represent the firm (Diamantopoulos et al., 1990), inadequate information on documentation and transactions (Barker and Kaynak, 1992) as well as intense competition on foreign markets (Kaleka and Katsikeas, 1995). Based on this quandary of outcomes we posit our hypothesis as follows:

We hypothesize that:

***H3: The more internationalised a firm is, the fewer barriers it perceives***

## **Internal Management Force and Export Performance**

At the managerial level, managers attempt to understand the causal linkages between actions and organizational outcomes within the firms operating environment. Managerial reasoning then shapes managerial actions and firm level outcomes (Lant et. al. 1992). Managerial decisions which are influenced by managerial forces are largely the driving forces behind the success of any firm in international marketing. Cavusgil and Zou (1994) lend credence to this line of reasoning by arguing that marketing strategy is to a large extent influenced by management forces such as firm's international experience and extent of international business involvement. Lages et al, (2008) identifies the firm's commitment to exporting as one of the key management forces driving export activity and success. An operational definition of the firm's commitment to export is offered by Lages et al, (2008), as the degree to which organizational and managerial resources are allocated to

export. The implication is that as increasing levels of resources are committed to the export venture, it is better able to improve its planning procedures and implement more strategies. This would then directly influence the performance of the export venture. Management's international experience has also been noted as one of the key management forces that influence the export performance of any export venture. Management's international experience include the degree to which the firm's management has overseas experience, having lived or worked abroad, as well as the accumulated skills and abilities that support the achievement of the organizations objectives and goals. Accordingly, experience in a wide range of markets provides managers with a wide range of insights leading to an extensive knowledge base Lages et al, (2008). Management's experience in international markets puts them in a better position to evaluate the contingencies and complexities of each market and be able to advance appropriate strategies to meet these challenges. Management's experience also positions management to be able to exploit learning and to identify and take advantage of opportunities while avoiding threats in order to achieve organizational goals. We therefore hypothesize that:

***H4: Firms which commit large amounts of resources to their export activities and have a high degree of managerial experience in exporting perform better***

### **Firm Size and Export Performance**

Investigating the relationship between firm size and export performance is not entirely new in international business literature. Many studies have been conducted over the years (Calof, 1994, Wagner, 2001) however, the results have been mixed since positive, negative and no associations have been found between firm size and export performance (Artur et. al., 2000). For example, Oviatt and McDougall, (1994) suggests that firm size is no longer a reliable predictor of export success. Bagchi-Sen, (1999) further lends credence to this point by suggesting that small scale enterprises can succeed in global markets. Other studies have indeed found a positive relationship between firm size and export performance (Kaynak and Kang-yen Kuan, 1993). The reasons adduced for this, is that larger firms tend to have more resource advantage compared to smaller firms. Larger firms therefore have larger managerial and financial resources, production capacities and economies of scale (Bonaccorsi, 1992, Baldauf et al 2000). We seek to investigate this variable in the context of our research and as such hypothesize that that:

***H5: The larger the firm is, the better it is likely to perform***

## **Internationalisation and Export Performance**

There is generally broad consensus in international business literature that internationalization of firms is positively related to export performance. According to Pangarkar (2008), three reasons have been adduced for this general consensus. First, internationalized firms usually enjoy economies of scale and therefore operate more cost efficiently than their domestic rivals. For example an international firm would be able to more efficiently configure activities in its value chain to reap economies of scale by locating its labour intensive production in a labour abundant country. A firm that is highly internationalized would also enjoy greater efficiency in learning as it operates in different environments and has to satisfy diverse customer needs and respond to the different competitors it encounters. Moreover, the accumulated knowledge can be transferred between affiliates at a lesser cost. Much of this line of reasoning is concentrated on large firms. Our focus is however, on small to medium scale firms as most of the non-traditional exporting firms in Ghana are regarded as such, employing less than a hundred people. The results for such studies on small and medium scale firms have rather been contradictory as these firms face a lot of constraints. Small and medium scale firms lack the resources of their larger counterparts Qian (2002). The lack of resources also makes it difficult to gather the necessary information with respect to their operating environment. Not only do they lack the resources of their larger counterparts, but their ownership, organizational structure, and management systems are significantly different from their larger counterparts. Though small scale businesses face a lot of constraints, they still could benefit from internationalization Luostarinen (1979).

We hypothesize:

***H6: The more internationalised a firm is, the better it performs***

## **Export Barriers and Export Performance**

According to Bilkey (1978), barriers to export activities have been studied since the 1960's and 1970's covering such countries as the U.S.A, Brazil, Canada, Norway, and Finland amongst others. As the number of studies in the perception of barriers to export increased so did the understanding of the problems involved. Tesfom, and Lutz, (2006) indicates that the focus is shifting from explorative studies, i.e. theory development aimed at just identifying export problems to studies analysing export problems in relation to certain performance indicators. This shift is however confined mostly to developed countries. Growing literature on developing countries still focuses on export problems.

Export barriers have been broadly classified into internal and external components. Whilst internal barriers consist of company or product related variables, external barriers include industry, market or macro-environment variables (Tesfom, and Lutz, 2006; Cavusgil and Zou, 1994). Figure 1 (Appendix C) illustrates this classification (Cavusgil and Zou, 1994). Internal barriers are associated with insufficient organisational resource to export marketing. Some noted internal barriers include importer quality standards, lack of suitable and appropriate design and image for the export market, poor organisation of export departments, lack of competent personnel to administer exporting activities, lack of finance to boost exports and insufficient information about foreign markets. External export barriers have been noted by many researchers as constituting a substantial number of exporting problems. Some of these problems noted in the literature include the imposition of tariff barriers and regulatory import controls by foreign governments, fierce competition, exchange rate fluctuations, limited foreign exchange for international trade, and cultural differences amongst others.

Prior studies indicate that management perception of export barriers tends to influence export performance (Aaby and Slater, 1989; Zou and Stan, 1998). Studies by Paulo Azzi da Silva, (2000) however indicate contradictory results. Thus, whilst empirical studies in the 1980's indicates negative relationship between perception of export barriers and export performance (Madsen, 1987), those in the 1990's "reported that export market barriers are not significant predictor of export performance" (Zou and Stan 1998, p. 315).

We therefore hypothesize that:

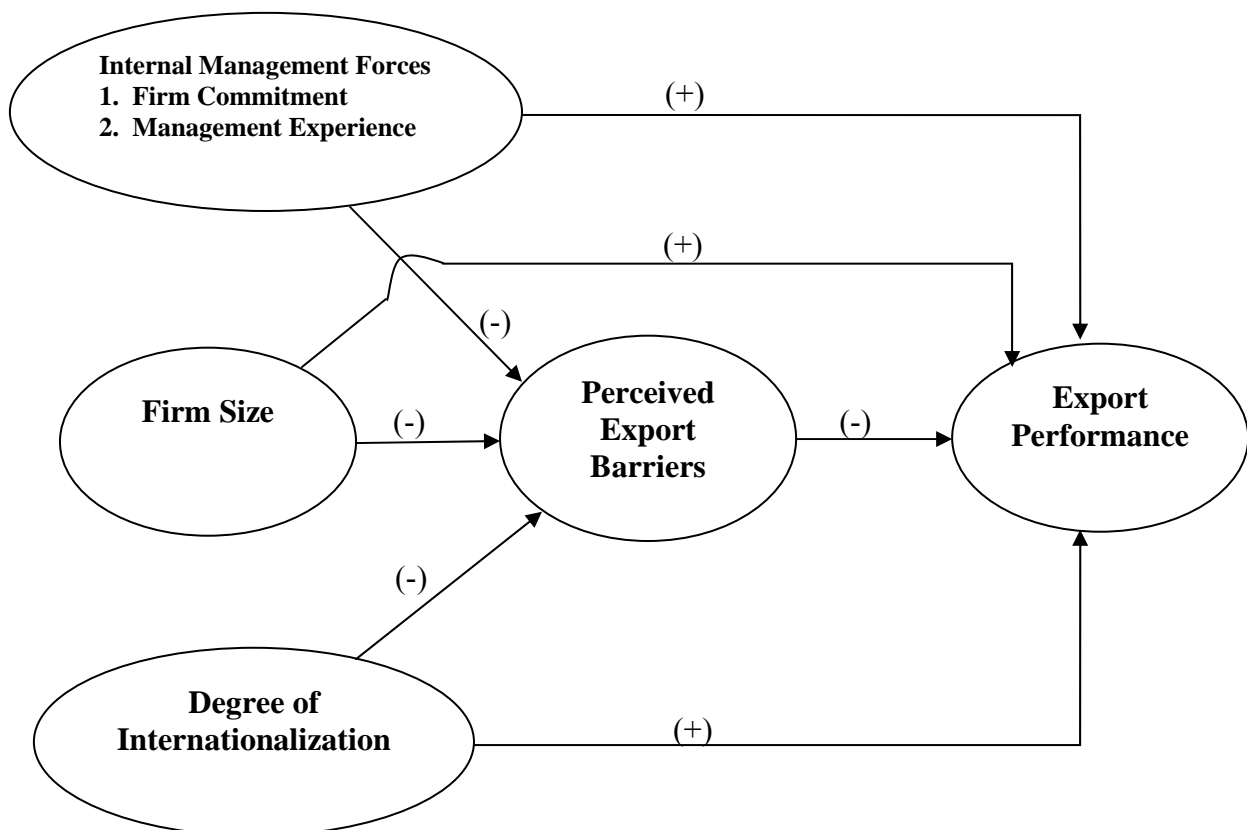
***H7: The fewer barriers a firm perceives, the better its performance***

## **Export Performance**

Export performance has been a widely studied concept in international business literature (Shoham, (1998). Export performance both past and present are essential to the survival of the organization in diverse ways. Whereas past performance motivates managerial strategy actions, present performance signals the effectiveness of management strategy modifications as well as set forth new strategy actions, Lages et al, (2008). However, with the flurry of studies conducted over the years scholars are yet to generally agree on the conceptual as well as the operational definition of the concept. Operational definitions of export performance vary across the literature so far. Some scholars including Aaby and Slater, (1989) define export performance through export efficiency, export effectiveness and continuous engagement in export. Other scholars including (Robieheaux,

1988: Koh, 1991 and Bilkey, 1982) define export performance through a construct that measures export intensity, perceived export profitability and continuous export activity. It is the latter construct that would form the basis of our measurement of export performance in latter chapters of this study. According to Shoham, (1998) a conceptual definition of export performance should address two parts: export and performance. He goes ahead (in sighting Cavusgil and Nevin 1981) to define export conceptually as ‘the internationally marketing-related decisions and activities of internationally active firms. Any definition of performance should take into account the view points of various stakeholders that are interested and affect the export performance of the firm (Shoham, A. (1998). He therefore defines export performance as ‘the composite outcome of a firm’s international sales. Cavusgil and Zou, (1994) however give a comprehensive definition of export performance as the extent to which a firm’s objectives, both strategic and financial, with respect to exporting a product to a market, are achieved via the execution of the firm’s export marketing strategy. The intensified interest in understanding the drivers of export performance by scholars in recent years has come about as a result of the intensified competition in world markets.

**Figure-1: Research Model**



From the above analysis we present the summarized information in the form of a research model depicted in figure one above. The figure should be read the following way; the independent variable shown on the left hand side of the model consists of internal management forces, firm size and degree of internationalization. These variables first maps onto perceived export barriers and are explained as follows; first it is posited that internal management forces is negatively related to perceived export barriers this represents by our hypothesis H1(-). Then firm size negatively relates to perceived export barriers, this is depicted by H2(-). Also internationalization is also shown relating negatively with perceived export barriers as noted by H3(-) in our hypothesis. Second, the independent variables maps onto export performance and are explained as follows. Internal management forces varies positively with export performance as depicted in our hypothesis H4(+). Also firm size positively relates with export performance depicted by hypothesis H5(+) in our analysis. Further internationalization positively relates with export performance indicated by H6(+) of our hypothesis. Finally, perceived export barrier is mapped onto export performance. This relationship is predicted to be negative as depicted by hypothesis H7(-). The resulting hypotheses are summarized in table 1 below.

**Table-1: Summary of Hypotheses**

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H1(-)	: Internal Management Force is negatively related with perceived export barriers
H2(-)	: Firm size is negatively related with perceived export barriers
H3(-)	: Degree of internationalisation is negatively related to perceived export barriers
H4(+)	: Internal Management Force varies positively with export performance
H5(+)	: Firm size varies positively with export performance
H6(+)	: Degree of internationalization varies positively with export performance
H7(-)	: Perceived export barriers varies negatively with export performance

### Synthesis

The aim of this chapter is to discuss the literature review and develop hypotheses to enable us analyze the identified variables with respect to the non-traditional export sector in Ghana. To do this, we first discuss the literature that underpins the development of the export sector. Based on this we formulate hypotheses to analyze to guide the progress of the study. Seven hypotheses are identified.



## **The Case of Ghana; Export Development, Promotion and Policy**

### **Introduction**

The economic capacity of a country, particularly its industrial and agricultural capabilities determines the trend that its exports follow. Ghana has largely been an agricultural based economy with many sporadic and futile attempts over the years by many governments to invigorate the industrial sector as a basis to kick-start an export based economy. Indeed many governments have realized the importance export plays in achieving a middle income status. An export oriented development has therefore been made the cornerstone of the economic policy of the Ghana government. The target of government policy is for the export sector to generate \$16 billion by the year 2020 (Ghana export promotion council). This can however not be raised by the traditional export sector due to sectoral and market constraints, export diversification with a focus on non-traditional export sector is seen as a strategy for export growth, Buatsi (2002). The main thrust of government trade policy has consequently been the promotion of private sector led export development. It is considered that the policy would offer the country substantial increase in foreign exchange receipts and appreciable opportunity for growth. ([www.edifghana.org](http://www.edifghana.org)). The institutional framework organized by the government of Ghana for the development of the non-traditional export sector from a functional perspective may be classified into three categories (Kuada, J. et al, 2000).

### **Institutional Building and Policy Initiative in Support of the Non-Traditional Export Sector**

#### ***Promotional Institutions***

The aim of establishing these institutions is to create incentives and facilities to motivate firms to engage in exporting we discuss the Ghana Export Promotion Council a promotional institution.

#### **The Ghana Export Promotion Council**

The need for export diversification was recognized by the government of Ghana in 1969 when the Ghana Export Promotion Council (GEPC) was established. The GEPC, operating under the aegis Ministry of Trade and Industry, performs several planning roles including but not limited to collaboration with other institutions supporting the non-traditional export sector (NTES), drawing up specific plans for approval by the government and helping with the implementation of projects in various locations in the country. This body also ensures that producers and exporters become

aware of and benefit from the incentives provided by the government, by disseminating information on international trade policies and opportunities, organizing trade fairs and tours, running an export school to educate exporters and organizing forums for exporters to discuss their needs and worries with government officials.

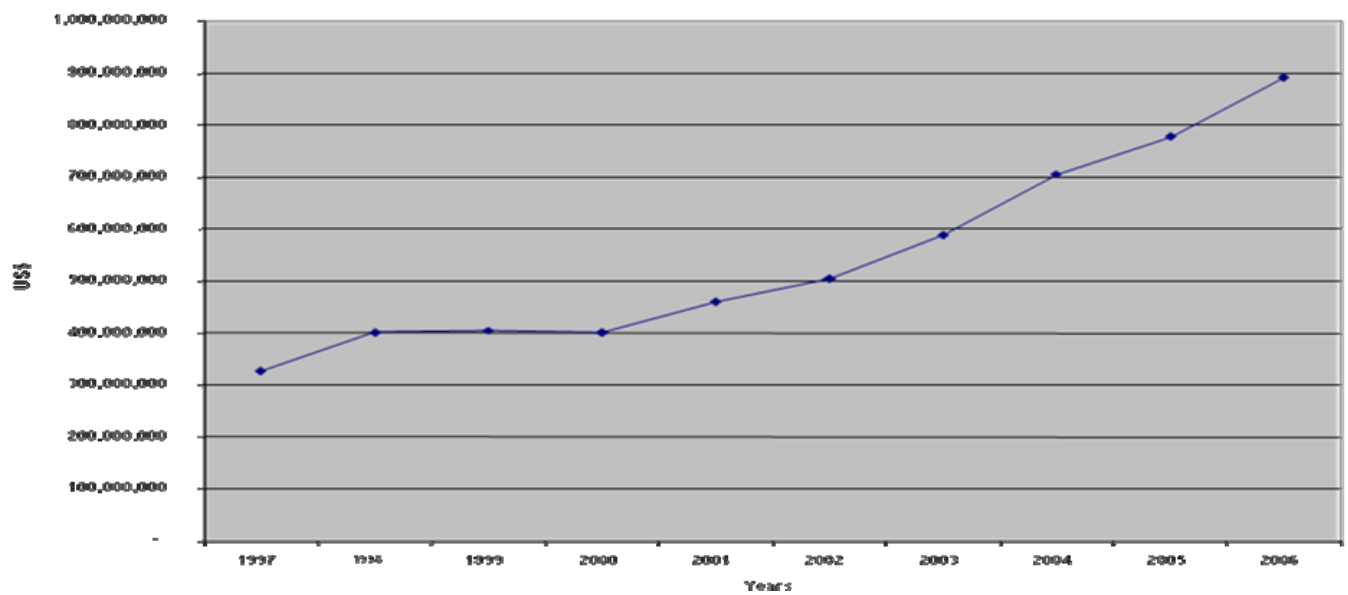
GEPC undertakes comprehensive planning comprising of sectoral, area/regional and project planning strategies. The planning practice takes into account the macroeconomic policies of the government such as the economic recovery program (ERP). Several internal and external constraints on the economy, in general and the NTES, in particular, are identified and relevant development objectives set within the context of the ERP. Project identification, appraisal, and selection are made based on the basis of their viability, feasibility and profitability. In both the three-year non-traditional export development plan, (NTEDP, 1988-1990) and five year medium term plan (MTP-NTEDP, 1991-1995) developed by the GEPC, the criteria for selecting export products included: low import content, overall contribution to export earnings, existence of a limited organized production base and the potential for immediate export expansion, the degree of value-added, linkage effect on other sectors or projects and the availability of ready external markets.

A major objective of GEPC's comprehensive planning strategy was to provide an administrative support for the establishment of export production villages (EPVs). The EPV scheme evolved from the three year NTEDP (1988-1990). The original idea was borrowed from Sri Lanka. Ghanaian authorities believed that the vast resources existing in rural areas offered the country distinct comparative advantage to implement rural-based export projects for economic development. The main objectives of the EPV scheme as set by the GEPC are; to develop an effective institutional mechanism for the planning and co-ordination of rural-based export production and marketing; to create a regular and guaranteed market for rural export production; to ensure availability of suppliers for sustainable export markets; to develop improve and sustain entrepreneurship, production efficiency and quality consciousness among rural producers; and finally to create or enhance employment and income opportunities in rural areas thereby improving upon the standard of living of rural producers (Addo E. and Marshal R., 1998).

Trade is relatively concentrated, both in commodities and markets. Primary products, overwhelmingly gold and cocoa, account for most exports. Non-traditional exports, including, processed food, timber, and aluminum products, account for 20% of exports, up from 3% in 1986.

However, export diversification has slowed. Most manufactured products, along with machinery and other inputs, are imported. Ghana's main trading partner remains the European Union (EU), accounting for almost half of total exports — partly due to trade preferences — and imports. Within the EU, Italy has overtaken the United Kingdom and Germany as the main export market. Italy, the United Kingdom, and France are the main European source of imports. Performance of the non-traditional export sector in Ghana over the recent past is illustrated on the tables below.

**Figure-2: Trend in NTE Earnings, 1997 to 2006**



Source: Ghana Export Promotion Council

Figure-2 reviews the performance of the non-traditional export sector in Ghana over a 10 year period. The graph indicates that there has been a consistent rise in earnings over the period with the exception of the period 1998-2000 where the graph flattens. From about \$300m in 1997, non-traditional export earnings rose to \$900m in 2006 representing about 200% increment over the period. This huge increment is indicative of the instrumental role the non-traditional sector has come to play in the economic development of the country. The analysis of the data in chapter five would shed more light on the reasons for the explosion in exports in the non-traditional sector.

**Table-2: Performance of Non-Traditional Exports relative to Total Exports 2004 to 2006**

	2004 US\$ '000	2005 US\$ '000	2006 US\$ '000
Total Exports	2,740,240	2,768,400	3,415,700
Non-Traditional Exports (NTE)	705,429	777,593	892,878
% Contribution of NTE to Total Exports	25.74	28.09	26.14

Source: Ghana Export Promotion Council

Table 2 above presents non-traditional export earnings as a percentage of total exports. The figures indicate that as at 2004, non-traditional export earnings were a quarter of total exports. This increased to 28% the next year but declined to 26% the subsequent year. However, this was still a significant figure further lending credence to the growing importance of the non-traditional sector in Ghana.

**Table-3: Performance of Non-Traditional Export Sector by Markets Segments**

Markets	2005	2006	% Growth
European Union (EU)	368,706,315	419,882,938	13.88
ECOWAS	243,953,543	242,689,210	(0.52)
Emerging Economies	72,162,406	106,237,220	47.22
Other Developed Countries	74,024,165	98,857,773	33.55
Other African Countries	18,746,191	25,210,576	34.48

Source: Ghana Export Promotion Council

Table 3 depicts the most important market segments to the non-traditional export sector in Ghana. As at 2006, the European Union was the most important market, followed by the Ecowas sub-region, the emerging economies of south-east Asia, other developed countries and finally other African countries. The most important feature worthy of attention on the table however, is the rate of growth of these market segments. Whilst the European Union is currently the largest market for the non-traditional export sector, its growth rate of 13.88% is dwarfed by that of the emerging economies (47.22%), other African countries (34.48%) other developed countries (33.55%). The Ecowas sub-region recorded the lowest growth rate of 0.52%.

### ***Facilitator Institutions***

These institutions were established to directly or indirectly affect the operational capabilities of firms. We give a brief overview of the Export Development and Investment Fund one of such institutions below.

#### ***The Export Development and Investment Fund (EDIF)***

The export development and investment fund (EDIF) was established by Act 582 on the 4<sup>th</sup> October 200 to provide financial resources for the development and promotion of the export trade in Ghana. Operation of the fund however started in July 2001 with the appointment of a Chief Executive, the inauguration of a 13 member Board and the establishment of a Secretariat to manage the fund. ([www.edifghana.org](http://www.edifghana.org))

### ***Regulatory Institutions***

To ensure that export firms provide the goods and services promised and that their behavior conforms to established standards in the country and abroad these institutions were established. A brief overview of one of such institutions, the Ghana standards board (GSB) is discussed next.

#### ***The Ghana Standards Board (GSB)***

The Ghana Standards Board (GSB), the national Standards body was established by the Standards Decree, 1967 (NLCD 199) which has been superseded by the Standards Decree, 1973 (NRCD 173). The mandate of this institution includes but not limited to promoting quality management systems in industry, advising the ministry of Trade and Industry, product certification scheme. This institution by acting as a guarantor of the quality of exporter's products makes its relationship with exporters of prime importance. As this institutions certificate is recognized internationally as evidence of quality the role of GSB in Ghana's export development cannot be underestimated. In its effort to promote a sound Quality Infrastructure, the institution collaborates with other governmental institutions and other International Bodies.

### ***Ghana's Trade Policy***

Despite real annual growth rates exceeding 4% during the 1990s, macroeconomic imbalances which have precipitated an economic crisis, threaten economic growth and could endanger the continuation of trade and other structural reforms, according to a World Trade organization (WTO) report on the trade policies and practices of Ghana.

The report says that trade and foreign direct investment (FDI) are essential to Ghana's economic development. Merchandise exports and imports as a share of Gross Domestic Product (GDP) have expanded substantially, from 18% and 29% in 1993 to 28% and 39%, respectively, in 1998

Ghana, a founding member of the WTO, accords at least (Most Favored Nation) MFN treatment to all its trading partners. Around 15% of its tariff lines are bound, mostly in agriculture. Its general agreements of tariffs and trade (GATT) Schedule covers commitments on certain services, including tourism, maritime transport, construction, and education. Ghana also participates in the agreements on Basic Telecommunications and Financial Services. It is an observer to the Plurilateral Agreement on Trade in Civil Aircraft, and is neither a signatory, nor an observer, to the Agreement on Government Procurement.

The tariff remains Ghana's main trade policy instrument. The simple average tariff had fallen from 17% in 1992 to 13% on January 2000, when the highest duty rate, levied on consumer goods, was reduced from 25% to 20%. However, the average tariff rose to its current level of 14.7% in February 2000 when a "special import tax" of 20% was re-introduced, covering some 7% of tariff lines. This raised tariffs on many, mostly consumer goods to 40%, well above their previous rate of 25%. This contradicts the Government's policy objective of lowering average tariffs to below 10% within the next three years.

Ghana is heavily dependent on agriculture, especially cocoa, and on natural resources, notably minerals. Primary production accounts for almost half of GDP; agriculture, at 40%, is the most important sector. Manufacturing contributes some 10% of GDP. Services are the second largest component of GDP. Many basic infrastructure services, such as electricity, ports, and water, are provided by state-owned statutory monopolies. Basic telecommunication services are supplied by a statutory duopoly following licensing of a second national carrier in 1997. These arrangements have had only limited success in promoting telecommunication services: neither carrier has met its network expansion or service quality target. The Government considered allowing additional carriers from March 2002. The market for value-added telecom services is open. The National Communications Authority was formed in 1997 as the independent legislative regulator to promote fair competition and enhanced efficiency.

Ghana generally applies its trade policies and measures on a non-discriminatory basis, granting at least MFN treatment to all its trading partners. Pursuing MFN liberalization while expanding its bilateral arrangements and deepening regional integration, would maximize benefits, and help

guard against any possible trade diversion. Reliance on ad-valorem tariffs, which are being rationalized, as the main trade instrument contributes to a more transparent trading regime. Extending the coverage of tariff bindings beyond agriculture would benefit Ghana and its trading partners by increasing the predictability of the tariff. Continued structural reforms, including further trade and investment liberalization, can improve the economy's flexibility and growth prospects.

However, the economy remains relatively weak and vulnerable to external commodity price movements and other shocks, such as weather conditions. Current economic difficulties, both internal (including the large budget deficit) and from abroad, are placing extra pressures on the economy which may weaken the Government's resolve for trade liberalization. Ghana's enhanced commitments to the WTO and compliance with its obligations can help sustain such unilateral reforms. However, Ghana's trading partners can greatly assist its reform efforts by ensuring stable, increased access to their markets, especially in agricultural products where Ghana's comparative advantage appears strongest ([www.wto.org](http://www.wto.org)).

## **METHODOLOGY**

In this chapter we describe the sampling plan, data collection, sampling characteristics and measurements of the various variables. In order to empirically investigate our posited hypotheses there is the need to obtain data on the following variables. First, there is the need to capture data on the firm's internal management forces, the size of each respondent firm and the degree of internationalization. We also need to obtain data on export barriers as perceived by our respondent managers during their various activities. Finally, we need to obtain data on export performance of these firms. As the focus of our study is within the non-traditional export sector of the Ghanaian export industry, the objective is to obtain a sizeable amount of data from firms operating within this sector. Data from our primary source basically informed the test of our hypotheses.

We employed descriptive research design in the conduct of our research. This was done as a result of the following reasons. Our research question was well structured and we were dealing with a cause and effect phenomena. Ghauri and Grønhaug, (2002) notes that the key characteristics of the descriptive research design include a well structured research question, precise rules and procedures this informed our decision in the choice of this particular technique.

### **Sampling and Data Collection**

We conducted our empirical studies by collecting data from non-traditional export firms operating in Ghana. The sampling frame was drawn from a list of the 450 non-traditional exporting firms registered with the Ghana Export Promotion Council (GEPC). This register represents the most adequate sampling frame as almost all non-traditional exporters have been registered with the GEPC. Using random sampling 100 non-traditional exporters were selected and administered with our prepared questionnaires. All the firms we contacted are located in or around Accra, the capital of Ghana. It must be noted however that we did not consider location in the selection of these firms. The production sites of some of the firms were, however, located outside of Accra. As our research is mainly investigative in nature, we do not consider the small sample size a limitation to the analysis of and conclusion from the data gathered. The main value of the results lies in the issues raised and the direction the results give for further research into the export sector development process.



Respondents were drawn from a wide variety of industries and different firm sizes (see Figure 6). Majority of the firms were micro, small and medium scale. The size distribution of respondent firms is consistent with the characteristic of export sectors in most countries, which consists of small and medium scale firms.

Respondents were identified as corporate heads, managing directors or CEO's of the various firms. Respondents were selected based on their level of familiarity with issues pertaining to our research, role in the organization, willingness to respond and overall interest in our investigation (Marshal, 1996). Of the 100 selected respondent firms, 14 were no longer involved in export activities, six declined to participate due to the lack of time and the location of three of the firms could not be traced.

In a bid to elicit the relationship between respondent firms and its major export market questionnaires were completed as we interviewed respondents. To do this we used a closed ended questionnaire (refer Appendix A) in a face-to-face interview with our respondents. This method is highly recommended in this context as respondents are usually busy and in most cases usually end up misplacing the questionnaire all together. It must be noted however that other methods such as telephone interview and mail questionnaire techniques (Yang et al., 2006) may not be appropriate in this context due to the poorly developed infrastructure and also problematic as a result of the high illiteracy rates. Not only this, these techniques do not have the advantage of the flexibility of the face-to-face technique. Out of the total questionnaires administered four were incomplete or had been completed by ineligible respondents. As such, the response rate was 73%. This rate is adequate for the study as Shoham (1998) indicated that 40.1% response rate was well above previous research using export managers.

Responses gathered from respondents indicates that their major export markets include the neighbouring countries in the ECOWAS trade block (Cote d'Ivoire, Togo, Liberia, etc), countries in the European Union (UK, France, Netherlands, Italy, Spain etc), United States and Asia (China, Japan and India). The average firm employs two people and has an average turnover of sixty thousand US dollars. Firms from the following sectors are included in the survey (Appendix B, table d); handicrafts and other manufactured items ( $n=25$ , 34.2%), horticultural products ( $n=15$ , 20.5%), fish and sea food ( $n=11$ , 15.1%), prepared food and beverage ( $n=11$ , 15.1%), processed wood ( $n=10$ , 13.7%) and others ( $n=1$ , 1.4%).

## Data instrument development

Similar to other studies on the subject (Katsikeas et al., 2000) the export venture was adapted as the unit of analysis. As noted by Katsikeas et al., (2000) it is the duty of the researcher to ensure that the unit of analysis is well understood by the respondent. As such to ensure consistency, this measure was developed with the support of relevant literature and in consultation with our project supervisor before the design of our data collection instrument for our survey. It is noted, however, from the studies of Diamantopoulos et al., (2007) that managerial, organisational and environmental factors are also important attributes that influence venture and firm level analyses and as such important in the development of data collecting instruments.

We designed our data collection instrument as a structured personal questionnaire (Appendix A). The questionnaire was designed with seven distinct sections which solicits information pertaining to the major hypotheses under investigation. Section A of the questionnaire was concerned with the firms important export markets. These markets were subsequently grouped into trade blocks consisting of ECOWAS, Asia, EU, and the USA for ease of analysis. Section B of the questionnaire covers the perception of export barriers. This section had 20 questions seeking information about the importance of noted export barriers and their impact as obstacles to the firms exporting activities. Some of the noted questions this section seeks to elicit include exchange rate, transportation and insurance and bureaucratic requirements amongst others. Section C covers internal management forces. It consists of eight questions which are sub-divided into firm's commitment to exporting and management internal experience. Firm commitment to exporting covers questions such as "*substantial planning for the export*", "*significance amount of human resource involved in the export activity*", "*degree of management commitment to export*" among others. Management internal experience includes questions as "*degree of professional exporting experience*", "*degree of overseas experience live/work abroad*" among others. Section D concerns product categories in which the firm is involved in. Section E, concerns the size of the firm. We requested respondents to provide the number of full time employees working in the firm. Section F, covers degree of internationalization, we requested respondents to provide the number of countries their firms exported to. Finally section G covers export performance. This section consists of four questions seeking information on the performance of the firm. Characteristics of these questions include volume of sales, volume of exports, profitability and satisfaction of export performance.

## **Measurements**

The measure of internal management force, firm size, internationalization, perceived export barriers and export performance were developed from the recommendations of Gerbing and Anderson, (1988). Variables for the constructs we used in all the measurements were adapted from prior research. Measures for Internal management force were operationalized using a multi-item scale, a five point Likert type scale based on “i”=strongly disagree to “v”=strongly agree. Perceived export barriers was also measured on a similar five point scale with “i”=very low importance to “v”=very high. Similarly export performance was measured on a five point Linkert type scale with “i”=very dissatisfied to “v”=very satisfied (Appendix A). The multiple item measures and sources are shown in Appendix B. Reliabilities (Chronbach alpha) for each multiple item scale ranges from 0.596 to 0.798.

### ***Internal Management Forces***

The measurement of internal management forces was largely based on a model previously developed by Lages et al, (2008). This model proposes a two dimensional technique for measuring internal forces of the firm. They include the commitment of the firm to exporting and the international experience of the firm’s management in exporting. The firm’s commitment to exporting was measured on a five point scale of “i” to “v”, where *i-strongly disagree and v-strongly agree*. Indicators which were measured include substantial planning for the export activity, whether significant amount of human resource was involved in the exporting activity, and the degree of management’s commitment to the entire exporting activities. The international experience of the firm’s management in exporting was also measured using a similar scale. Indicators which were measured include; degree of professional exporting experience, overseas experience, training in international business and ability to follow up on trade deals in the main export market.

### ***Firm Size***

The firm’s total employment, a good proxy of the firm’s resources level (Bonaccorsi, 1992), was chosen as a measure of company size. This measure of firm size has been adapted in prior studies such as studies conducted by Silva and Rocha (2000), and Mohammed and Alorvor (2004) among others. Further we employed the firm size classification criteria adapted by the Ghana Statistical Service. This criterion categorizes all firms into four groups with respect to their size. Firms are classified as either micro, small, medium, or large. Micro level firms employ between 1 and 15 full

time employees, small size firms has between 15 and 30 full time employees, medium size firms have 31 to 100 full time employees whilst large firms have over one hundred full time employees.

### ***Degree of Internationalisation***

Based on the broad definition of internationalization (Hitt et al., 1994, p.298) “expanding across country borders into geographical locations that are new to the firm” we decided to adapt a measure of internationalization that consist of the number of markets served by respondent firms thus the number of countries the firm exported to. Apart from the fact that this measure of internationalization is indicative of respondent firm’s international expansion it has also been widely used in the literature of international business (Samiee and Walters, 1990). The decision to use this measure was based on the fact that the firms’ choice of internationalization approach is usually unique to individual firm’s decision, as it is based on such factors as the size of the firm and the type of industry within which the firm operates. It must be noted that any section of the value chain (Production, business, research and development) may be internationalized.

### ***Export Barriers***

Perceived export barriers were measured using subjective measures. Prior research indicates that export barriers are better measured by the use of subjective measures as they provide a better perception of how managers deal with export barriers than objective measures (Sutcliffe and Huber, 1998). A twenty item scale representing company barriers, product barrier, industry barriers, market barriers and macroeconomic barriers was used to measure export barriers. These potential barriers were selected based partly on previous research done by Silva and Rocha, (2000) and Tesfom and Lutz (2006). Respondents were asked to rate on a five point scale the degree of importance of each of the 20 items as obstacles to their exporting activities (Appendix A, section b). This was done with reference to the firms’ most important countries of export. Variables of perceived export barrier were negatively transformed to make them appropriate for analysis.

### ***Export Performance***

Review of literature revealed that there was no consensus in the appropriate definition and measurement of the export performance construct (Cadogan and Diamantopoulos, 1996; Cavusgil and Zou, 1994). Prior research indicates diversity in the choice of variables (objective and subjective). We therefore decided to use subjective measures of the export performance construct over objective measures. Our choice of a subjective measure for export performance was informed by the demonstration of a positive association between subjective and objective measures of

business performance (Venkatraman and Ramanujam, 1986) and the application of subjective measures of export performance in prior research. The use of subjective measures of performance has been noted in prior studies as a way to overcome problems associated with unwillingness of respondents to disclose financial information as well as problem with conversion with regards to national and international accounting standards (Leonidou, Katsikeas, and Samiee, 2002).

First, non-traditional exporters are generally small firms, most of whom do not keep formal financial records nor are they willing to divulge financial figures (Fiorito and LaForge, 1986; Sapienza, Smith and Gannon, 1988).

Second, the accuracy of the financial data that was obtained could not be authenticated as data on sampled firms were not publicly available, making it virtually impossible to check the accuracy of any reported financial performance figures.

Also, the difficulty in interpreting data from sample firms due to incoherence in data storage and manipulation (Covin, 1991) made the use of such data incompatible. From the above reasons we realized that more concrete and realistic information could be obtained for export performance by means of subjective measures than from objective measures.

Further argument for this is that management often sets its own goals and has its expectations regarding export performance and is therefore able to determine whether it is achieving them or not. Self evaluation is therefore an important construct that has regularly been stressed in the export marketing literature (Dau, 1991) as the only reasonable measure of the success of a company's policy is its ability to meet the particular goals it has set for itself. We therefore used perception of firms export performance in our analysis of export performance of the firm.

Variables of export performance, perception of export profitability and perception of firm's performance were measured using a modified version of a scale developed by Gupa and Govindarjan (1984). On a 5-point Linkert scale ranging from 'very dissatisfied' to 'very satisfied' (Gupta and Govindarajan, 1984; Atuahene-Gima, 1995), respondents were asked to rate how satisfied they were with the export performance in the current year compared to the previous years on the basis of total sales, total volume of exports and the profitability of the firm's exports (Rose and Shoham, 2002).

## **Data Analysis**

We used both the SPSS 15.0 and LISREL 8.80 (Linear Structural Relations) statistical programs for the analysis of our data. To analyse our data we first did a descriptive analysis on our data sets

using SPSS 15.0. We checked how normally distributed our data sets were, as well as skewness and kurtosis of the various datasets used for our analysis. We then extracted the main factors of both internal management force and perceived export barriers using varimax rotation on SPSS 15.0 program. Further, internal reliability of constructs was measured using Cronbach's alpha.

After this we analysed the strength of the relationships existing between our factors by using the result of our correlation matrix (see Table 7). Path analysis technique, using LISREL 8.80, was conducted on our factors to determine the comparative strengths of direct and indirect relationships among our set of variables. Through path analysis mediated pathways (latent variables acting through a mediating variable, i.e., "Y," in the pathway  $X \rightarrow Y \rightarrow Z$ ) was easily measured. Pathways represent our hypotheses, which were tested using path analysis technique (Shipley 1997, 1999 and Everitt and Dunn 1991).

### ***Reliability***

We assessed the internal consistency of our scales through the calculation of the Chronbach coefficient alpha (Cronbach, 1951). The coefficients of the constructs used in the study ranged from 0.60 to 0.79 and thus within the 0.6 cut-off point suggested for analysis (Nunnally, 1978). Tables 5 and 6 present the composite reliabilities (Cronbach alpha), factor loading, total variance explained and eigenvalues of variable measures.

### ***Validation of measure constructs***

Proctor (1993) defines validity as "the extent to which instruments measure that which they are intended to measure or research findings reflect as we might know". Variables used in measuring both internal management forces and perceived export barriers were adapted from various literate sources. For effective contribution to theory development (Katsikeas et al., 2000) prior research suggests the need to validate measured variables (Styles, 1998). As there has not been previous validation of either internal management forces or perceived export barrier measures in a developing country context, confirmatory factor analysis was used to determine the items that best captured the various dimensions of both internal management forces and export barriers. Confirmatory factor analysis of internal management force indicated that one of the eight variables did not load effectively on the factors. This variable was removed from the analysis. Two factors were extracted after the analysis. They were labelled as firm commitment and management experience (see Table 5). Confirmatory factor analysis of export barrier indicated that ten out of the twenty variables used to assess export barriers did not load sufficiently on any factor. These

variables were therefore removed from further analysis. Other variables which did not contribute to explaining any of the factors were also removed (see Table 6). Three factors were extracted. These factors were subsequently labelled as human resource barrier, financial barrier and market barrier (see Table 6).

Secondly, we used methodological triangulation to ensure that our data is valid. Thus where possible we use a combination of both quantitative and qualitative techniques in our analysis. This enabled us to identify and represent as accurately as possible the phenomena under investigation. We also applied data from both secondary and primary sources. As most of the concepts have been investigated by prior studies in developed countries it was easy to adapt data from these prior studies in the development of similar theories in our context.

## **Data Description**

### ***Data Integrity, Normality and Descriptive Analysis***

To ensure that our data was clean and had no errors we run a descriptive statistic analysis on our data by using SPSS 15.0 software. This provided the number of subjects ( $n$ ), the lowest and highest score, the mean and standard deviation for each variable. Before analysing the data we checked to ensure that all our means were reasonable and the minimum and maximum variables were within the appropriate range for each variable. The number of subjects ( $n$ ) analysed are 73. Data sets from the given tables were devoid of much noise and as such appropriate to use for further analysis. We checked for the frequency and normal distribution, skewness and kurtosis of the various datasets being used for our analysis. The shape of our distribution curves (histograms) another criterion required for the normality test depicts reasonably straight lines, suggesting a normal distribution.

### ***Popular destinations for Non-Traditional Exports***

Question one seeks to classify our respondents into the various export market groups. The aim of this question is to identify the popular export product destinations of non-traditional exporters. Respondents were therefore asked to identify, out of a group of countries ordered according to trade blocks {ECOWAS, European Union, USA, and Asia}, the destination of their exports. We therefore asked the question “*Which of the following is your most important export market?*” to which the following data was collated.

**Table-4: Non-Traditional Export Markets**

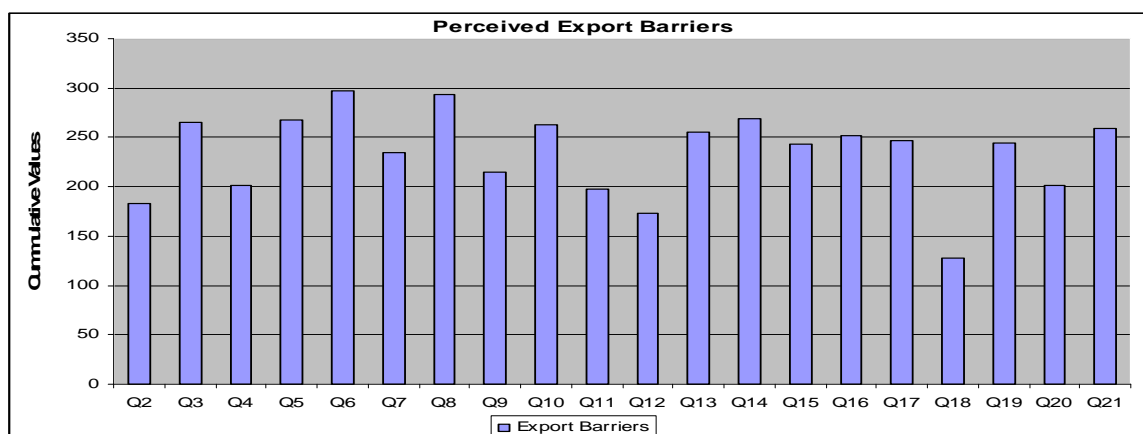
	Frequency	Percent (%)	Cumulative Percent
ECOWAS	27	37.0	37.0
European Union	25	34.2	71.2
Asia (China, Japan and India)	11	15.1	86.3
United States	10	13.7	100.0
Total	73	100.0	

From table 4 above, 27 of the 73 responses we collated representing 37.0% of total responses indicated that they exports their products to the ECOWAS countries. A further 25 of the total responses representing 34.2% of total responses indicated that they export their products to the European Union. Also 11 respondents representing 15.1% of total responses export their products to Asia whilst 10 respondents representing 13.7% of total responses exported their products to the USA. It is noted that on the average export of no-traditional products is highest within ECOWAS countries than with the rest of the world.

**Perceived Export Barriers**

Question two seeks to measure the source of trade barriers as perceived by our respondents. “On a scale of i-v, how would you rate the following barriers to exporting as obstacles to your exporting activity?”

**Figure-3: Perceived Export Barriers**



Analysis from figure 3 above indicates that variables such as high transportation cost (Q3=265), slow collection of payments abroad (Q5=268), lack of knowledge of potential markets (Q8=294), operational difficulties (Q10=263), lack of firm commitment to export (Q13=255), lack of

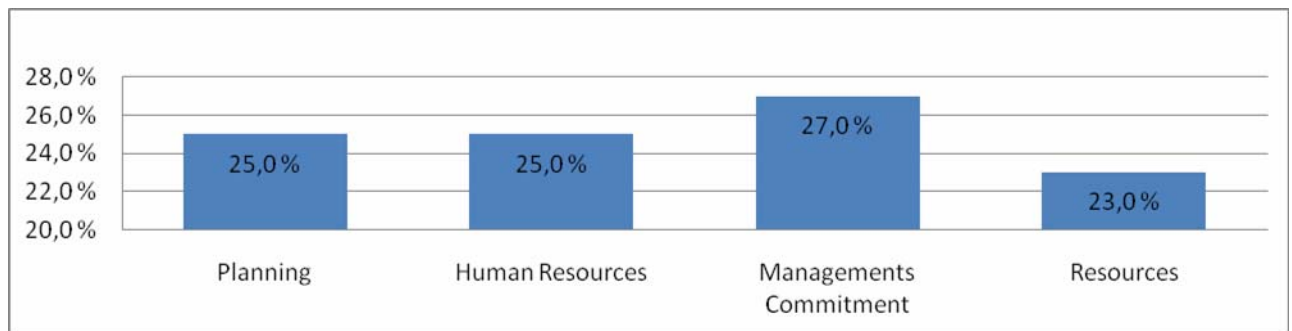


knowledge of governments export assistance programs (Q14=269) and cost of establishing foreign offices (Q21=259) are some of the most important perceived export barriers by non-traditional exporters. Analysing from the tables it can be seen that cumulatively lack of financial assistance (Q6=297) with an accumulated value of 297 represents the most perceived export barrier noted by respondents and political instability in Ghana (Q18=128) with a cumulative total of 128 noted as the least perceived export barrier.

**Internal Management Force**

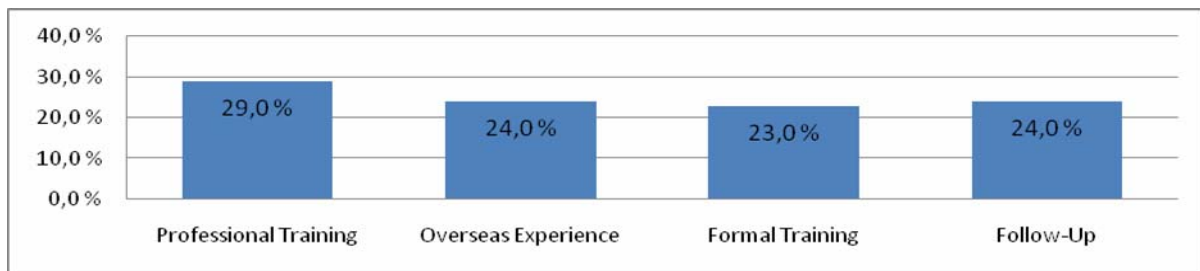
Question three seeks to measure the firm’s commitment to exporting and managements experience in exporting. The first part of the question requested respondents to rate the extent to which they agree or disagree to a series of questions on a scale of i to v. “Consider your main exports over the past year (2007) to what extent do you agree or disagree with the following statements?”

**Figure-4: Firms Commitment to exporting**



Variables tested include planning, human resources, management commitment and resources for export. Figure-4 above depicts the cumulative values of respondent responses. Of the 73 responses, 27% noted that there was significant degree of management’s commitment in their exporting activity, 25% noted that there was significant amount of human resource involvement in their exporting activity, a further 25% also noted that there was substantial planning for their exporting activity, whilst 23% indicated that there was more resources for exporting than there were for the domestic market. When respondents were then asked to indicate their perception of managements experience on a five point scale (i-none, v-substantial), by responding to the question below, the following results was obtained. “How would you classify the people involved in your main export activities over the past year (2007)?”

**Figure-5: Management Exporting Experience**



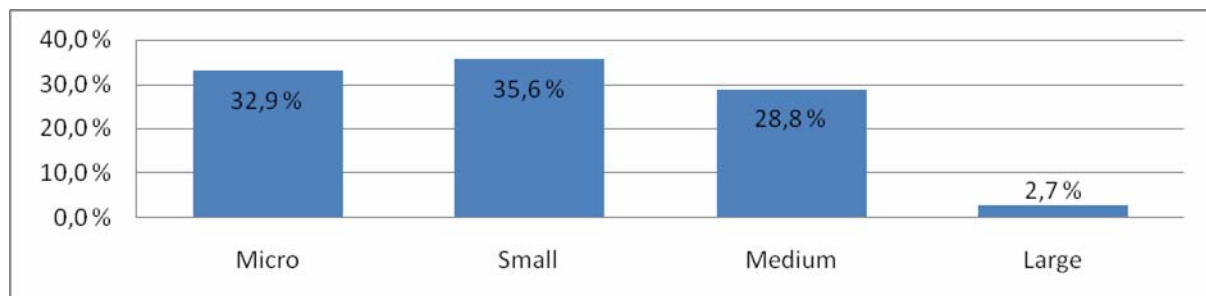
Variables measured included degree of professional experience, degree of overseas experience, degree of formal training in international business programs and export seminars, and ability to follow-ups on trade deals in the main export market. Out of the total responses collated 29% of total respondents’ classified managements professional exporting experience as the most important, 24% of total respondents’ noted that overseas experience was most important a further 24% of respondents’ noted that ability to follow-up on trade deals in the main export market was the most important variable whilst 23% noted that formal training in and exposure to seminars on export was the most important.

**Firm Size**

Question five seeks to measure the size of our respondent firms with reference to the number of full time employees hired. This data enable us classify respondent firms into micro<sup>1</sup>, small, medium and large firms. Respondents were therefore asked to answer the question:

“What was the total number of full time employees working in your firm last year?”

**Figure-6: Number of full time employees working in Non-Traditional Exporting Firms**



Data collected depicted in figure-6, shows that 26 firms representing 35.6% of total responses can be classified as Small scale firms, 24 firms representing 32.9% of total responses could be classified as Micro firms, 21 firms representing 28.8% of total responses could be classified as

<sup>1</sup> Micro firm (1 -15 employees), Small firm (16 – 30 employees), Medium (31 – 100 employees) and Large (100 and above)

Medium scale firms and two firms representing 2.7% of total responses could be classified as Large scale firms. It can therefore be seen that a larger percentage of firms involved in non-traditional export activities in Ghana fall within small and micro scales.

**Degree of Internationalization**

The objective of question seven was to gather data on the number of countries respondents exported to as a measure of degree of internationalization. Respondents were subsequently asked to indicate the number of countries they exported to. Respondents were therefore asked to answer the question: “How many countries did your firm export to last year?”

**Figure-7: Number of Countries Respondents Exported to**

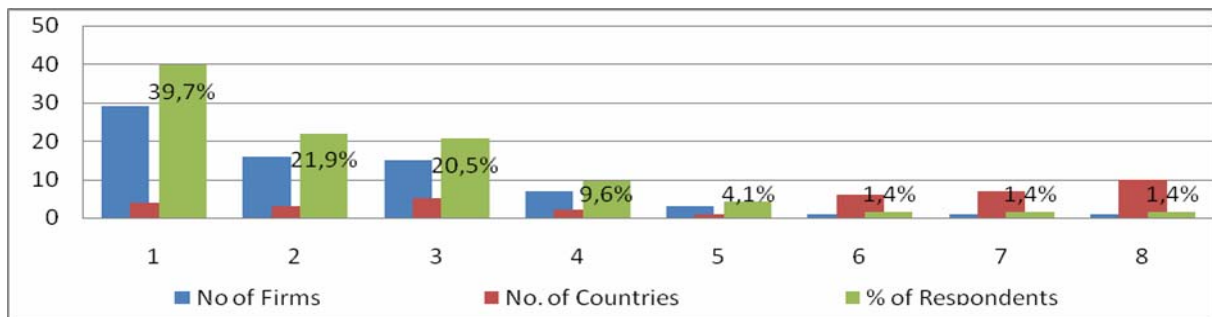
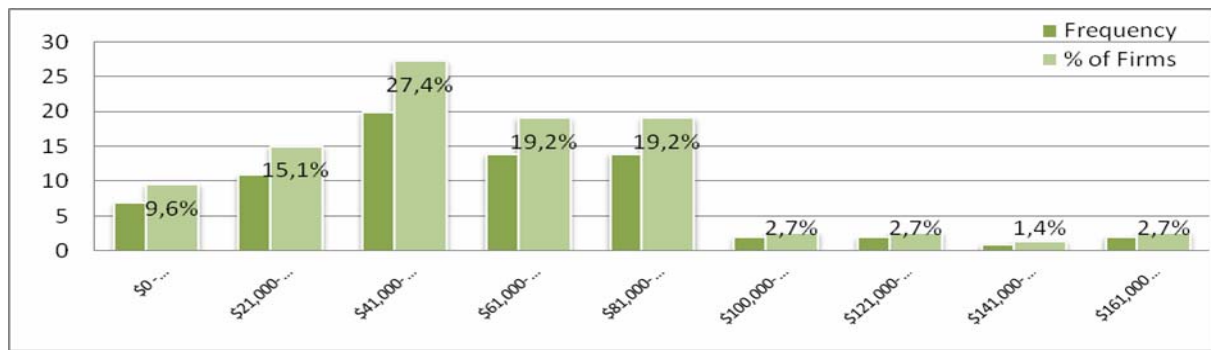


Figure-7 above depicts data collected. The figure indicates that 29 firms representing 39.7% of total respondents’ exports to four countries, 16 firms representing 21.9% of total respondents’ exports to three countries, 15 firms representing 20.5% of total respondents’ exports to five countries, seven firms representing 9.6% of total respondents exports to two countries, a further three firms representing 4.1% of total respondents exports to one country, one firm representing 1.4% of total respondents exports to six countries, one firm representing 1.4% of total respondents exports to seven countries and finally, one firm representing 1.4% of total respondents exports to 10 countries.

**Export Performance**

To measure export performance we formulated two questions, one to measure the total volume of sales whilst the other measured the total volume of exports. Respondents were asked to provide us with the total volume of sales by answering the question: “What was your total volume of sales”

**Figure-8: Total Volume of Sales**

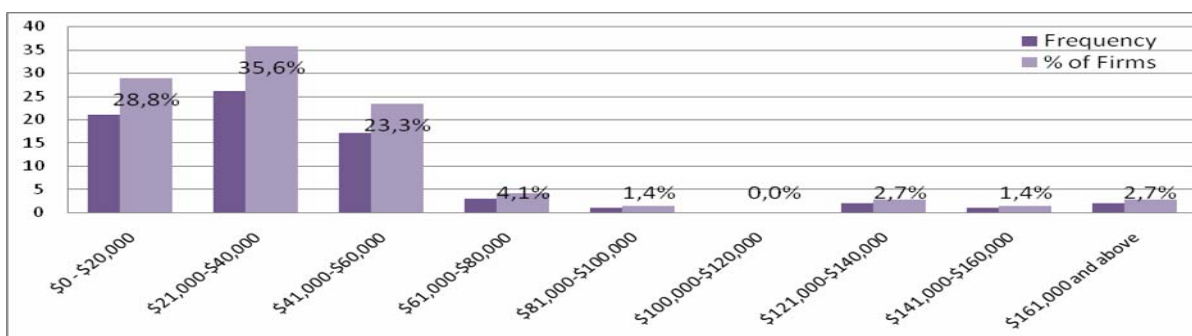


It can be analysed from figure 8 above that seven firms representing 9.6% of respondents indicated that their total sales volume was either twenty thousand dollars (\$20,000) or below. A further 11 firms representing 15.1% of total respondents indicated that their total sales volume was between \$21,000 and \$40,000. Twenty firms representing 27.4% of total respondents noted that their total volume of sales was between \$41,000 and \$60,000. Also another 14 firms representing 19.2% of total respondents indicated that their total volume of sales was between \$61,000 and \$80,000. The remaining seven firms representing 9.5% of total respondents indicated that their total volume of sales was between \$100,000 and above \$161,000.

The maximum sales volume reported was \$5,036,867 and the minimum reported was \$4,000. The median sales volume was \$60,000 and the mean sales volume was \$176,071. It is noted from the diagram that more than 90% of firms have sales volume between zero and a hundred thousand dollars (\$0.0 to \$100,000) and just about 10% of firms have sales volume above a hundred thousand dollars.

To capture data on total volume of exports respondents were asked to provide the dollar value of their total volumes of export. Respondents were asked to provide us with the total volume of sales by answering the question: “What was your total volume of exports”

**Figure-9: Total Volume of Export**



Data captured on the total volume of exports is presented in figure 9 above. The diagram shows that 28.8% of total respondent firms indicated that their total export volume was either \$20,000 or below. A further 26 firms representing 35.6% of total respondent firms indicated that their total export volume was between \$21,000 and \$40,000. Another 17 firms representing 23.3% of total respondent firms indicated that their total export volume was between \$41,000 and \$60,000. Also three firms representing 4.1% of total respondents firms indicated export volume between \$61,000 and \$80,000. The remaining six firms representing 8.2% of total respondent firms indicated that their total export volume was between \$81,000 and above. The maximum export volume captured was \$2,949,979 whilst the minimum reported was \$2,000. The median export volume was \$35,000 and the mean export volume was \$103,580. It is noted from the diagram that only five firms representing 6.8% of total firms exhibit export volumes above \$100,000. This means that more than 90% of firms had export volumes less than \$100,000 a clear indication that profile of firms in our sample consists mainly of micro and small scale firms.

Respondent views were solicited on how satisfied they were with their profitability rates and export performance. The first part of the question requested respondents to rate, on a scale of i to v profitability of their firm’s exports where *i-strongly dissatisfied, ii-dissatisfied, iii- neither satisfied nor dissatisfied, iv-satisfied, v-very satisfied*, by answering the question: “How would you rate the profitability of your firm’s exports?”

**Figure-10: Profitability of Firms Exports**

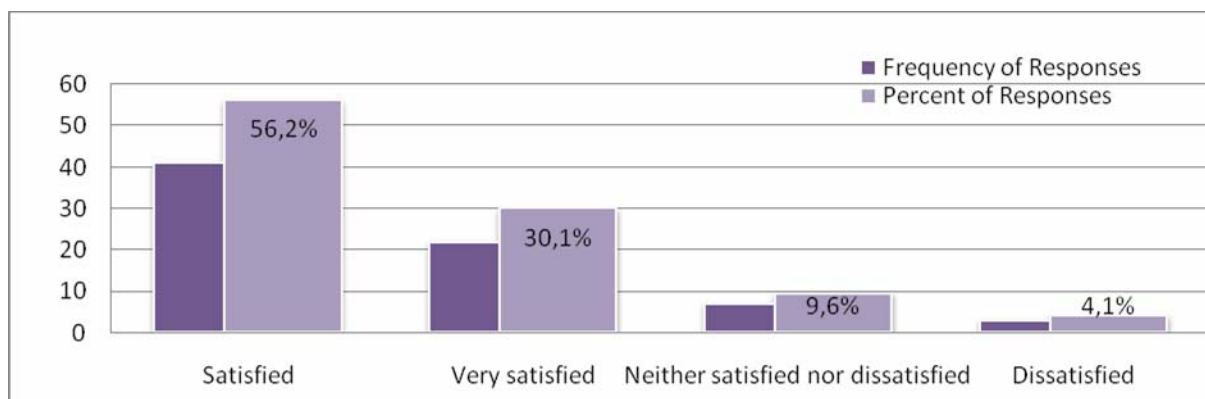
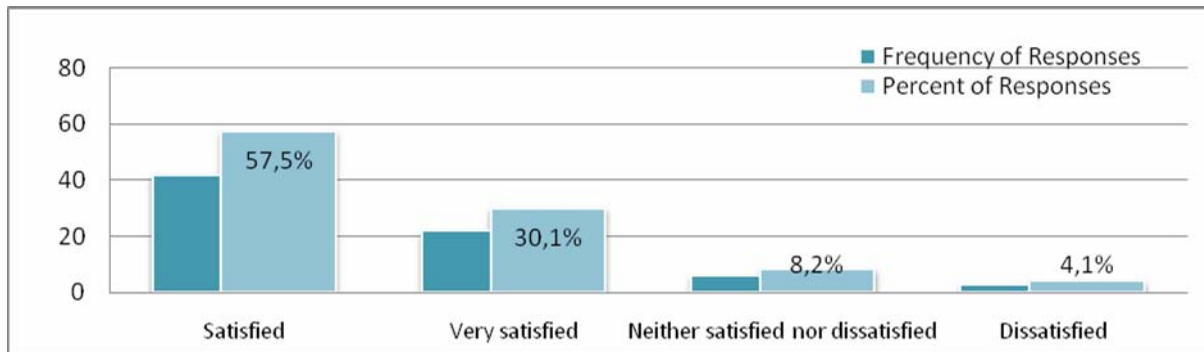


Figure 10 above in shows that 41 firms representing 56.2% of total respondent firms indicated that they were satisfied with their export profitability, 22 firms representing 30.1% of total firms indicated that they were very satisfied with their export profitability, seven firms representing 9.6% indicated that they were neither satisfied nor dissatisfied with their export profitability and three firms representing 4.1% indicated that they were dissatisfied with their export profitability rate.

Respondent views on how satisfied they were with their export performance followed a similar trend. Responses are depicted in figure 11 below.

**Figure-11: Satisfaction with Firms Performance**



Out of the total 73 firms interviewed 57.5% representing 42 of respondent firms indicated that they were satisfied with their performance, 30.1% 22 of total responses representing firms indicated that they were very satisfied, six firms representing 8.2% indicated that they were neither satisfied nor dissatisfied and three firms representing 4.1% indicated their dissatisfaction with their export performance. It can therefore be concluded that more than 80% of respondent firms were satisfied with the performance of their export activities.

## Synthesis

In summary, the focus of this chapter has been to describe the various methodological techniques we used in our data collection, data reliability and validity as well as the analysis of our data. We used a descriptive research design in the conduct of our research. We employed a sampling frame consisting of 100 exporters, drawn from a list of non-traditional exporting firms registered with the Ghana Export Promotion Council (GEPC). We adapted “*export venture*” with the support of relevant literature as the unit of analysis. Mostly, we also used subjective measures in the measurement of our variables as a way to overcome problems associated with data interpretation, difficulty with financial disclosures, and problem with data conversion. For data analysis we used both SPSS 15.0 and LISREL 8.80 statistical programs. Some of our analysis includes factor analysis using varimax rotation and path analysis. Reliability of our data was assessed using coefficient Cronbach alpha measures. The next chapter is dedicated to analysis of the data collected from the survey.

## DATA ANALYSIS AND DISCUSSION

In this chapter we present the analysis of our study. The section is divided into two parts. In section-one we conduct factor analysis of our data. This enables us to extract factors for use in the next stage of our analysis. We applied the Principal Component Analysis (PCA) technique in the conduct of factor analysis. In section-two we conduct correlation analysis to assess the relation between our variables, and then we conduct a path analysis to test our hypotheses.

### Internal Management Force

Principal component analysis was applied to the eight indicators of internal management force using SPSS version 15.0. The variables loaded adequately on two dimensions after discarding one variable as it was not effective in explaining either of the dimensions (see table 5 below). The measure of sampling adequacy depicted by the Keiser-Meyer-Olkin test was 0.726 well within the required range of 0 to 1 and exceeding the recommended value of 0.6 (Keiser 1970, 1974). Also Bartlett's test of sphericity (Bartlet 1954) reached statistical significance, supporting the factorability of the correlation matrix. The result from the analysis is depicted in table 5 below.

**Table-5: Component Matrix of Internal Management Force**

		1	2
Firm Commitment	There was substantial amount of human resources involved in the exporting activity	0.776	
	There was significant degree of management commitment to exporting	0.625	
	There was substantial planning for this export	0.607	
Management Experience	Degree of training in International Business e.g. formal courses and export seminars		0.954
	Degree of overseas experience live/work abroad		0.932
	Ability to follow up on trade deals in the main export market		0.921
	Degree of professional exporting experience	0.369	0.443
<i>Total Var. Explained</i>		<i>17.6 %</i>	<i>45.4 %</i>
<i>Chronbachs Alpha</i>		<i>0.463</i>	<i>0.862</i>
<i>Eigenvalues</i>		<i>1.232</i>	<i>3.176</i>

Table 5 above should be read the following way; the left hand column shows the extracted factors which are firm commitment and management experience. Column two shows the variables under consideration and columns three and four shows the factor loadings. Results of principal component analysis depicted in table 5 above indicate two factors with eigenvalues exceeding 1.0. Applying Kaiser's criterion, we obtain two dimensions (management experience and firm commitment) for onward analysis. These dimensions explain a total of 63.0% of the variance and are made up of 45.4% and 17.6% of the variance respectively. The extracted factors also had

eigenvalues of 3.176 and 1.232 respectively. One variable which did not load effectively on any particular factor was discarded. The extracted factors are discussed as follows.

### ***Firm Commitment***

The first dimension which explains 17.6% of the total variation (Cronbach's  $\alpha = 0.463$ ) consists of three variables. These variables, depicted by substantial positive loading includes "*substantial amount of human resources involved in the exporting activity*" (0.776), "*significant degree of management commitment to exporting*" (0.625) and "*substantial planning for this export*" (0.607). An operational definition of firm commitment offered by Lages et al. (2008) is the degree to which organisational and managerial resources are allocated to export. We note in the literature that the firm is able to improve its planning procedures and implement more strategies as increasing levels of resources are committed to the exporting activity. As such the causal relationship between firm actions and outcomes within the firms operating environment occurs at the managerial level. Over 50% of respondents noted the importance of substantial planning for the export activity as a contributing factor to the success of the exporting activity. As a result of the high loading depicted by these variables they contribute effectively to support management experience in explaining internal management force.

### ***Management Experience***

The second dimension which explains 45.4% of the total variation (Cronbach's  $\alpha = 0.862$ ) is made up of four variables. Extracted variables depicted by their high positive loadings include "*degree of training in International Business e.g. formal courses and export seminars*" (0.954), "*degree of overseas experience live/work abroad*" (0.932), "*ability to follow up on trade deals in the main export market*" (0.921) and "*degree of professional exporting experience*" (0.443). As a result of the clear factor structure they were selected for onward analysis into how they contribute to support management experience in explaining internal management force.

As noted in our review decisions which are influenced by managerial experience are the driving forces behind the success of any firm in international marketing. As experience is gained from training as well as a high degree of interaction with firms abroad, firms studied noted that they expected high performance if they could afford professional and highly trained personnel. Lages et al. (2008), notes that experience in a wide range of markets provides managers with a broad insight leading to extensive knowledge base. Most of the firms studied whilst agreeing to this assertion noted that they were constrained in the provision of such learning experiences for their staff, as



such they relied solely on internally generated experience over time. Firms studied also noted the importance of the degree of overseas experience. The firms noted that if they were able to afford this experience they could better serve their foreign market as managers will be able to evaluate the contingencies and complexities of these markets in order to apply appropriate strategies to meet these challenges. The dynamic market place equally requires professionally oriented personnel who can easily follow up on trade deals. These explanations as noted by the respondent firms' accounts for the high loading of this variable. From the discussions above it can be concluded that the extracted variables adequately explains management experience.

### **Perceived Export Barriers**

Principal Component Analysis was applied to the twenty indicators of perceived export barriers using SPSS version 15.0. The variables loaded adequately on three factors as depicted by the presence of many factors with coefficients greater than 0.3 (See table 6 below). Loadings less than 0.3 were excluded from the analysis. The Keiser-Meyer-Oklin measure of Sampling Adequacy was 0.691 well within the required range of 0.00 to 1.00 and exceeding the recommended value of 0.60 (Keiser 1970, 1974). Also, Bartlett's Test of Sphericity (Bartlett 1954) reached statistical significance and as such, supports the factorability of the correlation matrix. Employing Varimax Rotation with Kaiser Normalization confirmed the relevance of the extracted factors with large factor loadings. The rotated solution revealed the presence of simple a structure (Thurstone 1947) consisting of three factors. These factors had eigenvalues exceeding 1.0 as depicted in table 6 below. These factors were internal company barriers which has two components, (human resource barriers and financial barriers) and market barriers. The three factors explain 61.2% of the variance and are made up of 37.3%, 13.7% and 10.2% of the variance respectively. Variables which did not load sufficiently on any factor were discarded. Others were also discarded as they did not contribute in explaining any of the factors. We further describe the content analysis of the individual variables with reference to theoretical evidence presented in our research review to explain the nature of factor loading which provided a basis for our classification.

Results of our factor analysis as shown on table 6 below should be read the following way; the left hand column of the table shows the extracted factors which are human resource barrier, financial barrier and market barriers. Both human resource and financial barrier are types of company barriers which fall under internal barriers (Cavusgil and Zou, 1994), whilst market barrier is a type of external barrier (Cavusgil and Zou, 1994). Column two shows the variables under consideration and columns three, four and five shows the factor loadings.

**Table-6: Component Matrix of Perceived Export Barriers**

		1	2	3
Human Resources Barrier	Lack of export personnel	0.799		
	Difficulty in hiring qualified personnel or organizations to perform certain tasks associated with exporting	0.796		
	Lack of managerial time	0.694		
	Lack of firm's commitment to export	0.681	0.394	
Financial Barrier	Slow collection of payments abroad		0.863	
	Lack of financial assistance		0.851	
	Lack of knowledge of government export assistance programs	0.468	0.603	
Market Barriers	Bureaucratic requirements			0.729
	Quality requirements of the foreign countries			0.665
	Non-tariff barriers in export market			0.602
<i>Total Variance Explained</i>		34.8%	15.1%	11.2 %
<i>Chronbachs Alpha</i>		0.774	0.776	0.404
<i>Eigenvalues</i>		3.481	1.510	1.119

### ***Human Resources Barrier***

The first dimension explains 34.8% of the total variation (Cronbach's  $\alpha = 0.774$ ). It is made up of four variables. These variables, depicted by high positive loading consists of "lack of export personnel (0.799)", "difficulty in hiring qualified personnel or organisations to perform certain tasks associated with exporting (0.796)", "lack of managerial time (0.694)" and "lack of firms commitment to export (0.681)". These variables fit well under the umbrella of qualified and committed human resource capacity. The variables are termed human resource barrier subsequently referred to as *HR barrier*.

Human resource barrier is intrinsic to the firm. It is associated with insufficient organizational resources for the export market (Czinkota and Rocks, 1983; Kaynak and Kothatri, 1984; Rabino, 1980). The success of every firm depends on the quality of its human resources. Difficulties in export marketing can be ascribed to a large extent to the lack of trained and experienced human resources. The impact of human resource constraints on export performance of small-and medium-sized manufacturing firms in developing countries is well-documented (Christensen and Da Rocha, 1994). Aggarwal (1986) indicated that the quality of manufactured products in Venezuela, Argentina and Chile stays at a low level due to low quality of human resources. Ibeh (2004) found out that lack of qualified personnel was a barrier to internationalization. In several articles lack of management commitment to develop export-marketing activities is reported (Kaleka and Katsikeas, 1995; Christensen and Da Rocha, 1994; Aggarwal, 1986). A negative managerial attitude toward exporting constrains SME's activities in the international market. In conclusion,

trained human resources, management attitudes and commitment towards exports are important factors that enhance export performance (Naidu et al., 1997).

The lack of personnel noted is a human resource capacity problem. Human resources were noted as an important component in the exporting activity of the firms studied. The feature of the firms studied was that of small and medium scale enterprises. These firms had ad-hoc structures if at all they had one. The few personnel who were employed performed multiple tasks. Personnel were doubling from other functions and were not fully concentrated on the export activity. In most of the firms studied the chief executives were the main thrust around which all the exporting activity was performed. As noted by Ibeh (2004), the lack of personnel for the exporting activity is a major barrier to the export activity.

Not only this, the small size of most of these non-traditional exporting firms also means that they could not adequately employ staff for all the specialised departments and had to improvise by doubling most of the functions thus lack of export personnel is important in the explanation of internal barriers. Difficulty in hiring qualified personnel or organisations to perform certain tasks associated with exporting also explains internal barriers effectively.

As noted in our research “trained human resource, management attitude and commitment towards exports are important attributes that enhance the export performance (Naidu et al., 1997)”. We noted from our studies that most of the firms studied lacked the capacity to employ qualified personnel or organisations needed to perform certain tasks. Most employed staff did not have the requisite professional training to deal with the rigours of the export market. Most of the staff had very limited knowledge of the entire export activity and so had very little management expertise. Firms that reported high scores for this factor subsequently reported on average a relatively high degree of importance to all the other export barriers. Thus difficulty in hiring personnel adequately explains internal barriers.

### ***Financial Barrier***

The second factor which, explaining 15.1% (Cronbach’s  $\alpha=0.776$ ) of the total variation consists of such variables as “*slow collection of payments abroad*” (0.863), “*lack of financial assistance*” (0.851), and “*lack of knowledge of governments export assistance programs*” (0.603). As noted in the literature review these variables denote financial resource constraint and adequately fall under company barriers, a type of internal barrier. Components under this factor are therefore clustered together as a single dimension which we named export finance barriers and subsequently financial

barriers. Out of the 73 firms studied 35 (47.9%) firms (Appendix B, table-a) noted that financial assistance was of very high importance, 32 (43.8%) firms (Appendix B, table-b) also noted that slow collection of payments abroad constitutes a high importance factor, however 39 (53.4%) firms (Appendix B, table-c) noted that lack of knowledge of government export assistance programs constitutes a high important factor. The firms studied had varied problems as far as financing was concerned. This consists of the entire financial structure within which their operations are conducted. Their informal nature and mode of operation makes it difficult for them to mobilise enough financial capital from the formal financial institutions for their activities. Coupled with this is the fact that they have very limited knowledge of governments export programs which is meant to promote small and medium firms operating in the export sectors. The literature review provides evidence for the importance of financial barriers to exporting such as difficulty in acquiring the necessary funds to initiate or finance export sales (Cardoso, 1980; Weaver and Pak, 1990; Kaleka and Katsikeas, 1995; Dicle and Dicle, 1992). Credit unworthiness and transaction costs are reported as major factors that reduce access to credit. From this analysis therefore we conclude that the extracted components are sufficient for the sake of this research to measure internal export barriers with reference to financial barriers.

### ***Market Barriers***

The third dimension which explains an additional 11.2% (Cronbach's  $\alpha = 0.404$ ) of the total variations consists of the following variables; "*bureaucratic requirements*" (0.729), "*quality requirements of the foreign countries*" (0.665) and "*non-tariff barriers in export market*" (0.602). These variables have similar attributes as they tend to be externally related to the firm. We termed these variables export market barriers and subsequently *market barriers*. The firms market barriers tend to have a widely varying nature and include; distinctive foreign consumer preferences, unfamiliar business protocols and practices, the imposition of tariff and non-tariff barriers and regulatory import controls by foreign governments and fierce competition. These were some of the problems noted by respondents during our research.

The literature notes that a substantial number of export problems is linked to market barriers. Variables such as bureaucratic requirements by firms in their exporting activity which was noted as contributing to constraining factors of perceived export barriers had very high positive loadings on the export barrier dimension. Firms studied noted that their exporting activities were constrained by the prevailing bureaucratic requirements in the export and import business. One firm noted that as a result of these bureaucratic requirements which normally involve documentations by various

overlapping departments and agencies they are unable to meet the demands of their foreign customers and that leads to loss of business and markets. Firms studied also noted that the very stringent quality requirements of foreign countries standards-boards are a constraint to the export performance of their activities and as such a constraint. This constraint also had a high positive loading on the market factor. Respondents noted that most of the problem relates to the technical adaptability and the lack of knowledge of market requirements or a lack of resources to meet the requirements a result of poor quality control techniques (Figueiredo and Almeida, 1988; Cardoso, 1980), poor quality of raw material, (Figueiredo and Almeida, 1988), packaging and labelling requirements, product design and specification (Brooks and Frances, 1991). As such Wortzel and Wortzel (1981) note that, inexperienced exporters may find it simpler to export standardized products and rely on the importers branding, design and promotional skills. In conclusion therefore bureaucratic requirements, quality requirement of foreign firms and non-tariff barriers can be adequately grouped under market barriers.

### Correlation Analysis

The summary results of the correlations matrix analysis between management experience, firm commitment, firm size, degree of internationalization, human resources barrier and export performance, are presented in, table 7 below. The table should be read the following way; the left hand column denotes the independent factor labels with the exception of the last two variables on this column. Similarly, with the exception of the last two variables on the first row, the first row consists of independent variables. The last two rows depict the correlations between the independent and dependent variables.

**Table-7: Table of Correlation Matrix**

	Firm Comm.	Mgt. Exp	Firm Size	Deg of Int.	HR Barrier	Fin. Barrier	Mkt. Barrier	Exp. Perf.
Firm Commitment	1.000							
Management Experience	0.000	1.000						
Firm Size	0.426**	0.329	1.000					
Degree of Internationalization	-0.204*	-0.125	-0.491	1.000				
Human Resource Barrier	-0.298*	-0.191	-0.373**	0.078	1.000			
Financial Barrier	-0.058	-0.138	-0.018	0.120	0.000	1.000		
Market Barrier	-0.035	-0.185	0.034	-0.193	0.000	0.000	1.000	
Export Performance	0.262*	0.141	0.329**	0.045	-0.543**	0.006	0.171	1.000

n=73, \*p<0.05, \*\*p<0.01

***Firm Commitment and Human Resource barrier***

Analysis of our data indicates a significant negative relationship ( $-0.298$ ,  $p < 0.05$ ) between firm commitment and human resources barrier. This relationship is statistically significant (see Appendix B, Table e), an indication that an increase in the firms commitment to export impacts negatively on human resources barrier (Goitom et al., 2006). Alternatively an improvement in human resources quality and competence eventually translates into high export commitment (Goitom et al., 2006). As Naidu et al., (1997) notes in his studies, the firm's commitment towards exporting is an important factor that enhances the export activity of the firm. Subsequently, there is the need for management to have an international perspective in addition to a consistent export goal so as to enable the firm become successful in its export activity. To do this management must improve upon the quality of its human resources through training, seminars, formal education in international business in order to change management attitudes towards exporting (Naidu et al., 1997). We believe that the apparent shortage in qualified personnel in this sector, to a large extent, contributes immensely towards the low level of commitment captured by our data.

***Management Experience and Human Resources barrier***

A weak negative relationship is noted between management experience ( $-0.19$ ,  $p > 0.05$ ) and human resource barrier. This relationship is not statistically significant. The outcome shows that although the correlation is in the predicted direction, the effect is insignificant to the explanation of the relationship between management experience and human resources barrier. Probably, the poor relationships may be due to extraneous factors beyond the focus of this research, and may warrant further necessary investigation in a future research.

***Firm Size and Human Resource barrier***

We also noted a strong statistically significant negative ( $-0.37$ ,  $p < 0.01$ ) association between firm size and human resource barriers. This result indicates that increasing firm size tends to reduce human resources barrier. This result was consistent with other studies conducted in the field. Larger firms are usually endowed with more resources such as managerial, financial, raw material and other productive assets than smaller firms (Reid 1987). This resource advantage enables larger firms to attract and recruit high calibre human resource for their activities. Professional human resource with the right competencies have the ability to better manage the assets of these firms thus making them profitable as well as improving share holder value. Studies by Naidu et al (1997) asserts that small Indian firms expressed concern over multinational companies as they were able

to attract quality human resources for the export market. It must be emphasised that with the level of prevailing competition in the international market environment, importance must be placed on high calibre human resources if firms are serious about their exporting activity. However it must be noted that engaging high quality human resources comes with its associated labour cost which are usually high for these smaller firms. Cardoso (1980) also mentions the impact of firm size on the firm's ability to attract quality resources (human resources) which is a significant limitation to smaller firms. From the analysis it can be seen that larger firms have a higher propensity to attract quality human resource, than smaller firms. As such larger firms with their large resource outlays have a higher capacity to reduce the impact of human resource barrier in comparison to smaller firms.

### ***Internationalization and Human Resource barrier***

We note from Appendix B table-d that degree of internationalization weakly correlates (0.078,  $p > 0.05$ ) with human resource barrier. This relationship is not statistically significant. This indicates that a change in internationalization perhaps has a negligible impact upon human resources barrier. As a result of this poor relationship, probably internationalization cannot be considered as having any direct impact in the explanation of human resources barrier.

### ***Firm Commitment and Export Performance***

Furthermore, we note a relatively small positive correlation (0.26,  $p < 0.05$ ) between firm commitment and export performance. The relationship is statistically significant. This indicates that an increase in the firm's commitment to export tends to improve upon export performance capabilities. Firms that tend to perform better in the exporting activity are those that have a positive managerial attitude toward exporting (Goitom et al 2006). As such a negative attitude towards exporting constrains the firms export performance potential on the international market. Findings from studies conducted by Kaleka and Katsikeas (1995), Christensen and Da Rocha, (1994) and Aggarwal, (1986) indicate that lack of management commitment to develop export-marketing activities leads to poor performance. Also Naidu et al., (1997) notes that firms commitment towards exports are important factors that enhance firms export performance potential. The results and review presented above indicates the effect of firm commitment on the entire export activity. Most of the firms from which the survey captured data tend to be sporadic exporters. As such their export activities are inconsistent and irregular as they complained about a lot of perceived challenges such as high relative cost of financing exports (Bilkey 1978, Czinkota and Ricks 1983),

lack of market information (Katsikeas and Morgan 1994), lack of competent staff (Kothari and Kaynak 1984) and bureaucracy within public agencies (Rabino 1980, Cavusgil 1984). Management of some of these firms have very minimal formal business orientation as such the level of commitment to the entire export activity was lacking in most of the firms although these firms were keen in noting their enthusiasm to the export venture. Not only this, the immense information gap between institutional framework and export firms was alarming. Most of these firms did not know of government institutions such as export guarantee, insurance and a variety of programs to support their activity. As such exporters born almost all the risk of the venture and this led to poor commitment to export. Our findings are therefore consistent with results from other studies.

### ***Management Experience and Export performance***

Also, a weak relationship is noted between management experience and export performance (0.141,  $p > 0.05$ ). The relationship is not statistically significant. This indicates that the effect is insignificant in the explanation of the relationship between management experience and export performance. Probably further studies could identify the reasons for the poor relationship.

### ***Firm Size and Export Performance***

Further, we note a strong statistically significant positive correlation (0.329,  $p < 0.01$ ) between firm size and export performance. This indicates that larger firms have the propensity to improve upon their export performance. This result was not surprising as numerous studies have reported similar findings. Bodur and Cavusgil's (1985) studies confirmed the resulting correlation. Intuitively larger firms have size advantage over smaller firms and as such a positive impact on export activity. Also, Reid (1987) noted that "*larger firms possess more "slack" in managerial and financial resources as well as production capacity*". This resource advantage enables them to direct more resources to their export activity than smaller firms. With a larger resource advantage obviously larger firms are able to undertake more risky ventures as well as develop the capacity to absorb a lot of the shocks that come with engaging in the exporting business ventures. The large resource endowments enable larger firms to undertake export market research by itself, thus overcoming the problem of market information (Katsikeas and Morgan 1994) asymmetry and deficiency. Larger firms are also able to contract adequate financing from financial institutions (Bilkey 1978, Czinkota and Ricks 1983) by pledging their assets as collaterals, bear the cost of logistics and transportation (Rabino 1980) a major export problem in sub-Saharan Africa,



overcome bureaucracies within public agencies (Rabino 1980, Cavusgil 1984) attract competent staff (Kothari and Kaynak 1984) to devise strategies to help manage its risk exposure well. As the firm manages these competencies, it translates into improvement in export performance. Naidu et al (1997) also notes that Indian firms expressed their concern that multinational companies, as a result of their size, are better equipped for the export market. Firm size and high industry concentration has been documented as important export barriers to small firms (Figueiredo and Almeida (1988) and Cardoso (1980). Obviously smaller firms with limited resource outlays cannot undertake most of the aforementioned activities. This affirms our findings of the strong relationship between firm size and export performance.

### ***Internationalization and Export Performance***

We note from Appendix B table-d, that internationalization has a minimal positively relationship (0.045,  $p > 0.05$ ) with export performance. The relationship is not statistically significant (see Appendix B Table e). This outcome indicates that a change in internationalization probably has a negligible effect on export performance.

### ***Human Resource Barrier and Export Performance***

Analysis of our data shows a very strong statistically significant negative correlation (-0.54,  $p < 0.01$ ) between human resource barrier and export performance. This indicates that human resource barriers tend to reduce export performance. As noted in the literature review success of the firm's export activities depend on the attitudes and characteristics of the firm's managers. Studies by Ibeh (2004) indicate that the lack of qualified decision makers is a barrier to the firms export activities. Aggarwal (1986) found out that the quality of manufactured products in Venezuela, Argentina and Chile stays at a low level due to low quality human resources. According to Goitom (2006), "*firms that wish to enter the export market or intend to increase its export activity will have to acquire the knowledge and skill to deal with administrative procedures*". In particular for inexperienced managers foreign documentation and paper work may appear very difficult to cope with (Dymsza, 1983; Bodur 1986). The perception of complex documentation processes is regarded as a form of human resource barrier. Many studies have similarly documented the impact of improved quality of human resource on export performance of firms in developing countries (Christensen and Da Rocha, 1994). Gomez and Mejia (1988), notes that a company that takes into account the requirements for international activities in its human resource management practices, particularly for its managerial and professional employees is more likely to do better in its exporting activities. The lack of quality human resource in this sector of

the Ghanaian economy has been one of the major problems bedeviling the industry. Most qualified personnel would rather seek employment with the formal institutions than pursue a career in this sector. This may be due to perceived risk, poor organization, low remuneration, lack of succession plan amongst a host of other problems. As a result majority of stakeholders within this sector of the economy are entrepreneurs, with basic education. Their export activity is therefore erratic and not developed to take advantage of the immense benefits that accrues to this sector. This we believe explains the very high correlation between human resource barrier and export performance as noted in our result. Findings from these studies indicate that our results are consistent with other studies.

### **Hypotheses Testing**

The primary purpose of this study was to investigate the influence of perceived export barriers on export performance. We applied path analysis in testing our hypotheses. Findings from the correlation analysis indicate that financial barrier and market barrier do not make any significant contribution to our analysis. These factors are therefore discarded from the final analysis. By using path analysis we were able to determine the linear structural relationships between human resource barrier, firm size, and firm commitment, degree of internationalization and management experience, human resource barrier and export performance.

Results of the model fit indices indicate a good fitting model on the basis of the criteria outlined by Steenkamp and Baumgartner (1998). The standardised estimates, t-values and significance levels for each structural path are shown in table 8. The table should be read the following way; the left hand column shows the factor labels. The second column shows beta and t-values between the independent variables and human resource barrier. The third column similarly indicates the beta and t-values between the independent variables and export performance. R squared for both the human resource and export performance constructs are 0.19 and 0.35 respectively. The results of our analysis are presented in table 8 below.

**Table-8: The relationship between managements experience, firm commitment, firm size, degree of internationalization, perceived export barriers and export performance**

	Human Resource Barrier	Export Performance
Firm Commitment	-0.19* (-1.55)	0.07 (0.66)
Management Experience	-0.10 (-0.88)	0.00 (0.04)
Firm Size	-0.32** (-2.27)	0.23* (1.75)
Degree of Internationalization	-0.13 (-1.08)	0.21* (1.87)
Human Resource Barrier	---- (----)	-0.45** (-4.29)
<i>R squared</i>	0.19	0.35

Note: \*significant at 0.1; \*\*significant at 0.05; \*\*\*significant at 0.01

### ***Influence of Firm Commitment on Human Resources barrier***

Outcome of the linear structural relationship between firm commitment and human resource barrier depicts the following. Firm commitment impacts negatively on human resource barrier ( $\beta=-0.19$ ,  $t=-1.55$ ). This result depicts support for the relationship. It is statistically significant at the 10 percent level. The result is explained as follows, as management embarks upon effective increase in resource commitment to the export venture, it is able to improve upon its planning procedures and implement more strategies. Over 84% of respondent firms indicated substantial increase in resources towards export, whilst on the average about 90% of respondents rated problems associate with perceived export barriers as high importance. This indicates that firms that committed substantial resources into export activity report lower perceived export barriers. The impact of firm resource commitment on human resource challenges is well documented (Christensen and Da Rocha, 1994). It is inferred from Naidu et al (1997) that a positive firm's attitude and commitment towards exports, reduces human resource barrier substantially thereby enhancing export performance. The result is further corroborated by Cavusgil and Zou (1994), that marketing strategies is to a large extent influenced by management forces such as firms international experience and the extent of international business involvement. In conclusion, the result produced a credible support for hypothesis one (H1) which predicted that firm commitment varies negatively with human resource barrier. The substantial effect between firm commitment and human resource barrier suggesting that respondent might have considered human resource barriers a highly important in their analysis of perceived export barriers.

### ***Influence of Management Experience on Human Resource barrier***

Analysis of the linear structural relationship between management experience and human resource barrier enabling us test hypothesis one (H1) produced very interesting results. Hypothesis one (H1) predicts that management experience would be significantly associated to the perception of export barrier. The results indicates that management experience impacts negatively on human resource barrier ( $\beta=-0.10$ ,  $t=-0.88$ ). This result is not surprising because as managers gain exposure and experience through education, seminars, increased exporting activities and interaction with other firms there is the tendency for a better understanding and appreciation of the entire exporting activity. Studies by Christensen and Da Rocha, (1994), identifies the role and impact of trained human resource on export performance of small and medium scale firms in developing countries. Most export problems have been attributed to the lack of trained and experienced human resources (Ibeh, 2004). As managers are given formal training, their behavior characteristics is transformed as they gain a lot of confidence and are able to manage challenges pertaining to the export activities by making informed decisions. Managerial attitude towards exporting has a far reaching impact on the entire exporting activity. In their work Naidu et al (1997), identifies trained human resources and management attitude as major ingredient needed to enhance the development of export activities. Thus human resource barrier evidently is reduced the more management receives formal training in international business and gains experience in export activities. It is noted however that this relationship makes very little contribution as far as this study is concerned. Our hypothesis is therefore not supported by the result of this analysis.

### ***Influence of Firm Size on Human Resource barrier***

Results of the linear structural relationship between firm size and human resource barrier enabled us test hypothesis two (H2). This hypothesis predicts that firm size is negatively related to the perception of export barrier. Firm size had a significant negative effect on human resource barriers ( $\beta=-0.32$ ,  $t=-2.27$ ). The result indicates that larger firms have the propensity to better manage their human resource deficiencies. The literature confirms in similar vein the relationship between firm size and export barriers as larger and smaller sized firms perceive export barriers differently. The resource advantage that accrues to large firms enables them to commit a sizeable amount to enhance their export activity in comparison with smaller firms (Reid, 1987). As such larger firms have the capacity to employ and retain high quality human resource to manage their export portfolio. Not only this, large firms have the resource capability to provide management training and development for their managers in order to develop the needed export marketing experience in their management (Kaleka and Katsikeas, 1995 and Naidu et al., 1997). Similarly, large firms have

the capacity to engage high value consultants and quasi professionals (such as lawyers, auditors and insurance practitioners) in the conduct of their business due to the ease of access to resources, whilst smaller firms may find it difficult to undertake such a venture due to their limited resources capacity. Other studies find significant relationships between firm size and management's perceptions of barriers to exporting. Indicating that, managements perception of barriers to export perhaps depends on the size of the firm (e.g. Keng and Jiuan, 1988; Barker and Kaynak, 1992; Leonidou, 1995). Studies conducted by Katsikeas and Morgan (1994) point out that firm size is associated to some obstacles perceived by managers, but not to all of them. Thus the significance of the result between firm size and human resource barrier is corroborated. Our findings confirms our hypothesis that firm size, is significantly associated to the perception of export barriers.

### ***Influence of Internationalization on Human Resource barrier***

Effects of the linear structural relations between degree of internationalization and human resource barrier enabled us test hypothesis three (H3). This hypothesis predicts a significant relationship between degree of internationalization and perception of export barriers. Our findings indicate that degree of internationalization correlates negatively ( $\beta=-0.13$ ,  $t=-1.08$ ) with human resource barrier. This indicates that although the result of our analysis supports the direction of our prediction, the relationship is not significant enough to support Hypothesis three (H3). This implies that there are no differences in the perception of export barriers with regards to degree of internationalization. Reasons for this outcome may be attributed to the type of industries from which data was collected. As a result our hypothesis which predicts a positive relationship between internationalization and human resource barrier is not supported.

### ***Influence of Firm Commitment on Export Performance***

Results of the linear structural relations between degree of internationalization and export performance enabled us test hypothesis four (H5). This hypothesis predicts a significant positive relationship between firm commitment and export performance. Our findings indicate that degree of firm commitment correlates very poorly ( $\beta=0.07$ ,  $t=0.66$ ) with export performance. Our result indicates that although firm commitment correlates with export performance in the predicted direction the relationship is not significant enough to support Hypothesis four (H4). This implies that there are no differences in the perception of firm commitment with regards to export performance. Consequently, our hypothesis which predicts a positive relationship between firm commitment and export performance is not supported.

### ***Influence of Management Experience on Export Performance***

Analyzing the path analysis of management experience on export performance enabled us test hypothesis four (H4). This hypothesis predicts that management experience is positively related to export performance. Management experience had an insignificant positive effect ( $\beta=0.00$ ,  $t=0.04$ ) on export performance. Empirical results from similar studies that seek to test the hypothesis that experience drive export performance (Balabanis and Katsikea, 2003) has been quite divergent. Whilst some studies found a significant relationship between management experience and export performance (Naidu et al, 1997), most studies (Madsen and Servais, 1997, McDougall et al., 1994 and Oviatt, McDougall, 1994) maintained the insignificance of time in the determination of export performance. Recent literature (Balabanis and Katsikea, 2003) found no evidence that industry experience influences export performance. This prompted us to probe further into the literature since other studies have suggested that experience is a crucial variable influencing a firm's ability to export (Davidson, 1980 and Erramilli, 1991).

Further studies, however, revealed two main types of experience; international experience (geographical) (Barkema et al., 1996 and Erramili, 1991) which concerns *firms familiarity with foreign market environments* (Ekeledo and Sivakumar, 2003) and business experience (industry) or firms age (Balabanis and Katsikea, 2003) which concerns the *firms familiarity with industry habits and rules* regardless of firms location with respect to clients and suppliers. With regards to our survey, we realized that our measure of experience focused more on international experience of our respondents. However results from our respondents, indicated the low significance placed on the need to adapt products, non-traditional exports, to the requirements of the foreign market. The insignificance of the influence of management experience on export performance may be a result of the unimportant need for firms to adapt to new techniques (servicing both product and client relationships and habits) in foreign markets. Whilst other firms may have a totally different strategic approach to international experience, due to high significance of market structure and consumer behavior, with respect to the geographical location of customers. For these firms the international experience would be an important determinant of export performance. It is noted from the above analysis that our hypothesis which predicts a positive relationship between management experience and export performance is not supported.

### ***Influence of Firm Size on Export Performance***

Result of the linear structural relationship of firm size on export performance enabled us test hypothesis five (H5). This hypothesis predicts a positive relationship between firm size and export

performance. The results of our analysis revealed a reasonably positive relationship ( $\beta=0.23$ ,  $t=1.75$ ) between firm size and export performance. This shows that increasing firm size tends to improve export performance.

Numerous studies have reported similar findings. Bodur and Cavusgil's (1985) studies confirmed the resulting relationship. According to Aaby and Slater (1989), although firm size is an important determinant of export behaviour, it can only become an important factor for export performance when it is linked to the financial strength or an operational aspect of the firm such as economies of scale. Also Samiee and Walters (1990) notes that economies of scale in production and international marketing tend to favor larger firms than smaller firms. On the contrary, small firms are more likely to achieve their growth objective at home relative to larger firms. Thus, large-sized firms with significant domestic market penetration are likely to give a higher priority to foreign exporting. Larger firms' possess size advantage over smaller firms, this impact positively upon their export performance. With a superior advantage in managerial, financial as well as production capacity, larger firms have the propensity to improve upon their export performance (Reid, 1987). In most cases the size of export firms determines the size of their export volume, as such larger firms with access to more resources are able to engage in huge export activity thereby enabling them to export more unit per production compared with smaller firms. Resource advantage accruing to large firms enables them to commit a lot of resources to their export activity in comparison with a smaller firm (Reid, 1987). Larger firms have the capacity and resources to engage in market research (Katsikeas and Morgan, 1994) to provide tailored information, specific to the needs of the firm for strategic decision making, attract competent staff (Kothari and Kaynak, 1984) to help manage the complex paperwork and procedural complexity (Kaleka and Katsikeas, 1995) that comes with the entire exporting venture, devise strategies to help manage its risk exposure well, contract adequate financing from financial institutions (Bilkey 1978, Czinkota and Ricks, 1983) by pledging their assets as collaterals, bear the cost of logistics and transportation (Rabino, 1980) a major export problem in sub-Saharan Africa.

It is evidently difficult for smaller firms to easily change or adapt to meet importers' quality standards, easily adapt to changing economic situations or change their operations and processes to meet the ever-changing customer preferences in foreign markets (Rabino 1980) in the short-run. With limited resources smaller-sized firms grapple continuously with adaptation to changing circumstances within a short period of time (Christensen et al., 1987, Wortzel and Wortzel, 1981). Most of the firms we surveyed complained that they could not meet the huge foreign demand which in itself has become an obstacle. As a result of this they always lose market to larger firms

which have the capacity to service these huge demands. Smaller firms have limited expansion to overseas markets as they have very few resources to engage in strategic bargaining with their buyers. Smaller firms are thus virtually subject to the power executed by their foreign buyers. On the contrary however, larger firms are able to meet the demands of the export market, negotiate on better price, unambiguous quality, and suitable delivery time, as well as better handle inventory and storage capacity; as such they are able to perform better (Rabino 1980). Not only this, small exporters have very little or no bargaining power, typical of the small exporters from a developing market. As a result of their limited resources as well as suspicion about their level of risk tolerance levels they have difficulty bargaining better credit terms of payments, (Collier and Gunning, 1999). This immensely impacts upon their performance. The above analysis explains the rationale behind the positive relationship between firm size and export performance and as such our hypothesis five (H5) which predicts a positive relationship between firm size and export performance is supported.

#### ***Influence of Internationalization on Export Performance***

Furthermore, this analysis enabled us test hypothesis six (H6). This hypothesis predicts the existence of a positive relationship between internationalization and export performance. Results of our path analysis between internationalization and export performance suggest that internationalization has a positive direct effect ( $\beta=0.23$ ,  $t=1.75$ ) on export performance. This result confirms our hypothesis that posits a positive relationship between degree of internationalization and export performance. Our results suggest that despite the immense constraints faced by small firms they should indeed internationalize since internationalization actually leads to improved performance. The benefit that accrues to internationalization seems to outweigh the costs involved in the process. The peculiarities of the Ghanaian export market context, that is, limited domestic market size coupled with high relative cost of financing exports (Bilkey 1978, Czinkota and Ricks 1983 (due to labour shortage) provide stronger incentives for the non-traditional exporters to internationalize. Also, internationalization provides greater cost efficiencies primarily due to a greater volume of business and the ability to exploit economies of scale (Hout, Porter, and Rudden, 1982). Whilst it will be easy for an internationally oriented firm to invest in capital intensive equipment, it may be extremely impossible for a domestically oriented firm to substantiate a similar investment due to the limited market volume. Results from studied conducted by Allen and Pantzalis, (1996) indicates that “Internationalized firms can also enjoy additional flexibility due to the possibility of arbitrage”. While satisfying diverse customer needs and responding to intense competition in the international markets firms that internationalize stand to benefit from the



diversity of environments it operates in (Ghoshal, 1987; Rugman, 1979). Interestingly the benefit of internationalization has been given more emphasis only recently and the traditional literature has tended to focus on benefits such as scale economies and the flexibility to shift production.

Our results suggest that, to enhance their performance, firms should internationalize aggressively. Thus a key task for small firms is to build up their capabilities in the areas such as branding and marketing, technology development, financing and other managerial capabilities useful for international expansion. The additional learning gained from internationalization, for instance, may be useful for developing new products and technologies. Successful internationalization might enhance the brand in the home market also. Our study further suggests that managers should focus on leveraging the learning opportunities from their international presence, an area where they believe the benefits of internationalization to be the strongest. Furthermore, internationalization provides tremendous learning opportunities to these firms (Kostova and Roth, 2002; Zahra, Ireland, and Hitt, 2000) enhancing its performance in the process. Prior studies, however, (e.g., Ghoshal, 1987; Grant, 1987) argued that though internationalization provides several learning opportunities, capitalizing on these opportunities poses significant organizational challenges (Qian, 2002). This result is reasonable and an important significance for firms engaged in exporting. The above analysis explains the rationale behind the relationship; as such hypothesis six (H6) which predicts a positive relationship between internationalization and export performance is supported.

### ***Influence of Human Resource Barrier on Export Performance***

Analysis of the linear structural relationship between human resource barrier and export performance enabled us test hypothesis seven (H7). This hypothesis predicts a negative relationship between human resource barrier and export performance. The result of our analysis indicates a strong negative relationship ( $\beta=-0.45$ ,  $t=-4.29$ ) between human resource barrier and export performance. This relationship is statistically significant. This indicates that export performance tends to grow as human resource barriers are improved upon. The immense influence of improved quality of human resources on export performance of firms in developing countries (Christensen and Da Rocha, 1994) has been documented by many studies. Ibeh (2004) notes in his work noted that the lack of qualified decision makers in the firm is a barrier to the firms export activities. Many of the firms surveyed did not have qualified personnel as managers with the requisite competence to handle the export activities and this obviously impacted negatively upon their activities.

As noted by Gomez and Mejia (1988), company that do better in its exporting activities are those that are particularly mindful of the requirements for international activities in its human resource management practices, with special emphasis on its managerial and professional employees. Most of the firms surveyed did not have the resource outlays to engage professional employees more so to train them. This was a major challenge to their activities. Also, Aggarwal (1986) found out that the quality of manufactured products in Venezuela, Argentina and Chile stays at a low level due to low quality human resources. As the quality of export products is depict by the quality of the human resource potential, firms surveyed noted problem of quality requirements of foreign firms as a challenge. With poor human resource capacity, most of the firms could not meet the high quality standards of their foreign customers and this impacted negatively on export performance. Lack of quality human resource leads to poor export documentation (Rabino 1980, Czinkota and Ricks 1983). Most of the firms surveyed had problems with poor documentation with regards to their financial statements as well as other requirements. This is as a result of poor quality of human resource (Kothari and Kaynak 1984). This is a cost to the firm as they could not package themselves as organised entities to secure financing from formal financial or affiliate institutions, attracted higher insurance premiums when they decide to insure their activities and constantly had problems with customs authorities due to their poor documentations.

The quality of human resource further tells on the quality of market intelligence (Katsikeas and Morgan 1994). Most of the firms engaging in non-traditional export activities and captured in our survey, with poor quality human resources, did not have formal structures for gathering of market intelligence. This made them competitively disadvantaged in performance on the international market. This result provides a credible support for hypothesis seven (H7) which predicted that perceived export barriers varies negatively with export performance.

## **Synthesis**

The focus of this chapter is to analyse the data collected from the field. We first conducted normality and data integrity test to ensure data being analysed was consistent and statistically relevant. We then employed data reduction techniques to condense observed variables of perceived export barriers and internal management forces under a single factor. The data reduction generated three factors in respect of perceived export barriers and two factors for internal management forces. Both correlation matrix and path analysis were conducted using both SPSS 15.0 and LISREL 8.80

softwares respectively. The correlation and path analysis indicated a number of positive and negative relationships between the various factors. These are depicted in table 9 below.

Table 9 shows the summary results of our study that seeks to investigate the relationship between perceived export barriers and export performance which exists within the non-traditional export industry in Ghana. The table should be read the following way; the first column from the left hand depicts the construct labels. The second column indicates our hypothesized predictions of expected relationships between constructs. The third column indicates the resulting t-values found to exist between the independent variables and dependent variables whilst the fourth column shows our conclusion.

**Table-9: Antecedents of human resource barriers and export performance**

Antecedents	HR Barrier	Conclusion	Export Performance	Conclusion
Firm Commitment	H1(-)	<i>Supported</i>	H4(+)	Not Supported
Firm size	H2(-)	<i>Supported</i>	H5(+)	<i>Supported</i>
Internationalization	H3(-)	Not Supported	H6(+)	<i>Supported</i>
Human Resource Barrier			H7(-)	<i>Supported</i>

Results of our analysis indicate a direct a statistically significant negative relationship between firm commitment and human resource barrier. This result corroborated our hypothesis that firm commitment tends to reduce human resource barrier. This result was supported by many studies which have been conducted on the constructs.

Secondly, we found statistically significant negative relationship between firm size and human resource barrier. This result indicates that firm size tends to reduce human resource barriers. We found evidence to support this claim from the literature.

Thirdly, our analysis could not substantiate our hypothesis that predicts a negative relationship between internationalization and human resource barrier. This was because the resulting value was not significant and as such did not support our claim.

Hypothesis four which suggests a positive relationship between firm commitment and export performance was not supported. The analysis indicated that the result was not statistically significant and as such could not be substantiated.

The hypothesis that predicted a positive relationship between management experience and export performance was similarly not supported. The result was not statistically significant to explain the posited relationship in between the constructs.

However, the hypothesis that predicted a positive relationship between firm size and export performance was supported. The result was statistically significant. This was not surprising as larger firms with their size advantage (financial, material and human resource) could always justify large investments which could translate into high performance. This result was also noted by the literature. The result from this analysis supports hypothesis five.

We also found support in the hypothesis which predicts a positive relationship between internationalization and export performance. This means that internationalization tend to improve export performance. The literature provided varied studies that support this result. Results from this analysis therefore provide ample supports for hypothesis six.

Further, firm commitment related positively with export performance. This relationship was however not statistically significant. Management experience had a minimal relationship with export performance. These values are not statistically significant and as such hypothesis four which posits that internal management force positively relates with export performance is not supported.

Finally, analysis of our results indicates a strong statistically significant negative relationship between human resource barrier and export performance, indicating human resource barriers tends to reduce export performance. This result is supported by similar studies conducted between the two constructs.

The next chapter, conclusion and recommendations, discusses the contribution of the results to managerial practices, implications and relevance of the results to policy formulation, managerial practices and significance of the study to stakeholders. It also discusses limitations and directions anticipated for future research.

## **CONCLUSION, MANAGERIAL IMPLICATION AND FUTURE RESEARCH**

The purpose of this research is to investigate the relationships that exist between internal management force, firm size, degree of internationalization, perceived export barriers and export performance. Following review of similar work done on export barrier and proposal for covering research gaps, it is hoped that the findings from this theses will provide deeper knowledge of the ideas that guide strategy formulation processes in the field of international business. Sympathizing with an emic approach to the research design, we decided to apply theories and measurements developed in western countries for testing our constructs in a developing market context as our data was gathered from Ghana in sub-Saharan Africa.

### **Conclusion and Discussion**

Analysis of our results revealed both valuable and surprising findings. Whilst some findings were valuable as they provided useful information for policymakers and managers others were interesting as they excite ideas for further research works.

#### ***Internal Management Force***

We found strong evidence to support the hypothesis that firm commitment tends to improve human resource barrier. It is recommended that export firms concentrate on improving upon the quality of their human resources by engaging skilled professionals as the benefits far outweigh the cost. Both financial barrier and market barrier had no effect on the constructs.

Further analysis could not establish any relevant relationship between management experience and export performance. Experience has been classified as either international or business experience. It is deduced from this result that export firms need not adapt their products to the requirements of foreign markets. That was probably why international experience was not an important determinant of export performance. Exporting firms stand to perform better if they concentrate their efforts on improvement of their business experience since the effect of international experience on performance is probably not significant.

#### ***Firm Size***

Firm size negatively related with human resource barriers. This implies increasing firm size tends to improve human resource barrier. Thus the quest to increase in size should be motivated by the

inherent drive of eventual higher returns by contracting and retaining high ended personnel to manage the export portfolio.

Not only this, firm size similarly exhibited a highly significant positive effect with export performance. This result indicates that increasing firm size tends to improve export performance. However, we also note from our analysis that firm size can only become an important factor, in determining export performance, only when it is linked to an operational aspect of the firm (Aaby et al. 1989). It is noted from the study that there is a greater synergy in growing large which translates into profitability as the firm is able to engage in activities that have the potential of improving upon performance.

### ***Internationalization***

Results of our analyses did not support our hypothesis which posits negative relationship between internationalisation and perceived export barriers as the outcomes was not statistically significant, although the direction of the effect was as hypothesized.

However, the hypothesis which predicts a positive relationship between internationalization and export performance was supported. This finding was very important for our research as it enabled us explain the higher returns that accrue to firms which make the attempt to internationalize their activities. By providing greater cost efficiencies (Bilkey 1978), internationalization equips the business with the ability to exploit economies of scale (Hout, Porter, and Rudden, 1982). Our study further suggests that managers should focus on leveraging the learning opportunities from their international presence, an area where they believe the benefits of internationalization to be strongest.

### ***Perceived Export Barriers***

As noted in our analyses, our hypothesis which proposed a negative relationship between perceived export barriers and export performance was supported. This finding is of particular importance to firms operating in this sector of the economy as improvement upon the quality of human resources in the firm translates into improved export performance. With the result of a highly significant relationship between human resource barrier and export performance we recommend that firms in this sector improve upon the quality of their human resource in order to maximize the immense advantages that accrue in operating in this sector of the economy.

## **Implications for Managers and Policy-Makers**

There are several implications that can be derived from the results of our findings. These implications have significance for market entry strategy and decision making for both export managers and policy makers.

Amongst the numerous strategy options available to export firms, the most effective as this study suggests includes creating enthusiasm to enhance firm's commitment to export, taking advantage of the firm size, improving upon internationalization, and reducing human resource barrier through education such as formal courses, seminars, amongst others.

Second, our findings suggests that firms in developing markets lacks the needed management commitment to export as well as process adaptations required to meet foreign market demand. Export firms usually have to manage an extensive number of activities in their operations on the international market. As the onus is on export managers to enhancing their export performance objectives, managerial implications suggest that managers need to develop considerable managerial capabilities and competencies to identify specific export barrier they want to manage so as to formulate appropriate strategies.

Also, results of this research add up to the number of growing contributions, as far as research in international business, with regards to developing countries is concerned. Results from this study contribute, to the growing literature in the development of internationalization methodology in sub-Saharan Africa. These results also add up to prior literature by isolating for discussion variables which contributes to the improvement of both perceived export barriers and export performance measures in a sub-Saharan country context.

Findings from this study can be adapted to serve as a guide in the development of a questionnaire for a survey of small and medium scale exporters from other developing countries. This research work may also serves as an important guide for future researchers who intend to study export problems in other developing countries. Moreover, policy makers in developing countries can use this work to identify export problems that firms face in order to provide timely and effective assistance to small and medium scale enterprises engaged in export ventures.

## **Limitations and Directions for Future Research**

Although the results obtained provide in-depth knowledge of the relationship between firm commitment, management experience, firm size, degree of internationalization, perceived barriers and export performance, some noted limitations provide guidelines for future line of research.

First, scanty research work on problems pertaining to exporting firms from developing countries served as a major limitation of our work. The lack of research on the subject with particular reference to developing country context indicates the lack of theories and methodologies developed specifically for in the context of a developing country. We therefore applied measures and theories developed in western countries in testing our hypotheses. Probably in future when enough studies have been done in a developing country context specific measure and theories pertaining to the developing country context would have been formulated to better guide the conduct of research of this field. Results of this research should be considered a step in the right direction for future studies.

Secondly, it must be noted that, apart from the factors analysed, other factors may be involved in the interplay of relationship between perceived export barriers and export performance. This may include such factors as availability of infrastructure, socio-economic and political environment and risk factors. For a more integrative understanding of the factors that determine the relationship between perceived export barriers and export performance interaction future studies could incorporate these factors in the analysis.

Further given that there are differences in the perception of internationalization problems according to several features, sector, number of employees, turnover and management training, export experience, export expansion, export intensity, contribution of export to profit, mode of entry, level of internationalization and internationalization subsidies, these variables should be considered as potential moderators when developing studies in the field of international strategic marketing as each of these could give rise to specific studies in analysing international strategic design and implementation.

Also given that firm commitment and management experience were significant in explaining strategy formulation further analysis relating these two factors could be developed.



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## Appendix A

### Questionnaire Guide

*(Spring 2009)*

This questionnaire is meant to facilitate the researchers who are master students at the Bodø University College (Bodø Graduate School of Business), Norway, to carry out their theses on the topic:

### **The Impact of Perceived Export barriers on Export Performance: A study of Ghanaian non-traditional Export firms**

*Data provided will be treated as highly confidential as possible.*

(In answering the following questions, please think about your most important export market.)

This questionnaire is in 7 parts. The first part deals with your export markets, the second deals with perception of export barriers, the third deals with internal management forces, the fifth deals with industry type, the sixth deals with firm size, the seventh deals with degree of internationalization and the eighth deals with the performance of export activities.

#### **A) Export Markets**

1. Which of the following is your most important export market?

- |   |                                      |  |                                 |                                  |                                       |
|---|--------------------------------------|--|---------------------------------|----------------------------------|---------------------------------------|
| <input type="checkbox"/> United Kingdom | <input type="checkbox"/> USA         | <input type="checkbox"/> France        | <input type="checkbox"/> India  | <input type="checkbox"/> Japan   | <input type="checkbox"/> China        |
| <input type="checkbox"/> Benin          | <input type="checkbox"/> Netherlands | <input type="checkbox"/> Senegal       | <input type="checkbox"/> Guinea | <input type="checkbox"/> Liberia | <input type="checkbox"/> Nigeria      |
| <input type="checkbox"/> Niger          | <input type="checkbox"/> Italy       | <input type="checkbox"/> Cote d'Ivoire | <input type="checkbox"/> Mali   | <input type="checkbox"/> Spain   | <input type="checkbox"/> Burkina Faso |
| <input type="checkbox"/> Togo           | <input type="checkbox"/> Germany     | <input type="checkbox"/> Other.....    |                                 |                                  |                                       |

**B) Perception of Export barriers**

On a scale of i-v, how would you rate the following barriers to exporting as obstacles to your exporting activities?

*i-very low importance, ii-low importance, iii-neither low important nor high important, iv-high importance, v-very high importance*

2. Exchange rate problems  
i.  ii.  iii.  iv.  v.
3. High transportation and insurance cost  
i.  ii.  iii.  iv.  v.
4. Bureaucratic requirements  
i.  ii.  iii.  iv.  v.
5. Slow collection of payments abroad  
i.  ii.  iii.  iv.  v.
6. Lack of financial assistance  
i.  ii.  iii.  iv.  v.
7. Quality requirements of the foreign market  
i.  ii.  iii.  iv.  v.
8. Lack of knowledge of potential markets  
i.  ii.  iii.  iv.  v.
9. Non-tariff barriers in export market  
i.  ii.  iii.  iv.  v.
10. Operational difficulties  
i.  ii.  iii.  iv.  v.
11. Political and economic problems in foreign country  
i.  ii.  iii.  iv.  v.
12. Corruption in foreign country  
i.  ii.  iii.  iv.  v.
13. Lack of firm commitment to export  
i.  ii.  iii.  iv.  v.
14. Lack of knowledge of government export assistance programs  
i.  ii.  iii.  iv.  v.
15. Lack of managerial time  
i.  ii.  iii.  iv.  v.

16. Difficulty in choosing a local representative in foreign country  
i.  ii.  iii.  iv.  v.
17. Lack of export personnel  
i.  ii.  iii.  iv.  v.
18. Political instability in Ghana  
i.  ii.  iii.  iv.  v.
19. Difficulty in hiring qualified personnel or organisations to perform certain tasks associated with exporting  
i.  ii.  iii.  iv.  v.
20. Increase in management complexity  
i.  ii.  iii.  iv.  v.
21. Cost of establishing office in foreign country  
i.  ii.  iii.  iv.  v.

### C) Internal Management Forces

#### *Firm's commitment to exporting*

Consider the main export over the past year (2007). To what extent do you agree or disagree with the following statements?

*i-strongly disagree, ii-disagree, iii-neither agree nor disagree, iv-agree, v-strongly agree*

22. There was substantial planning for this export.  
i.  ii.  iii.  iv.  v.
23. There was significant amount of human resources involved in the exporting activity.  
i.  ii.  iii.  iv.  v.
24. There was significant degree of management commitment to exporting.  
i.  ii.  iii.  iv.  v.
25. There were more resources for exporting than for domestic market.  
i.  ii.  iii.  iv.  v.

**Management internal experience**

Consider the people involved in your main exporting activity over the past year (2007)

How would you classify their: i-none; v-substantial

26. Degree of professional exporting experience

- i.  ii.  iii.  iv.  v.

27. Degree of overseas experience-live/work abroad

- i.  ii.  iii.  iv.  v.

28. Degree of training in international business e.g. formal courses and export seminars.

- i.  ii.  iii.  iv.  v.

29. Ability to follow up on trade deals in the main export market.

- i.  ii.  iii.  iv.  v.

**D) Industry Type**

30. Which of the following Category of products does your firm export?

- i.  Horticultural products
- ii.  Fish and sea food
- iii.  Fish and sea food
- iv.  Prepared food and beverages
- v.  Handicrafts and other manufactured items
- vi.  Processed wood
- vii.  Other.....

**E) Firm Size**

31. What was the total number of full time employees working in your firm last year (2007)?

.....

**F) Degree of Internationalization**

32. How many full time employees did your firm have outside Ghana last year (2007)?

.....



33. How many different countries did your firm export to last year (2007)?

.....

**G) Export Performance**

34. What was your total volume of sales last year (2007) in cedis?

.....

35. What was your total volume of export last year (2007) in cedis?

.....

36. On a scale of i-v, how would you rate the profitability of your firm's exports?

*i-very dissatisfied, ii-satisfied, iii-neither satisfied nor dissatisfied, iv-satisfied, v-very satisfied*

i.  ii.  iii.  iv.  v.

37 On a scale of 1-5, how satisfied are you with your export performance?

*i-very dissatisfied, ii-satisfied, iii-neither satisfied nor dissatisfied, iv-satisfied, v-very satisfied*

i.  ii.  iii.  iv.  v.

**Appendix B***Table-a: Lack of financial assistance*

	Frequency	Percent	Cumulative Percent
Very low importance	3	4.1	4.1
Low importance	7	9.6	13.7
Neither low importance nor high importance	7	9.6	23.3
High importance	21	28.8	52.1
<b>Very high importance</b>	<b>35</b>	<b>47.9</b>	<b>100.0</b>
Total	73	100.0	

*Table-b: Slow collection of payments abroad*

	Frequency	Percent	Cumulative Percent
Very low importance	3	4.1	4.1
Low importance	11	15.1	19.2
Neither low importance nor high importance	10	13.7	32.9
<b>High importance</b>	<b>32</b>	<b>43.8</b>	<b>76.7</b>
Very high importance	17	23.3	100.0
Total	73	100.0	

*Table-c: Lack of knowledge of government export assistance programs*

	Frequency	Percent	Cumulative Percent
Very low importance	1	1.4	1.4
Low importance	7	9.6	11.0
Neither low importance nor high importance	16	21.9	32.9
<b>High importance</b>	<b>39</b>	<b>53.4</b>	<b>86.3</b>
Very high importance	10	13.7	100.0
Total	73	100.0	

*Table-d: Category of Export Products*

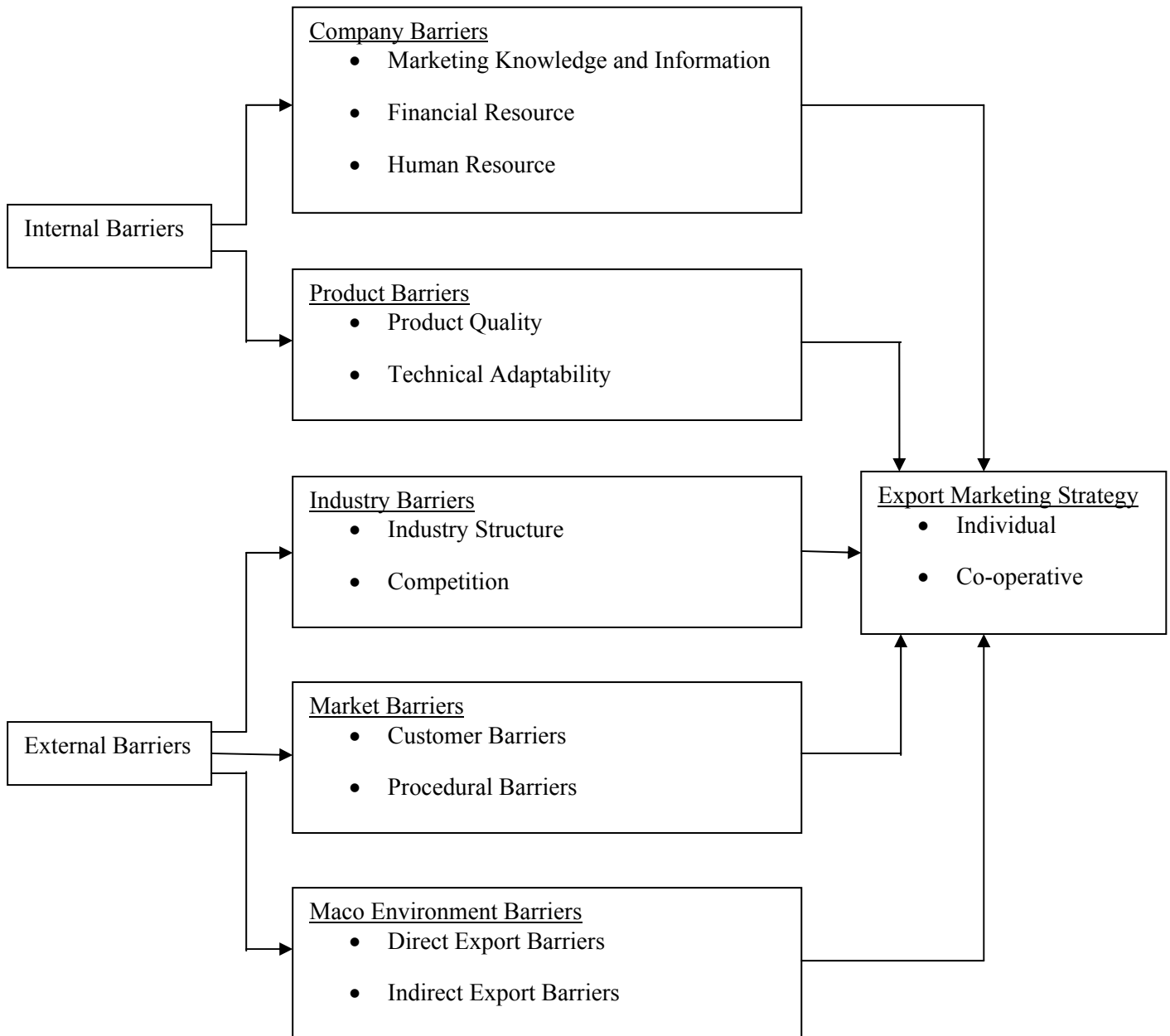
	Frequency	Percent	Valid Percent	Cumulative Percent
Handicrafts and other manufactured items	25	34,2	34,2	34,2
Horticultural products	15	20,5	20,5	54,8
Fish and sea food	11	15,1	15,1	69,9
Prepared food and beverages	11	15,1	15,1	84,9
Processed wood	10	13,7	13,7	98,6
Other pvc/hdpe pipes and fittings	1	1,4	1,4	100
Total	73	100	100	

Table-e: Correlation Matrix

	FIRM COMM	MGT EXP	FIRM SIZE	DEG of INT.	HR BARR	FIN BARR	MKT BARR	EXP PERF
Firm Commitment	1.000							
Management Experience	0.000	1.000						
Firm Size	0.426	0.329	1.000					
Degree of Internationalization	-0.204	-0.125	-0.491	1.000				
Human Resource Barrier	-0.298	-0.191	-0.373	-0.078	1.000			
Financial Barrier	-0.058	-0.138	-0.018	-0.120	0.000	1.000		
Market Barrier	-0.035	-0.185	0.034	0.193	0.000	0.000	1.000	
Export Performance	0.262	0.141	0.329	-0.045	-0.543	0.006	0.171	1.000
<hr/>								
Firm Commitment								
Management Experience	0.500							
Firm Size	0.000	0.002						
Degree of Internationalization	0.042	0.146	0.000					
Human Resource Barrier	<b>0.005</b>	0.053	0.001	0.257				
Financial Barrier	0.313	0.123	0.440	0.157	0.500			
Market Barrier	0.385	0.058	0.387	0.051	0.500	0.500		
Export Performance	0.013	0.118	0.002	0.353	0.000	0.479	0.074	

### Appendix C

#### Internal and External Export Problems that influence export-marketing strategy of manufacturing firms from developing countries



Source: Based on Cavusgil and Zou (1994)