ANALYSING THE CRITICAL INFLUENCES ON EXPORT ENTREPRENEURSHIP IN A DEVELOPING COUNTRY ENVIRONMENT: A FOCUS ON NIGERIAN MANUFACTURING FIRMS

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Submitted in fulfilment of the requirements
For the degree of Doctor of Philosophy

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July 1998

ABSTRACT

This thesis embodies an empirical investigation into the entrepreneurial and contingency (domestic environmental) factors which underlie the initial export venturing of manufacturing firms from Nigeria, a sub-Sahara African country.

It situates the overall level of export entrepreneurship in Nigeria within a moderate to low range, but recognises the prevalence of illegal, across-the-border trade, as well as domestic environmental disincentives. Using an empirically validated export-entrepreneurial orientation construct, a high versus low export-entrepreneurial taxonomy was derived.

The high export-entrepreneurial firm is profiled as typically innovative in developing exporting, less averse to exporting risks, and has more proactive motivations for exporting. Its decision makers, largely entrepreneurial personality types, are possessed of international orientation, contact networks, and previous business experience. The firm itself is characterised by top management support, planning orientation, unique/quality products, ability to develop new markets, access to middlemen network (both local and international), technological capability, and proactive search for export information. It perceives domestic environmental hostilities as much as other firms, but appears better able to adapt, hence enter the export market.

This contingent fit between high export-entrepreneurial orientation, environmental disincentives and positive export behaviour has implications for the export development initiatives of the Nigerian Government (including its agencies), organised private sector institutions and international bodies. Focus and emphasis should be placed on equipping firms and business people with those characteristics identified, and outlined above, as correlates of export entrepreneurship. Specific proposals put forward in this thesis include the introduction of training programmes on international entrepreneurship (possibly sponsored by the IMF/UNCTAD), setting up of export trading companies, export mentoring schemes, and localised export clubs. Major improvements are also required in the operating environment, including the implementation of government's export promotion programme.

Another key point emerging from this study is that all high export-entrepreneurial firms do not export, while some low export-entrepreneurial firms do. This suggests the need for a new firm taxonomy built around export-entrepreneurial orientation and exporting status, thus: (i) high export-entrepreneurial exporters; (ii) low export-entrepreneurial exporters; (iii) high export-entrepreneurial non-exporters; and (iv) low export-entrepreneurial non-exporters. Specific recommendations are targeted, in this thesis, to each of these four categories of firms based on the appreciation of their areas of greatest need/weakness.

ACKNOWLEDGEMENTS

The Ph.D. process has been a fulfilling experience, enriched immensely by the attendant challenges and difficulties. Debts of gratitude are owed to so many people and institutions. This page attempts to express some of these.

The Commonwealth Scholarship Commission afforded me the opportunity of a British (specifically Strathclyde) education. This thesis is a tribute to their vision. I hope it represents a worthy one.

Professor Stephen Young, my supervisor, has been most generous with his time, and unstinting in his overall support. I could not have wished for a better supervision. His encouragement, indeed, ensured the completion of this thesis.

Abia (formerly Imo) State University will always take some credit for my academic progress : it all started there. Many thanks also to John and Ann Benson for their modest award which partly funded this thesis.

The empirical phase of this research was arduous. Even so, it benefited from the generosity of spirit of some individuals, namely Chukwu Udensi, Chukwuma, and Ukandu all of whom assisted in field supervision. Special thanks are also owed to the key decision makers of the responding firms and organisations who cooperated in either the questionnaire completion or in-depth interviews, or both.

A number of scholars availed me of the benefit of their scholarship at various stages of this Ph.D. research. Among these are Dr. Dave Crick, Professor Ogwo E. Ogwo, C. I. Okeke, Dr. Stephen Tagg, and another Professor who prefers his anonymity. Also deserving of mention here are scholars whose contributions preceded the Ph.D. programme : Prof. Neil Hood, Mrs. D.A. Nnolim, Prof. A.C. Ezejelue, Prof. J.O. Onah, as well as my lecturers in the Masters (in International Marketing) programme, at the University of Strathclyde.

The Department of Marketing, University of Strathclyde in Glasgow has been a brilliant home for me these past four years; and may remain so for sometime yet. The support of its leadership; and the friendliness and encouragement of specific individuals are particularly noteworthy. Christine Donald and Marian Jones have been great. So, in varying degrees, have Lucy, Jurgen, Karl, Jeff, Prathap, Zafer, Mallika, Fazeela, Jerow, Iain, Snorre, Sharif, Al-Sulaiti, Nigel, Shaun and Guillaeme (Ph.D. colleagues), Gabriel, Kevin, Jeroen, Suguna, Charles, Robinson, Fydel, Hendrik, Eloka, Julie, Dan and Juliet Robb, Chima and Chinwe, and Nnanna. I should also mention Ann Johnstone, Betty, Catriona, Caroline, Pauline, Lynn, Sarah-jane, Yvonne, Gill, Craig, Andrew, David, and Scott.

My parents and siblings have, for as long as I can remember, enveloped me with their love, warmth and sense of balance. And I continue to be inspired by the dreams and delights of a life shared, in love, with Zing, my new wife.

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INTRODUCTION

This section sets the context and focus of this research. It highlights the key issues that are of interest to this study, underlining the inadequacy of extant empirical literature in each respective case. It thus justifies this research, based on these perceived gaps, as well as its potential to assist manufactured exports growth in Nigeria. The final part of this section provides a diagrammatic and written guide to the entire thesis.

RATIONALE AND FOCUS OF THIS RESEARCH

What factors critically influence export initiation among firms from Nigeria, a sub-Sahara African, developing[1] *country? To what extent do factors in a developing country's domestic environment 'push' or impede the export initiation effort of its manufacturing firms? Would the infusion of perspectives from entrepreneurship into an exporting context improve understanding of the export venturing process in a developing country setting?*

These, above, are critical concerns for which the existing export behaviour literature lack adequate answers. They, thus, constitute the rationale for this present research, and are more fully explicated in the following sections.

[1] Used in the same sense as the 'Third World', 'Under-developed', 'The South', and the 'G77'.

Export Initiation in a sub-Sahara African Context

Over the past three decades, a considerable body of literature, both empirical and conceptual, has accumulated in the area of firm export behaviour. A small minority of these studies, however, originated from developing countries[2] (Das, 1993; Katsikeas, 1994). Indeed, only two studies, to the best of this researcher's knowledge, focused on a sub-Sahara African country[3]. A brief look at some relevant evidence would suffice.

Of all the thirty export stimulation studies cited in a recent review article (Leonidou, 1995a), about half came from North America (United States and Canada), with European countries (particularly Scandinavian and Mediterranean[4]) accounting for virtually the rest. The only non-American/European studies focused on Israel, South Korea, and Australia. The picture is much the same in respect of the broad export behaviour literature. Of the 55 studies reviewed in the widely-quoted Aaby and Slater's (1989) article, only two were about firms from the developing world (Das, 1994). Chetty and Hamilton's (1993) more recent 'meta-analysis', which involved 111 empirical studies also showed a similar pattern, as it included only six developing countries' studies. Two other meta-analyses by Gemunden (1991) and Madsen (1987), respectively involved 50 and 17 empirical export performance studies, but reported only 4 developing countries' studies between them. Few, indeed, would disagree with Kaynak and Kuan's (1993) observation that 'export studies conducted in the past have focused mainly on Western countries'.

It is not surprising therefore that very little 'is known about the forces which influence export behaviour' of developing countries firms (Ross, 1989), including the non-exporting ones (Karafakioglu and Harcar, 1990). A number of authors have questioned the appropriateness of generalising findings from developed countries'

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[2] Developing countries' studies have significantly increased in numbers since the late 1980s. They still remain a minority however.

[3] These are Calof and Viviers' (1995) study of the internationalisation behaviour of South African SMEs, and Leibold's (1989) study, also, among South African firms.

[4] These include countries such as Greece, Turkey, and Cyprus, whom Leonidou (1995a) referred to as 'European LDCs'.

studies to the export behaviour of firms in developing countries in view of the obvious differences – political, legal, economic, socio-cultural, infrastructural - between developed and developing countries (Das, 1994; Katsikeas, 1994; Bourantas and Halikias, 1991). As suggested in a recent Turkish study 'there may be different stimuli for potential exporters from LDCs' (Leonidou, 1995b).

It is also not inconceivable that export behaviour patterns and influences may differ markedly within the developing world, given that the term as used in the literature lumps the Newly Industrialising Countries (NICs) of East Asia and Latin America, as well as the 'European LDCs' together with the less economically developed parts of Asia, South and Central America, the Caribbean and sub-Saharan Africa. As observed by Ross (1989), much of the research on manufactured exports from developing countries focus on the superior performers[5], while the average or below average performers have not been systematically investigated. It would be interesting, therefore, to establish from this present research, whether firms from sub-Saharan Africa[6] – a region virtually unrepresented in empirical export research - share similar export behavioural characteristics with their counterparts from other developing as well as developed countries.

The reference made above to export behaviour brings to mind another definitional issue in this present research : *export performance*. For the purposes of this study, export performance is defined in the narrower sense of export involvement. The contention here is that those export performance criteria which, in Aaby and Slater's (1989) terms, 'measure a firm's position on *some dimension of export performance'*[7] are more relevant in studying experienced exporters, predominantly found in developed countries (see Cavusgil and Zou, 1994; Gemunden, 1991; Madsen, 1987). For

[5] East Asia, led by the four 'Asian tigers' or 'mini-dragons' and more recently the enlarged tiger club, have by far the best manufactured export performance of all developing regions. Other significant exporters include Brazil, Mexico, Argentina in Latin America, and China, India, and Pakistan.
[6] Although the findings of Calof and Viviers (1995) trail-blazing study of South African SMEs reveal no differences with previous developed countries findings, this should be regarded with caution given that South Africa 'while in many respects a Third World country .... displays several attributes of a First World country'.
[7] These include export sales level; export sales growth; export profits; ratio of export sales to total sales; ratio of export profits total profits; increase of importance of export to total business;

developing countries studies (involving mostly less sophisticated exporters and non-exporters), however, other '*soft*' measures that simply categorised firms according to export involvement or lack of it, or explored export intentions and attitudes may be more appropriate (see Leonidou, 1995b; Karafakioglu and Harcar, 1990; Ross, 1989; Bourantas and Halikias, 1991). This present research falls within the latter category. **The focus therefore is on export initiation or initial export involvement.** Export performance, in its commonly understood sense, is too wide, even misleading, a concept to use in the context of this research.

The Domestic Environment in Export Behaviour Literature

The treatment of the external environment in empirical export research has largely taken the foreign (or export) market potential and attractiveness perspective. Most studies have focused on the foreign (host) country environmental (push or impeding) factors, as part of the initial export market screening (Green and Larsen, 1987; Douglas et al., 1982; Rao, 1979) and scanning activities (Lim et al., 1996), while others have assessed the extent to which those factors constitute barriers to entry and performance in exporting (Michell, 1979; Karakaya, 1997; Moini, 1997). The significance of marketing infrastructural level, government barriers, and overall market attractiveness to export performance has been reported in several studies (Cavusgil and Zou, 1994, Styles and Ambler, 1994; Kaynak and Kuan, 1993; Madsen, 1987; Michell, 1979; Bilkey, 1978), but these factors are viewed as constraints in possible export markets, and not as incentives/disincentives in the domestic environment within which the exporter, actual and potential, operate. This remark by Styles and Ambler (1994) captures the dominant view of the literature :

> These results show that although the award winners faced a wide range of important infrastructure problems (*particularly in developing and less developed markets*), their exporting activities still succeeded.

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overcoming barriers to export; propensity to export; acceptance of product by export distributors; and exporter internationalisation.

There are, to be sure, a few studies which highlighted the impact of domestic environment factors as barriers to export initiation and performance (Katsikeas, 1994; Bodur, 1986; Albaum, 1983). These, together with a few other studies which link domestic recession or home market adversity or saturation (*as a push factor*) to export propensity (Rao et al., 1983; 1988; 1990; Bilkey, 1978; Kizilbash and Maile, 1977; Pavord and Bogart, 1975; Cooper and Kleinschmidt, 1985; Glejser et al., 1980; Cooper et al., 1970) reflect the extent of empirical investigation of the domestic environment in exporting context. Conscious of this apparent neglect, Rao et al. (1990) have called on academic researchers to 'pay greater attention to the effect of domestic environmental factors on export marketing behaviour'.

One explanation for this insufficient attention is that domestic environmental factors are not as much an issue in developed countries as they are in developing ones. It is instructive that Aaby and Slater's (1989) 'strategic export model', which is based on an integration of the empirical export behaviour literature over a ten year period (1978-1988), merely acknowledges the place of 'external environment' on export performance, while focusing on internal (firm) influences. This sharply contrasts with the stress in most developing countries studies on the inhibiting impact of domestic environmental factors. A few examples would suffice. The problems of Turkish exporters, according to Bodur (1986), are linked to the absence of relevant infrastructure and institutions. Jamaican exporters, reported Ross (1989) have unfavourable perception of 'domestic infrastructure'. Anderson and Tansuhaj (1990) found that 'the political turmoil and uncertainty of events (that followed Marcos fall)' exacerbated the export financing problems of Filippino exporters, with negative consequences on performance. Douglas (1996) Peruvian study also found that firms' export performance is still highly linked to the rather difficult external environmental factors like the economic and political situation.

It is important to underline the fact that while an exporting firm can choose to avoid 'problematic export markets', it does not have any such alternative in respect of its own domestic environment. And therein lies another focal issue in this present study

: the extent to which factors in the domestic environment can inhibit or boost export initiation in a sub-Sahara African, developing country context.

A Contingency Export-Entrepreneurship Perspective

One other observation that can be made about most export studies is that they have sought to explain export behaviour from a narrow range of perspectives. These include *managerial* (Axinn, 1988; Brady and Bearden, 1979; Cavusgil and Nevin, 1981; Cavusgil, 1982; Johnston and Czinkota, 1982; Joynt, 1982; Dichtl et al., 1983; Cavusgil, 1984; Barrett and Wilkinson, 1986; Dichtl et al., 1990; Gripsrud, 1990; Holzmuller and Kasper, 1990); *organisational* (Cavusgil, 1984; Cavusgil and Naor, 1987; Koh, 1991; Bilkey and Tesar, 1977; Wiedersheim-Paul et al., 1978; Cavusgil, 1980; Czinkota, 1982); *strategic* (Cavusgil and Zou, 1994; Namiki, 1988; Namiki, 1989; Koh, 1991; Koh and Robicheaux, 1988; Lee and Yang, 1990; Malekzadeh and Rabino, 1989; Ryans, 1988; Williamson, 1991), and so on.

This preoccupation with 'simple, bivariate relationships', exclusive of the possible effect of moderating, contextual factors may be largely responsible for the wide discrepancy and inconsistency in empirical findings across these studies (Yeoh and Jeong, 1995; Young, 1995; Styles and Ambler, 1994; Aaby and Slater, 1989; Kamath et al., 1987; Madsen, 1987). Wind and Robertson (1983) probably had exporting in mind when they called for the development of approaches that would change the 'isolatory focus of marketing'.

This researcher therefore welcomes what Young (1995) refers to as '(the) growing interest in new theoretical frameworks and multi-disciplinary and contingency approaches'. Based on a contention that the internationalisation pattern and processes of individual firms are highly situation-specific, Reid (1983) has proposed a contingency view of internationalisation - a position which echoes Yeoh and Jeong's (1995) emphasis on 'contingent linkages and interrelationships'; Leonidou's (1995b) recommendation on 'managerial and environmental[8] factors'; as well as Piercy's

[8]These include state of the economy, cultural traits, and marketing infrastructure.

(1981c) argument, *albeit* in a different context, on the market concentration versus spreading controversy. Walters and Samiee (1990) put it this way :

> ....perspectives that emphasise the importance of the exporter's contextual situation offer a fruitful approach to a better understanding of determinants of export success. This implies that universally valid prescriptions for success are unlikely to be found, and that account needs to be taken of the nature of the firm's business position and the environmental context.

The fundamental theoretical challenge facing researchers in the export field therefore is that of 'linking external environmental variables to aspects of firm behaviour, and modelling the effects of rational versus behavioural approaches from different discipline roots, including organisational buying behaviour and entrepreneurship, economics, and international business' (Young, 1995). This indeed reflects the trend in the wider marketing discipline towards contingency approaches which integrate perspectives from other management disciplines, 'thereby acknowledging the interdependency of the business functions' (Zeithaml et al., 1987).

It is relevant to point out at this juncture that a similar trend towards environmental, multi-disciplinary, and contingent linkages is increasingly being pursued in entrepreneurship research. In a radical break from the static, uni-dimensional approaches which have dominated the study of new venture creation, Gartner (1985) proposed a multi-dimensional framework involving **individual, process, environment, and organization**. Kollermeier (1992) was to find this multi-dimensional viewpoint appropriate in his study of 'greening entrepreneurship' in the transiting ex-GDR economy, which 'in 1990 had many characteristics similar to those of developing countries...chaotic circumstances of extreme uncertainty, resource scarcity, and volatility of the whole environment'. His initial framework, built around concepts from Duchesneau and Gartner (1990), Gartner (1985), and Keely and Roure (1990), comprises four dimensions, namely, **the entrepreneur, the transition behaviour, the firm and its strategy, and the environment.** He attributed his abandonment of current approaches to the study of entrepreneurship to their inability 'to capture the specific phenomena which characterise it in this highly volatile environment', as 'traditional theories...are predominantly based on relatively stable environment with abundant resources and role models'.

What the foregoing points to is a convergence in exporting and entrepreneurship literature, at least, in respect of the increasing realisation of the relevance of multi-dimensional contingency frameworks in improving understanding of the exporting and entrepreneurship phenomena, particularly in developing economies. It is also interesting that the critical concerns (dimensions) identified in their respective literature have been considerably similar. Illustratively, the facilitating factors in export initiation, which have been identified under such subheadings as **environment, organisation,** and **decision maker** clearly mirror the critical dimensions in entrepreneurship, as suggested above by both Gartner[9] (1985) and Kollermeier[10] (1992).

This study explores the insights which a multi-dimensional, export-entrepreneurial framework might offer into the understanding of initial export involvement of manufacturing firms from Nigeria, a sub-Sahara African, developing country.

NEED FOR THE PRESENT STUDY

The need for this study derives from this researcher's belief that an enhanced understanding of the nature and dynamics of export entrepreneurship among Nigerian manufacturing firms would offer a better insight for improving the country's manufactured export performance than any further focus on government policies and public sector programmes.

This is because Nigeria's manufactured export performance has hardly benefited from the country's twelve year-old export promotion programme. The fact that the weak implementation of the programme counts among the crippling environmental

[9]Individual, environment, organization, and process.
[10]The entrepreneur, the environment, the firm and its strategy, and the transition behaviour.

disincentives reinforces the need to extend the search for answers to Nigeria's manufactured export problems beyond government policies. More clearly stated, although Nigeria's government has gone to some fair length in instituting relevant policy measures and incentives, its record at policy implementation has been poor. It does not also seem to have the capacity to significantly alter the hostile aspects of the marketing environment, which are seen as disincentives to export of manufactures. Instead of persisting in the expectation that the government would get its act together, it seems right to explore the possibilities of mobilising the Nigerian manufacturing community, the bulk of whom are SMEs, to assume a more leading, entrepreneurial role in the country's export development.

This study seeks to assist in that latter process.

And therein lies the major reason why this area of research is of interest to this researcher : *it correlates with his envisaged future role as an educator, researcher, and 'hands-on consultant' (on export-entrepreneurial development) among Nigerian manufacturing SMEs.*

It is envisaged that this study would constitute a welcome addition to the vast body of literature on export behaviour, given particularly its dual emphasis on entrepreneurship and peculiar problems of manufacturing exporters from less performing developing economies – a perspective which equally recommends it to policy makers in the emerging economies and their international advisers, e.g. the International Trade Centre (ITC) and International Monetary Fund (IMF). If this study, indeed, contributes to a shift of emphasis in favour of export entrepreneurship development measures in IMF-administered economic adjustment programmes, its purpose would have more than be served.

Other specific organisations which could benefit from this study include the Manufacturers Association of Nigeria (MAN), Association of Nigerian Exporters (ANE), Nigerian Export Promotion Council (NEPC), and, of course, the Federal Government of Nigeria.

ORGANISATION OF THE THESIS

This thesis is structured around nine chapters - not including this incepting, introductory section. This section, all of 14 pages, sets the context and focus of the research. It highlights the key issues of interest to this study, underlining the inadequacy of extant empirical literature in each respective case. It thus justifies this research, based on these perceived gaps, as well as its potential to assist manufactured exports growth in Nigeria. The final part of this section provides a diagrammatic and written guide to the entire thesis.

Chapter One presents the research problem and the framework around which empirical solution is sought. The persisting low rate of export market entry among Nigerian manufacturing firms is the critical issue; and its underlying causes appear to be partly environmental and partly entrepreneurial. In line with the increasing calls in both the exporting and entrepreneurship literature for multi-dimensional frameworks, a contingency model of export entrepreneurship is proposed for this research. Specific propositions are further advanced in respect of the various aspects of the working model. The remaining part of the chapter provides a summary account of this study's design and methodology, including data analysis procedures.

Chapter Two, the first of the three literature review chapters, examines the available internationalisation theories. Using an inverted pyramid approach, the chapter sequentially reviews theories on trade between nations, MNE (large firms) internationalisation activities, and lastly small firm internationalisation. The discussion also touches on the relevance of each theoretical stream on the present research; with small firm internationalisation frameworks expectedly emerging as the most useful. The chapter concludes on an integrative note, affirming the on-going efforts toward a holistic paradigm of small firm internationalisation – which recognises that the internationalisation experience is essentially firm-specific, and that a richer explanation can be obtained by combining perspectives from the 'stage' models, the network approaches, the resource-based viewpoint, as well as the international new ventures school.

Chapter Three attempts to review the vast and growing literature on export behaviour. After presenting an overview of the extant empirical literature, it proceeds

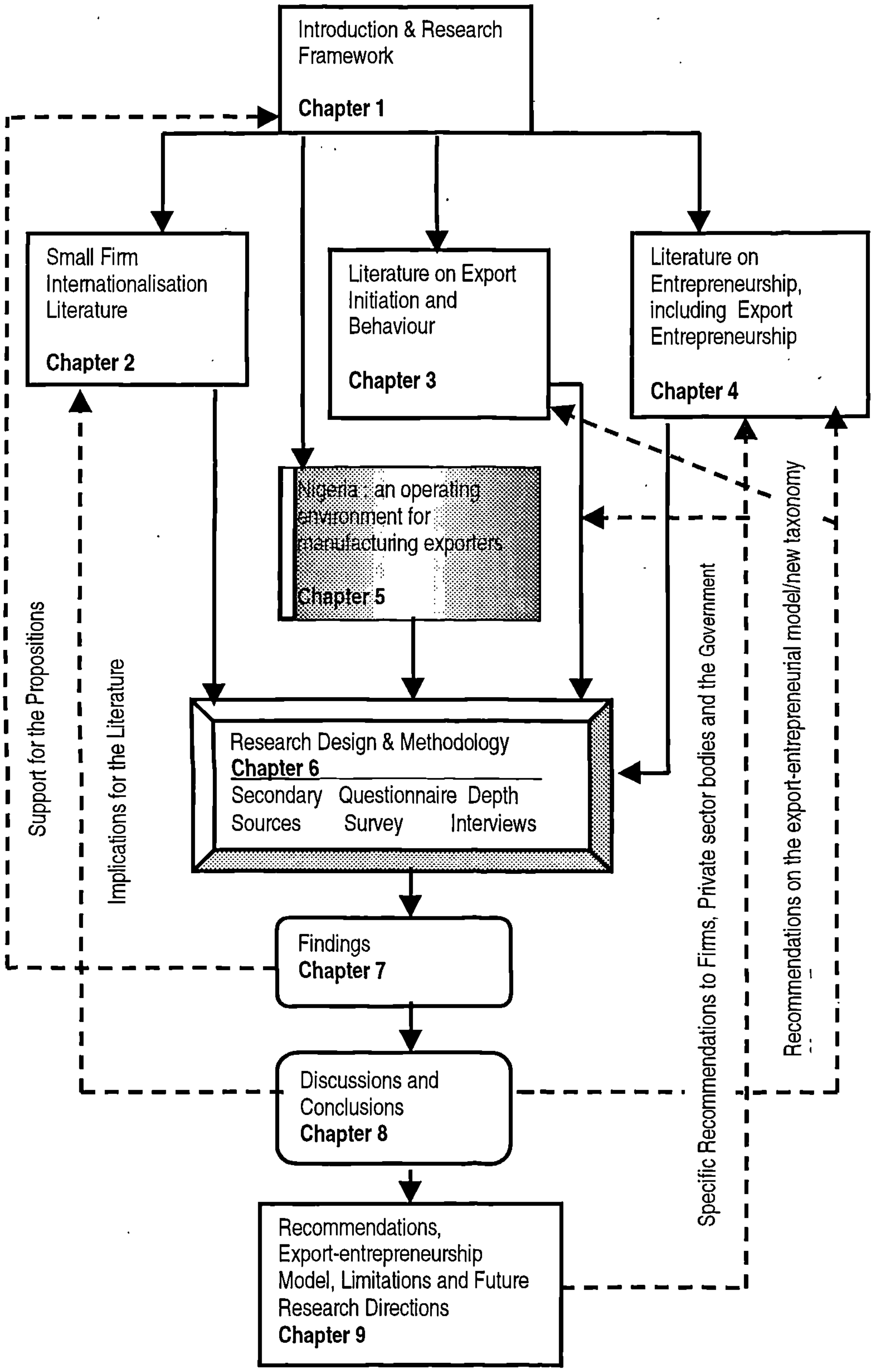

Figure 0.1 : **The Organisation of the Thesis**

to separately consider previous studies on export stimulation, export initiation, and export success. A further section on the barriers and problems of exporting wraps up this second literature review chapter.

Chapter Four presents a focused review of the extensive literature on entrepreneurship. It overviews the general field of entrepreneurship, encapsulating issues of definitions, historical perspectives and fundamental dichotomies. Adequate attention is paid to such critical entrepreneurial influences as individual traits, firm, as well as environmental characteristics. The last segment of the chapter discusses the emerging topic of international entrepreneurship, with particular reference to its exporting dimension.

Chapter Five examines the Nigerian economy as an operating environment for manufacturing firms – actual and potential exporters. After a brief review of the country's recent economic history (including its structural adjustment experiences), attention is directed to the state of the environment. Issues covered include physical and economic infrastructure, macro-economic policy framework, political climate, level of technology, export markets profile, export marketing institutions, and so on.

Chapter Six addresses the relevant methodological issues pertaining to the present research. After a brief statement on research philosophy and design, substantive discussions are undertaken of the actual process which this research embodies. Specific topics covered include selection of product areas and sample; design, pre-test and validation of the questionnaire; and data analysis procedures. The chapter ends with a brief summary, but not before the study's propositions had been restated, and major limitations highlighted.

Chapter Seven presents the findings of the empirical research. After outlining the demographic characteristics of the responding firms, it proceeds to assess firms based on export-entrepreneurial orientation. High export-entrepreneurial firms are thereafter profiled on a number of top management and firm characteristics; competitive competencies; export information search; perceptions of environmental disincentives; awareness, usage and satisfaction levels for government export incentives; initial export stimuli; export market entry; export performance indicators; and decision makers' entrepreneurial orientation. Attempt is also made, where appropriate, to explore these issues from the exporter-non exporter perspective.

Chapter Eight discusses the findings from the present research, in the light of the empirical export behaviour and entrepreneurship literature. Conclusions are drawn in respect of the key questions and objectives of this present research, notably, the overall level of export entrepreneurship amongst Nigerian manufacturing firms, individual and firm correlates of export-entrepreneurial orientation; export-entrepreneurial orientation and export involvement, perceptions of environmental disincentives, and initial internationalisation patterns of Nigerian exporting firms.

The Final chapter presents the contributions of this study, including its contingency model of export entrepreneurship. Using a needs-based approach, four categories of firms (high export-entrepreneurial exporters; low export-entrepreneurial exporters; high export-entrepreneurial non-exporters; and low export-entrepreneurial non-exporters) are identified. Each of these is subsequently targeted with recommendations, ranging from firm-level proposals, government (its agencies) actions, to organised private sector initiatives. Remarks are additionally directed at the international community. The last section of this last chapter suggests some directions in which issues raised in this thesis can be further pursued.

Figure 0.2 : Summary of Chapter Contents

	Introduction Rationale and Focus of this Research Need for the Study Organisation of the thesis
Chapter 1	**Research Problem and Framework** The Research Problem Research Framework and Propositions Research Design and Methodology Operational Definition of Terms Major Assumptions of the Study
Chapter 2	**Internationalisation Theories : A Review** General Theories : International Trade Theory Firm Internationalisation : Extant Theoretical Streams
Chapter 3	**Critical Influences on Firms' Export Behaviour : A Review** An Overview of the Export Behaviour Literature Export Stimulation Influences on Initial Export Decision Export Success Factors Barriers and Problems of Exporting
Chapter 4	**Entrepreneurship : A Literature Review** Models of Entrepreneurship Environment and Entrepreneurship International Entrepreneurship Entrepreneurship and Export Performance
Chapter 5	**Nigeria : An Operating Environment** The Nigerian Economy Nigeria's Marketing Environment Export Marketing Institutions in Nigeria Nigeria's Export Marketing Infrastructure
Chapter 6	**Research Design and Methodology** Research Philosophy and Design Research Methodology Propositions Limitations of the Study
Chapter 7	**Research Findings** Profile of Responding Firms and Decision Makers Level of Export Entrepreneurship among Firms Characteristics of High Export-entrepreneurial Firms Initial Export Stimulation Export Performance Indicators Exporter – Non Exporter Dichotomy
Chapter 8	**Conclusions** Discussion of Findings
Chapter 9	**Recommendations** Full specification of the new Export Entrepreneurship Model Specific recommendations for Firms' Categories Suggestions for Further Research

CHAPTER ONE

RESEARCH PROBLEM AND FRAMEWORK

This chapter presents the problem which necessitates the present research as well as the framework on the basis of which empirical answers are sought. The persisting low rate of export market entry among Nigerian manufacturing firms is the critical issue; and its underlying causes appear to be partly environmental and partly entrepreneurial. In line with the increasing calls in both the exporting and entrepreneurship literature for multi-dimensional frameworks, a contingency model of export entrepreneurship is proposed for this research. Specific propositions are further advanced in respect of the various aspects of the working model. The remaining part of the chapter provides a summary account of this research's design and methodology, including data analysis procedures.

1.1 THE RESEARCH PROBLEM

The level of export market involvement among Nigerian manufacturing firms, as well as the percentage contribution[1] of manufactures and semi-manufactures to the country's annual export earnings have remained significantly low. This is in spite of the introduction since 1986 of a structural adjustment programme, and an export promotion package,[2] replete with most of the relevant policies : market-determined exchange rate; deregulation of the interest rates; generous export incentives, including export financing facilities; institutional frameworks; and so on (see Appendix 7).

A preliminary investigation conducted by this researcher during an International Trade Fair, at Enugu, Nigeria (March 28 - April 7, 1991) shows that only 4% of the 284 participating Nigerian manufacturers were engaged in exporting on fairly regular basis. A more recent comparative marketing study of the Nigerian and

[1]This has fluctuated within an insignificant 0.2 and 0.6% range over the period 1980 to 1995.
[2]The programme embodies relevant policies and generous incentives, albeit ill-implemented.

Indonesian economies, under export promotion programmes, supported this finding of a dearth
of Nigerian manufacturing exporters[3]. As the study observes, 'Indonesia's growing army of small and medium scale exporters find equivalence only in Nigeria's trickle' (Ibeh, 1995).

It becomes necessary therefore to examine the critical factors underlying the very low rate at which Nigeria's manufacturing firms enter the export market.

A number of factors were suggested during the preliminary investigation referred to above, as well as by writings on Nigeria's manufactured export sector. These include ever-rising production cost (UBA, 1989; Ogunmola, 1990a); cost of entry and research (Ogunmola, 1990b); infrastuctural inadequacies (Itegbe, 1990; Ogunnisi, 1989; Ibeh, 1995; UBA, 1995); high interest rate (UBA, 1989); inadequate supply of foreign exchange (UBA, 1989); cumbersome export procedure and documentation (Ogunmola, 1990b; inadequate export trade information services (Itegbe, 1990); massive internal market (Trivedi, 1985); low domestic capacity (Nwakanma, 1986); non-cooperative embassy staff (Ogwo, 1991); anti-export bias (Ogwo, 1991);

	Total Exports (US$)	*Non-oil Exports (US$)*	*Naira/US $ Rate*
	25,938.9	1,014	0.5469
1981	18,214.3	566.4	0.6052
1982	12,192.0	301.9	0.6731
1983	9,995.2	401.4	0.7506
1984	11,845.7	322.5	0.7672
1985	13,134.0	557.1	0.8924
1986	5,149.5	318.7	1.7323
1987	7,649.2	542.2	3.9691
1988	6,875.0	607.8	4.5367
1989	7,871.0	401.1	7.3651
1990	13,164.9	390.5	8.038
1991	12,264	472.0	9.099
1992	11,886.2	244.4	17.30
1993	9,945.5	229	22.07
1994	9,366.32	243	22.00
1995	10,635.8	280.3	70.36

Source : Fashola (1994), 'Strategy for National Survival

[3]This is also in sharp contrast with the trend in such NIEs as Hongkong, Singapore, Taiwan, and South Korea (Krueger, 1985; Agoston, 1985; Herbig et al., 1995), Malaysia (Lee, 1981), The Philippines (Datta-Chaudhuri, 1981), from where an ever-increasing number of SME export entrepreneurs enter the world markets with their manufactured and semi-manufactured products.

Under Mono-Product Economic Base, with emphasis on Nigeria'.
Economist Intelligence Unit (1995), Country Profile : Nigeria 1995-96.
CBN Annual Report and Statement of Accounts for the Year, 1995.

Figure 1.1 : **Foreign Exchange Earnings from Merchandise Exports (in million US $)**

Year	*% Contribution*
1980	0.3
1981	0.1
1982	0.6
1983	0.4
1984	0.6
1985	0.6
1986	0.2
1987	0.3
1988	0.2
1989	0.3
1990	0.3
1991	0.5
1992	0.2
1993	0.2
1994	0.4
1995	0.4

Source : Central Bank of Nigeria Annual Report and Statement of Accounts, Several Years

Figure 1.2 : **Export of Manufactures and Semi-Manufactures as a percentage of Total Exports**

unstable political climate and policy inconsistencies (Ibeh, 1995). A cursory look at the above array would show the dominance of environmental constraints and government factors. Strong indications however exist to bring to question the export-entrepreneurial orientation of Nigerian manufacturing firms; particularly in the light of :

(1) the increasing recognition of the entrepreneurial dimension of exporting (Yeoh and Jeong, 1995; Bell, 1994; Samiee et al., 1993; Simmonds and Smith, 1968).

(2) the export activities of manufacturing firms from other developing nations (mainly in the South-east and East Asia region), whose domestic environments were not markedly different from Nigeria's, when they initiated exporting. Noteworthy also is Jackson's (1981) finding that 'successful Israeli exporters tend to capitalise upon their managerial talent, and overcome their innate shortcomings, and the problems caused by an unstable environment'.

(3) the findings of a recent European Commission-funded survey on the fastest-growing export entrepreneurs across Europe : 'the strongest message to emerge is that these entrepreneurs are succeeding in spite of government policy rather than because of it...they are bypassing the problems' (EFER, 1995).

The foregoing provides the background for the following **research questions** :

To what extent does the existence of environmental disincentives account for the slow rate of export initiation among Nigerian manufacturing firms?

How entrepreneurial are these firms in an exporting sense, and how well does this level of export-entrepreneurial orientation explain their decision to enter, or not enter the export market ?

What other major factors influence the initial export entry decision of Nigerian manufacturing firms ?

1.2 RESEARCH FRAMEWORK AND PROPOSITIONS

In the belief that the environmental, entrepreneurial, and indeed, multi-dimensional nature of the issues raised in the problem statement above can best be addressed by a *contingency framework* that integrates the exporting and entrepreneurship perspectives, the following working model is hereby proposed:

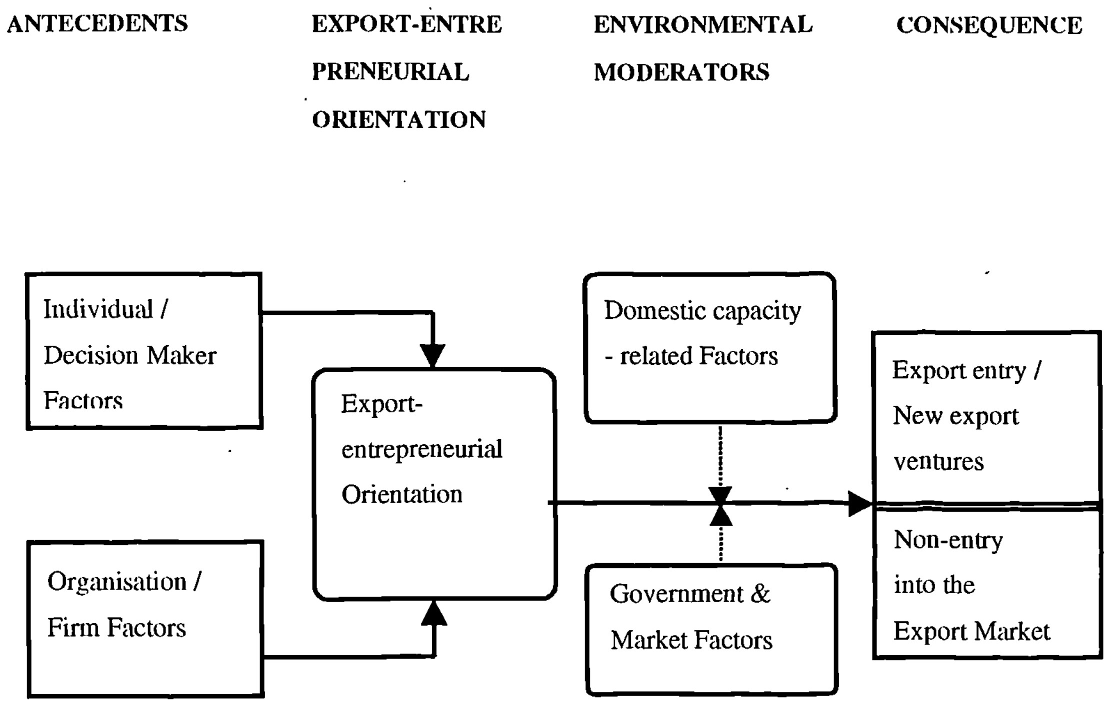

Figure 1.3 : **Antecedents and Consequences of Export-entrepreneurial Orientation.**

WHERE

INDIVIDUAL FACTORS = Age, Education, and International Orientation, Previous Business Experience, Family Business History, International Ethnic Ties, Risk Tendency, Creativity, Quest for Independence/Control, Leadership Ability.

FIRM FACTORS = Management Support; Planning orientation, Organisation Structure, Organisational Incentives, Competitive Competencies, Information use.

DOMESTIC CAPACITY = Quality of Infrastructure, Accessibility of Intermediate Inputs, Basic Technology.

MARKET FACTORS = Size of Domestic Market, Product Type, Choice of Export Market, Channel Factors, Country of Origin effect.

GOVERNMENT FACTORS = Exchange Rate Deregulation, Export Incentives, Institutional (Policy) Framework, Implementation of Policy, Political Climate.

It should be pointed out at this stage that the above framework adapts the approach so ably used by Kohli and Jaworski (1990) in their seminal theory-building work on the 'market orientation construct'[4]. Briefly, the framework comprises four sets of factors : (1) the export-entrepreneurial orientation construct; (2) antecedent conditions that foster or discourage an export-entrepreneurial orientation; (3) environmental variables that moderate the relationship between export-entrepreneurial orientation and firm's export behaviour; and (4) the consequences of the interaction between export-entrepreneurial orientation and the environmental moderators. In contingency theory terms, the environmental moderators are *contingency variables*, usually exogenous to the focal organisation or manager; export-entrepreneurial orientation is the *response variable*; while the outcomes are *performance variables*, or dependent measures which reflect varying results of the interaction between the response variables and contingency variables (Zeithaml et al., 1987). Subsequent discussion addresses each of these four factors. **Propositions** are developed based on the literature and the researcher's knowledge about the issues being studied.

1.20 The Export-entrepreneurial Orientation Construct

The fundamental proposition here is that exporting is an entrepreneurial act; *export entrepreneurship* being defined as *the process by which individuals, either on their own or inside organisations pursue export market opportunities without regard to the resources which they currently control, or environmental disincentives which*

[4] This present research, unlike Kohli and Jaworski's (1990), takes a cautious view of theory building claims. The export-entrepreneurial orientation construct is original to this study, hence a rich tradition of empirical and conceptual research, such as is the case with the 'market orientation construct', does not yet exist. So although research propositions have been put forward here, replete with an integrative framework, this researcher prefers to see these as the first building blocks towards a framework of export entrepreneurship.

they face[5]. This conceptualisation is deemed sufficiently robust to accommodate different environmental contexts.

Three key dimensions namely, proactiveness, risk-taking, and innovativeness[6] have been identified in empirical entrepreneurship literature[7] as the critical operational measures of firm-level entrepreneurship (Covin and Slevin, 1986, 1989; Morris and Lewis, 1995; Schafer[8], 1990; Miller, 1983; Miller and Friesen, 1982; and Naman and Slevin, 1993). They have actually been used in Yeoh and Jeong's (1995) earlier-mentioned contingency framework, which in conceptual terms, remains the closest existing work to this present research.

The entrepreneurial view of exporting is not totally new. It indeed goes back to Schumpeter's (1934) identification of the opening of a new market in his definition of 'new combinations'. Simmonds and Smith (1968), as well as Samiee et al. (1993) have studied exporting as a 'marketing innovation'[9] and 'innovative behaviour' respectively. Export entry, according to Roux (1987), is 'a novel action ...(and) can be compared to a process of innovation adoption'. Bell (1994) agrees, as evident in his conclusion on the 'essentially entrepreneurial' nature of 'decision makers' characteristics and attitudes (which) are critical to firms' export development'. Yeoh and Jeong (1995) have also sought, through a contingency framework, to explain

[5]This definition of export entrepreneurship is an adaptation of Stevenson, Roberts, and Grousbeck's (1989) definition of entrepreneurship : a process by which individuals, either on their own, or inside organisations pursue opportunities without regard to the resources which they currently control.

[6]Innovation refers to the seeking of creative, unusual or novel solutions to problems and needs. These solutions take the form of new technologies and processes, as well as new products and services. Risk-taking involves the willingness to commit significant resources to opportunities which have a reasonable chance of costly failure. The risks are typically moderate and calculated. Proactiveness is concerned with implementation, with doing whatever is necessary to bring an entrepreneurial concept to fruition. It usually involves considerable perseverance, adaptability and a willingness to assume some responsibility for failure (Morris and Lewis, 1995).

[7] Entrepreneurial studies are replete with findings supportive of the link between positive perceptions of risks, tolerance for ambiguity/uncertainty and entrepreneurial behaviour (Ronen, 1988; Morris and Lewis, 1995; Gilder, 1985).

[8] Schafer (1990) successfully applied this (Covin and Slevin's) entrepreneurship measurement scale in her study of *small firms'* usage of environmental scanning sources. Another *small firm* study by Chaston (1997) also used the model in examining the relationship between entrepreneurial style, organisational structure and overall performance.

[9]In the entrepreneurship literature, innovativeness (including new market development) is often viewed as a surrogate measurement for firm-level entrepreneurship (Miller and Friesen, 1983; Carland et al., 1984; Shapero, 1984; Schafer, 1990).

export performance based on the 'fit' between a firm's entrepreneurial orientation, environment, and export channel structure.

Sufficient evidence of the applicability of the entrepreneurship construct to the exporting context has been provided by Yeoh and Jeong (1995). According to these authors, 'a firm's strategic posture can be established, on the basis of the three-dimensional construct of entrepreneurial orientation, along a continuum ranging from conservative to entrepreneurial . That is, conservative firms tend to be risk-adverse, non-innovative, and reactive, while entrepreneurial firms tend to be risk takers, innovative and proactive'. This conservative-entrepreneurial taxonomy share conceptual boundaries with earlier taxonomies developed in the management and organisation theory literature[10], as well as some of the dichotomies developed in the exporting literature : active/reactive (Piercy, 1981); aggressive/passive (da Rocha et al., 1990; Tesar and Tarleton, 1982); proactive/reactive (Johnson and Czinkota, 1982); active/passive (Eshghi, 1992); and innate/adoptive (Ganitsky, 1989); whose findings demonstrate that exporting firms can be differentiated in terms of their strategic entrepreneurial posture. In other words, while some exporters tend to be active, proactive, and aggressive (i.e, entrepreneurial) in their pursuit of opportunities in overseas markets, other exporters tend to be reactive, passive and adoptive (i.e, conservative).

The major shortcoming of most of the earlier attempts at explaining export behaviour in entrepreneurial terms is their tendency to 'limit their inquiry to simple direct investigations between each of the three dimensions and export performance'[14]. Yeoh and Jeong (1995) have, however, improved on this by

[10]For example, entrepreneurial firms are strategically similar to 'prospector' firms (Miles and Snow, 1978), and 'entrepreneurial organisations' (Mintzberg, 1973). And conservative firms are analogous to 'defender' firms (Miles and Snow, 1978), and adapters (Mintzberg, 1973). Similar to the taxonomies developed by Miles and Snow (1978) and Mintzberg (1973), the conservative-entrepreneurial dimension has also been shown to be a useful framework for understanding overall firm-level behaviour in the context of the inter-relationships among strategic, organisational, and environmental constructs (Miller and Friesen, 1982; Covin, 1991; Miles and Snow, 1978; Mintzberg, 1973; and Karagozoglu and Brown, 1988).

[14] For example, a positive relationship has been found between management's attitude toward risk taking and export performance (Roux, 1987; Cavusgil, 1984); technological innovativeness and export performance (Cooper, and Kleinschmidt, 1985; Beamish et al., 1993; McGuinness and Little, 1981); and aggressive, proactive posture towards exporting and export success (Denis and Depelteau, 1985). *Positive Perceptions (of risks, costs and profits),* indeed, represent the one decision maker characteristic on which researchers on exporting appear to agree. Decision makers in exporting firms have been found to have lower perceptions of exporting risks and cost than those in non-exporting firms (Brooks and Rosson, 1982; Simpson and Kujawa, 1974; Ogram, 1982; Axinn,

including all the three dimensions of entrepreneurial orientation (innovativeness, risk-taking, and proactiveness) in their operationalisation of a firm's strategic posture. This study follows their approach in defining export-entrepreneurial orientation as a three-dimensional construct, along a continuum ranging from high to low.

P1 : *Firms can be differentiated based on their export-entrepreneurial orientation. Relative to firms with low export-entrepreneurial orientation, high export-entrepreneurial firms are likely to :*

(a) be more innovative in developing exporting

(b) have more proactive motivations for exporting

(c) be less averse to export market risks

1.201 Antecedents to Export-entrepreneurial Orientation

The export-entrepreneurial orientation construct, as used in this study, is a firm-specific characteristic, as well as that of the individuals (decision makers) within it. This is in line with the specification, in the model above, of individual and firm factors as antecedents to an export-entrepreneurial orientation. Attention now shifts to each of these two sets of antecedent conditions and their influence on export-entrepreneurial orientation.

1.21 Individual (Decision maker) Factors and Export-entrepreneurial Orientation

The influence of individual (decision maker) characteristics on export and entrepreneurial behaviour has received much attention in exporting and entrepreneurship research respectively. These scholarly contributions have generally

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1991; Simmonds and Smith, 1968); but more positive perceptions of profits and growth (Axinn, 1991; Simmonds and Smith, 1968, Pavord and Bogart, 1975; Tookey, 1964; Bilkey and Tesar, 1977; Tesar, 1975; Gronhaug and Lorentzen, 1982; Simpson and Kujawa, 1974, Ogram, 1982).

taken either of two approaches, namely : the *traits perspective*, which sees the individual as the *primary unit of analysis* and focuses on his/her psychological or personality characteristics; and the *process perspective*, which studies individuals as part of an organisation. In line with the holistic perspective of entrepreneurship adopted in this exploratory study, insights from both research streams are explored. The first part of this discussion takes the process perspective, while focus on the entrepreneur's personality traits follows later.

In the exporting literature, decision maker characteristics are generally considered to have, in Brooks and Rosson's (1982) words, 'a decided impact on export decision'. All the major review articles on published, empirical export research (Chetty and Hamilton, 1993; Ford and Leonidou, 1991; Gemunden, 1991; Aaby and Slater, 1989; Miesenbock, 1988; Thomas and Araujo, 1986; Bilkey, 1978) have similarly concluded on the decisive importance of decision maker(s)' characteristics. As Reid (1981) noted 'empirical evidence points exclusively to the decision makers' attitude, experience, motivation and expectations as primary determinants in firms engaging in foreign marketing activity'. This is particularly so 'in small firms, where power, particularly decision-making power, is generally concentrated in the hands of one or very few persons'. According to Miesenbock (1988), 'the key variable in small business internationalisation is the decision maker of the firm. He or she is the one to decide starting, ending and increasing international activities'. Based on an extensive review of published literature, Ford and Leonidou (1991) had concluded that 'firms with decision makers possessing foreign market orientation, better type and level of education, foreign country origin, foreign language proficiency, and high management quality and dynamism are more likely to become exporters'. Empirical findings on the specific individual characteristics however, have been inconsistent; reflecting, unfortunately, the situation in the larger export behaviour literature.

The decision maker is even more critically regarded in the entrepreneurship literature, particularly in respect of SMEs where 'the influence of the manager/ owner is especially strong' (Hyvarinen, 1990). In most recent entrepreneurship studies, research focus has shifted from the personal characteristics of entrepreneurs to 'the more relevant issue of 'why' the entrepreneur develop such characteristics' (Morris and Lewis, 1995); that is, the personal life experiences which lead to the development of the entrepreneurial personality.

One such personal life experience whose influence has been studied is ***education***. A recent study by Crant (1996) found a positive relationship between education and entrepreneurial *intentions*. This does not however reflect the balance of empirical evidence on the variable (Morris and Lewis, 1995; Nord and Brockhaus, 1984). It has been argued that the development of an entrepreneurial orientation is neither helped by traditional educational approaches that value conformity above creativity (Ronstadt, 1984; Shapero, 1980; Sykes, 1988), nor by business schools, which emphasise structured organisational processes and decision making (Morris and Lewis, 1995; Shapero, 1985).

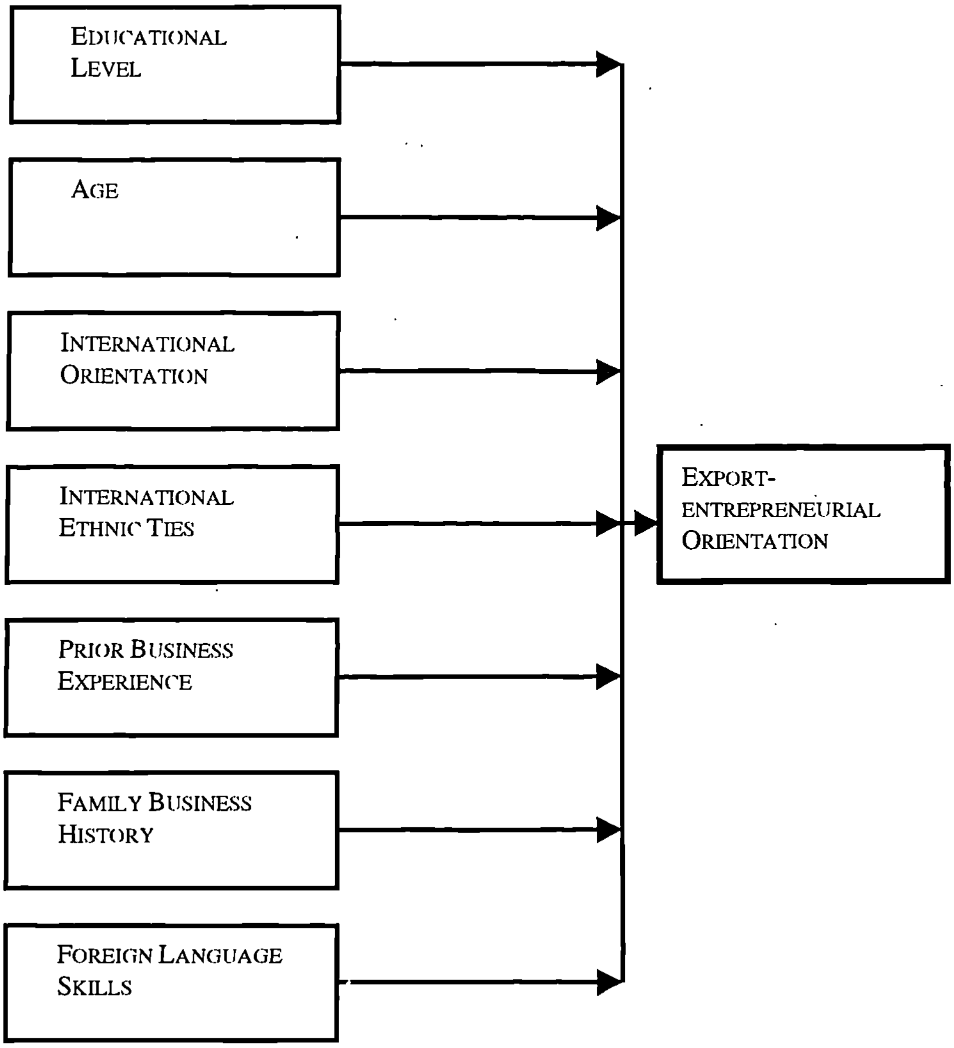

Figure 1.4 : Decision Maker Characteristics and Export-entrepreneurial Orientation

The findings in the exporting literature have, as earlier indicated, been mixed. Significant statistical differences have been found in educational level between decision makers in exporting and non-exporting firms (Simpson and Kujawa, 1974), and firms at different stages of internationalisation (Cavusgil, 1982). Researchers such as Garnier (1982), Brooks and Rosson (1982), and Ogram (1982) however found no significant differences. Garnier's (1982) conclusion aptly summarises the available empirical evidence : 'many entrepreneurs had university or technical-school degrees but it was not possible to ascertain whether there was a statistically significant difference between managers of exporting and non-exporting firms with respect to level of education'.

There are however two grounds on which this researcher considers educational level to be positively associated with export-entrepreneurial orientation, in a developing country context. The first is that owing to less availability of mass media and other avenues of enlightenment, formal education appears to be more critical in enhancing the capacity of the individual in developing countries than is the case in developed countries, where being 'street-wise' may be as good an education as any. The next reason is that a Nigerian study by Akeredolu-Ale (1975) identified 'formal education' to be one of the factors responsible for the emergence, as well as the performance of indigenous entrepreneurs.

The proposition in this present research therefore is that :

P2a : *Firms whose decision makers attained higher levels of education are more likely to have a higher export-entrepreneurial orientation than those whose decision makers have less.*

Another decision maker characteristics that has received some attention in the exporting literature is ***international orientation***, variously defined as foreign (work) experience, travel, foreign birth, and so on. Researchers such as Garnier (1982); Simmonds and Smith (1968); Langston and Teas (1976); da Rocha et al. (1990); Wiedersheim-Paul et al. (1978) found that a large proportion of exporting firms' decision makers were foreign-born persons who, having spent part of their lives abroad, were less affected by foreign business-related uncertainties. Few other studies (Brooks and Rosson, 1982; Ogram, 1982) however found insufficient supportive evidence. Miesenbock's (1988) conclusion based on an extensive review of the literature was that 'the external contacts of the decision maker seem to be the most important objective characteristic'.

In entrepreneurship research, the evidence is that individuals with foreign birth (i.e, immigrants or children of immigrants) are likely to be more entrepreneurial than the indigenes (Gilder, 1984; Collin and Moore, 1964, Ronen, 1988).

This researcher takes the view that international orientation, as defined by foreign travel/residence/work/birth is likely to enhance an individual's export-entrepreneurial orientation, hence the proposition that :

P2b : *Firms whose decision makers are internationally-oriented are more likely to exhibit high export-entrepreneurial orientation than those without internationally-oriented decision makers.*

Related to the above is another characteristic referred to here as **international ethnic ties** or **international contact networks**. One outcome of the depressing socio-economic situation in Nigeria is that an increasing number of her citizens are taking up residences abroad. This, together with foreign travel, education and inter-cultural marriages have meant that a sizeable population of Nigerians are found in many countries of the world. It is conceivable that individual decision makers whose *personal contact networks* (Carson et al., 1995) include these foreign-based communities are more likely to be attuned to the relevant export opportunities than those who lack such ties. Jackson (1981), indeed, found such ties to be significant in explaining the flow of Israeli exports into Britain. Crick and Chaudhry (1995b) similarly explained the British-Asian exporters' choice of East Africa as initial export market. Further evidence was reported by Zafarullah, Ali and Young (1998) thus : 'Pakistani networks (relatives, friends, ethnic ties) were influential in all aspects of business and (export) market development'. The proposition here, therefore, is :

P2c : *Firms whose decision makers have ties with Nigerian communities abroad are more likely to have high export-entrepreneurial orientation than those without any such ties*

Mixed findings have emerged from the relatively few studies that examined the impact of *decision makers'* ***age*** on export initiation. On one side are Pinney (1970) who found export decision makers to be younger than their non-exporting counterparts; and Tseng and Yu (1991) who concluded that younger decision makers are more prone to innovations such as exporting. Garnier (1974) and Brooks and Rosson (1982) did not, however, find any significant difference between exporting and non-exporting firms in respect of decision makers' age. It would appear from the foregoing that the empirical evidence on relationship between decision makers' age and exporting is inconclusive.

Findings from entrepreneurship suggest a link between entrepreneur category and age. The *R & D entrepreneur,* who essentially creates a venture based on some special knowledge or skills (Slatter et al., 1988) is usually younger than other entrepreneur types. Indeed, younger than the *Opportunistic entrepreneur*, often with managerial experience, who is likely to be middle aged (Slatter et al., 1988), and may have, indeed, been spurred on by a mid-life crisis (Scott, 1976; Schein, 1978).

This researcher believes that younger decision makers expose themselves more to new information and social networks. They are thus generally more disposed to new experiences, including risky ones. The proposition therefore is that :

P2d : Firms who have younger decision makers are likely to have high export-entrepreneurial orientation than those with older decision makers

Studies have underlined the importance of the ***entrepreneur's family unit (background)*** in instilling the need for achievement (McClelland, 1961), the need for independence and control of an unstructured environment (Ket de Vries, 1977), and patterning later modes of behaviour (Collins and Moore, 1964). The dimensions of family background which seem to affect entrepreneurial behaviour include parental[11] relationships, order of birth, family income and immigrant status.

The aspect of family background experience that is of interest in this present study is *family business history*. It is argued here that decision makers born into business families are more likely to have positive attitudes toward risk, prepared in part by the family's accumulated business experience, including age-old ties and business networks. The proposition therefore is :

P2e : Firms with decision makers born into business families are more likely to have high export-entrepreneurial orientation

Previous work experience is another important personal life experience that shapes the entrepreneur. Jones-Evans' (1996) study of U.K. high-technology firms concluded that 'the previous competencies gained by the entrepreneur seem to be

[11]Crant (1996) reported that students with entrepreneurial parents have higher entrepreneurial intentions than those without such parents.

fairly influential'. Brockhaus (1980) found that job dissatisfaction 'pushes' entrepreneurs out of the organisation and towards the development of an entrepreneurial venture.

This researcher believes that previous business experience often equips decision makers with a better attitude towards business risks and entrepreneurship, including export-oriented entrepreneurship. An added bonus, indeed, is a much improved 'personal contacts network'. The proposition here therefore is that :

P2f : Firms whose decision makers have previous business experience are more likely to have high export-entrepreneurial orientation than those decision makers lack same

1.211 Individual (Personality) Traits

There exists a fairly long tradition of research, particularly in the entrepreneurship field, on the **personality** or **psychological traits** which predispose individuals toward entrepreneurial behaviour.

The exporting field, to be sure, has had a large number of empirical findings that positively associated export behaviour with such psychological traits as favourable perceptions of export risks, costs, profits and growth (Ford and Leonidou, 1991; Brooks and Rosson, 1982; Cavusgil and Nevin, 1981; Bilkey and Tesar, 1977; Pavord and Bogart, 1975); more positive attitude toward exporting (Dichtl et al., 1984; Cavusgil, 1984); aggressiveness and dynamism (Bilkey and Tesar, 1977; Simmonds and Smith, 1968); creativity and innovation (Simmonds and Smith, 1968); flexibility (Dichtl et al., 1984); and self-confidence (Kulhavy et al., 1982). According to Miesenbock (1988), however, 'the explanatory power of psychologically oriented research in internationalisation ...(is) controversial'.

The above description equally applies to the study of the entrepreneur's personal characteristics. While some scholars, notably Gartner (1988), consider this strand of research as a dead end, others including Carsrud and Johnson (1989), Robinson (1991), Bradley (1990), Sexton and Bowman (1986) and Crant (1996) have called for more progressive psychological paradigms in entrepreneurship research. As Robinson (1991) and Bradley (1990) observed in their separate works, the issue is not the absence of psychological characteristics that distinguish entrepreneurs from other individuals, but the methodological weaknesses (Shaver and Scott, 1991) surrounding the identification of these characteristics. Entrepreneurship as a concept cannot, indeed, be fully understood without 'entrepreneurial trait-based research' (Carland et al., 1988), since the individual, replete with his or her psychological profile, is the energizer of the entrepreneurial process (Bradley, 1990).

As should be expected, psychological traits for which empirical support has been reported are numerous. A recent review of previous literature by Crant (1996) has, identified 'five attributes (that) have *consistently* been found to co-vary with entrepreneurship : need for achievement, locus of control, risk-taking propensity, tolerance for ambiguity, and Type-A behaviour'. These five traits basically agree with another conclusive list by Deakins (1996) : 'need for achievement, internal locus of control, high propensity for risk taking, need for independence, and innovative behaviour'. Robinson's (1991) examination of 'the body of research on personality and entrepreneurship' has also identified four constructs *commonly used* in research on the entrepreneur, as need for achievement, locus of control, self-esteem, and innovation.

The personality traits employed in this present research to distinguish entrepreneurial decision makers from their non-entrepreneurial counterparts are adapted from the above *validated* list. The proposition is more formally stated thus :

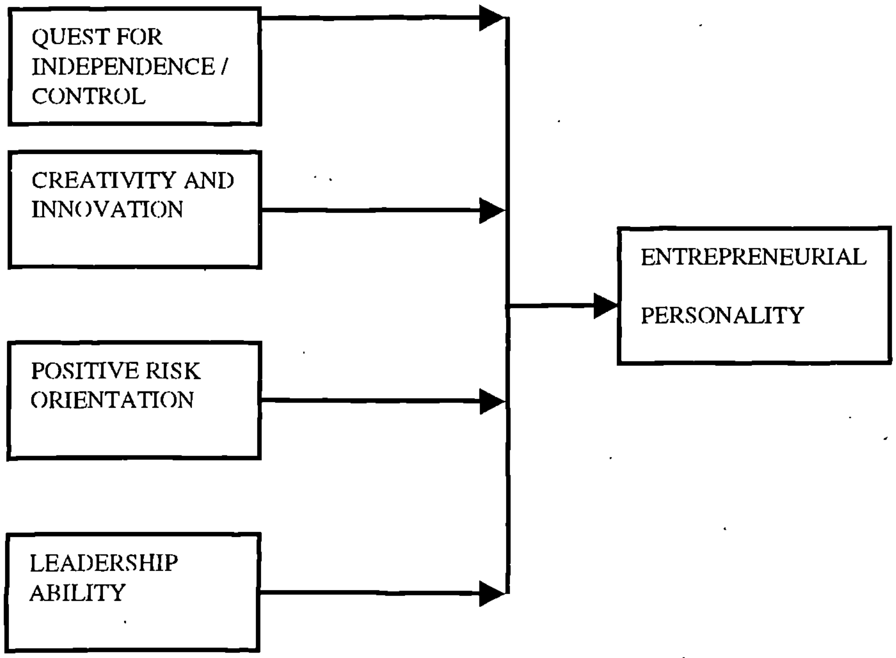

Figure 1.5 : **Entrepreneurial Personality Traits**

P3a : *Individual decision makers can be distinguished based on personality characteristics. Relative to non-entrepreneurial decision makers, entrepreneurial personality types are likely to*

(a) have more drive for independence/control
(b) have more flair for original thinking
(c) have more positive risk orientation
(d) have more leadership ability

P3b: *Entrepreneurial decision makers are likely to differ from their non-entrepreneurial counterparts in respect of such demographic characteristics as age, prior work/business experience, international orientation, personal contact network, family background, and foreign language skills*

P3c : *Entrepreneurial decision makers are more likely to be found in high export-entrepreneurial firms than in low export-entrepreneurial firms*

1.22 Firm-specific Factors and Export-entrepreneurial Orientation

1.221 Firm Characteristics

Studies on firm-level entrepreneurship have found an array of micro-level (management) practices relevant to the success of innovative ventures. These include early identification of intrapraneurs; formal authority to proceed; sponsorship; resource availability; management support; structuring the organisation for innovation; risk taking; incentives; appropriate rewards and treatment of unsuccessful venture champions; encouraging 'autonomous strategic behaviour' (Burgelman, 1983); developing the necessary atmosphere and vision; creating a strong entrepreneurial culture of mutual trust and open communication; and countering bureaucratic barriers, top management isolation, and short termism. Based on an in-depth literature review, and accompanying empirical study, Kuratko et al. (1990) have consolidated the above, long list of firm-level entrepreneurship indicators into three namely, ***management support*** for entrepreneurship (including risk taking behaviour), ***organisation structure***, and ***rewards and resource availability***.

There appears to be no real differences between the foregoing and the key success factors highlighted by Carson et al. (1995) for managing entrepreneurship in SMEs : giving leadership, providing vision, building entrepreneurial teams, providing appropriate organisation structure, planning for change, ensuring teams happen, and acquiring skills and resources. Innovation[12] management in SMEs, according to Thom (1990), is facilitated by the use of incentive schemes (built around personal recognition, promotion prospects, favourable working conditions, systematic job rotation, professional recognition prospects, commensurate salary, access to top management, job security, *etc.*), idea champions (sponsors, godfathers, mentors, power promoters) or lawyers, as well as different forms of organisations, including project management. One such project organisation arrangement suitable to SMEs has been suggested by Silber (1986). This involves appointing some particularly capable individuals into a group and authorising them to serve *as coordinators for specific innovative tasks*; with responsibilities for R&D information, innovation

[12]In the entrepreneurship literature, innovativeness (including new market development) is often viewed as a surrogate measurement for firm-level entrepreneurship (Miller and Friesen, 1983; Carland et al., 1984; Shapero, 1984; Schafer, 1990).

assessment, networking for innovations, project planning and implementation, innovation marketing. These individuals need not necessarily be full-time employees of the firm. They may have indeed been co-opted from outside the organisation. As Hyavarinen (1990) observed 'those who work for innovation activities in Finnish enterprises may belong to the personnel, or they may come partly from outside. They can be whole-time but typically they are part-time employees'.

In the exporting literature, the balance of empirical evidence[13] suggests the importance of a specifically designated export department in export performance (Samiee et al., 1993; Bilkey, 1982; Langeard et al. 1976; Topritzoher and Moser, 1979; Stening and McDougall, 1975; Hunt et al. 1967; Tookey, 1964). More solid conclusions[14] have, indeed, been reached in favour of management support - commitment, perceptions, and attitude - and positive export behaviour (Aaby and Slater, 1989; Chetty and Hamilton, 1993; Ford and Leonidou, 1991; Ogram, 1982; Cavusgil and Nevin, 1981; Dichtl et al., 1990; Johnston and Czinkota, 1985; Louter et al., 1991; Bilkey and Tesar, 1977; Kaynak and Kothari, 1984; Axinn, 1988; Weaver and Pak, 1990; Cavusgil and Zou, 1994).

One other firm characteristic which has been studied in both the empirical exporting and entrepreneurship literature is ***planning orientation***. Several exporting studies have found a much higher propensity to export among firms *with formal market planning or export exploration procedures* (Cavusgil and Nevin, 1981; Cavusgil, 1984a; Denis and Depelteau, 1985; Malekzadeh and Nahavandi, 1985; Burton and Schlegelmilch, 1987; and Diamantopoulos and Inglis, 1988). Cavusgil (1984a, 1984b), Christensen et al., (1987), Daniels and Robles (1985), Malekzadeh and Nahavandi (1985), Piercy (1981a, 1981b), and Reid (1983, 1986) found that *the use of a formal approach to market planning* separated companies that are still exporting from those that abandoned their

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[13] The few studies which did not find any optimal organisation structure for exporting include Bilkey's (1985) longitudinal study and Cunningham and Spigel's (1979) U.K. study.

[14] A number of studies have however found little or no relationship or sometimes inverse relationship between management attitude and behaviour (Cavusgil and Naor, 1987; Reid, 1983, 1984; Schlegemilch and Crook, 1988). This additional inconsistency in exporting literature was the focus of an empirical study by Eshghi (1992), to which this thesis shall return during discussion on environmental moderators of the relationship between export-entrepreneurial orientation and export behaviour. It suffices however to note Eshghi's (1992) conclusion to the effect that 'the widely held assumption of a positive relationship between attitude and behaviour is not valid under all circumstances'.

export efforts. Similar finding was made by Barrett and Wilkinson (1986) among Australian firms : current exporters and firms considering exporting are more likely to set specific goals than non-exporters and ex-exporters. Daniels and Guyburo (1976) found the use of organisational planning to be significantly higher in exporting firms. The foregoing explains Aaby and Slater's (1989) conclusion to the effect that 'the implementation of a process for systematically exploring, analysing, and planning for export seems to be a very powerful discriminator between...exporters and non-exporters'.

Some evidence has emerged from the entrepreneurship literature on the nature of planning in innovative SMEs. Bracker and Pearson (1986) as well as Sexton and Van Auken's (1982) have found *planning in small enterprises* to be irregular and carried out only to a smaller degree. Hyvarinen (1990) has suggested that the expression 'strategic orientation' be employed in respect of SMEs rather than strategy, as the 'former carries only some of the operations and activities included in a strategy'. In other words, it is enough that the SME has an orientation positive to planning, and not necessarily engage in formal strategic planning. This agrees with the findings of Berry (1993) to the effect that successsful high-tech SMEs may not engage in formal planning, but consciously make future projections.

Against the backdrop of the foregoing discussion, the following propositions are made in respect of firm-specific correlates of export-entrepreneurial orientation :

P4a : *Firms whose management are supportive of entrepreneurial projects, including risk taking behaviour are more likely to have a high export-entrepreneurial orientation than those whose management are not so disposed.*

P4b : *Firms that have a positive orientation to planning are more likely to have high export entrepreneurial orientation than those that lack same.*

P4c : *Firms which establish separate organisational structures for entrepreneurial projects are more likely to have a higher export-entrepreneurial orientation than those who do not.*

P4d : *Firms which link specific incentives and resources to entrepreneurial projects are more likely to have a higher export-entrepreneurial orientation than those who do not.*

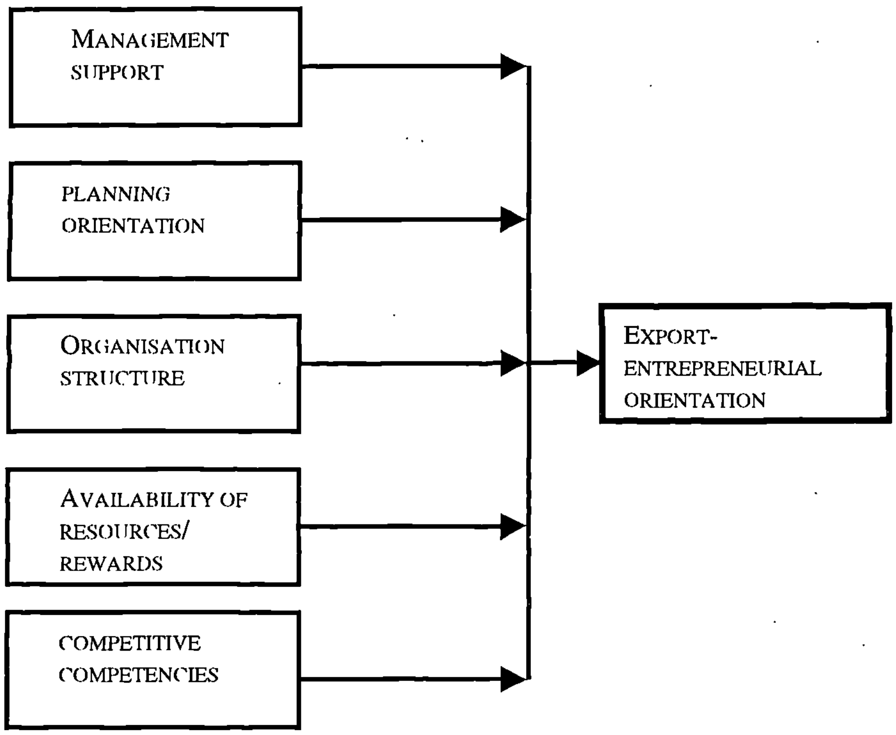

Figure 1.6 : **Firm-specific Factors and Export-entrepreneurial Orientation**

1.222 Firm Competencies

Empirical studies in exporting and entrepreneurship have also underscored the importance of firm competencies. Aaby and Slater (1989) even stated in their review of empirical export literature that 'firm competencies are probably more important than firm characteristics'. The specific dimensions of firm competency which, on balance, have been empirically supported include *technology intensity*[15] (Beamish and Munro, 1987; Cooper and Kleinschmidt, 1985; Cavusgil, 1984; Joynt, 1982; Cavusgil and Nevin, 1981; McGuninness and Little, 1981; Reid, 1982; Topritzhofer and Moser, 1979; Tesar, 1977); *R & D* (Burton and Schlegelmilch, 1987; Ogram, 1982; McGunness and Little, 1981b; McConnell, 1979); *systematic market research* (Cavusgil, 1984a; Cavusgil and Nevin, 1981; Cavusgil et al., 1979); *product*

[15] Reid's (1986) conclusion, based on a 89 indigenous Canadian firms sample was that mere possession of specialised knowledge (technology) may encourage a firm to early entry into an export market, but does not significantly affect export performance.

development (Tesar, 1982); *unique product attributes and quality*[16] (Burton and Schlegelmilch, 1987; Cavusgil and Nevin, 1981; McGuinness and Little, 1981; Michell 1979; Daniels and Robles, 1982; Joynt, 1982); *distribution, delivery and service quality* (Gottko and Mcmahon, 1988; Sullivan and Bauerschmidt, 1987; Bello and Barksdale, 1986; Bilkey, 1985; Bodur and Cavusgil, 1985; Johnston and Czinkota, 1985; Cooper and Kleinschmidt, 1985; Kaynak and Kothari, 1984; Kaynak and Stevenson, 1982; Brooks and Rosson, 1982; Rosson and Ford, 1982; Cavusgil and Kaynak, 1982; Tesar, 1982; Brady and Bearden, 1979; McConnell, 1979; Topritzhofer and Moser, 1979); and *advertising and sales promotion* (Keng and Jiuan, 1988).

The above–mentioned competencies have also been positively linked with firm-level entrepreneurship. Covin and Slevin (1991), for example, associated entrepreneurial posture with product quality, introduction of new products, R&D activities, new market development, environmental scanning activities, financial sourcing, marketing strength, including advertising and promotion effort, and competitive (premium) pricing. Although these authors' postulations refer essentially to larger sized firms, empirical research (Chaston, 1997) has demonstrated their relevance to small firms. Also, specific items in the list above have been identified in a number of SME-focused works. According to Ford and Meyer-Krahmer (1984), the core competency of innovative SMEs lies in *sourcing* and *utilising* different types of technology – product, process, marketing, organisational and social. Hyvarinen (1990), for example, attributes innovative SMEs with skills in 'developing new or improved products, processes, markets, organisations, *etc*'. This agrees with the OECD's (1982) position that 'there can be no innovation without success in both markets and technology'.

The foregoing discussion sets the stage for the following proposition in respect of firm competencies and export-entrepreneurial orientation :

P5 : Firms with more favourable perceptions of their competitive competencies are likely to have a high export-entrepreneurial orientation

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16 Cavusgil and Naor (1987); Malekzadeh and Nahavandi (1985); Cavusgil (1984a); and Wiedersheim-Paul and Erland (1979) however found product quality to be non significant in discriminating exporters and non-exporters. A recent qualitative study of four Greek food manufacturing exporters found that 'exports were initiated with low quality products ... (as a result of) the small investment employed by the investigated manufacturers' (Chryssochoidis, 1996).

1.23 Environmental Moderators between Export-entrepreneurial Orientation and Export Behaviour

It is clear from previous research in the export field that stimuli are not sufficient to push or inititate a firm into the export market (Leonidou, 1995; Johnson and Czinkota, 1982; Aharoni, 1966; Simpson and Kujawa, 1974; Olson and Wiedersheim-Paul, 1978; Dichtl et al., 1984; Barret and Wilkinson, 1986): they need to be supported by facilitating factors associated with the **decision maker** (Simmonds and Smith, 1968; Simpson and Kujawa, 1974; McConnel, 1979; Roy and Simpson, 1981; Cavusgil and Nevin, 1981; Cavusgil, 1982; Joynt, 1982; Dichtl et al., 1983; Cavusgil, 1984; Barrett and Wilkinson, 1986; Dichtl et al., 1990; Gripsrud, 1990; Holzmuller and Kasper, 1990); the **organisation** (Bilkey and Tesar, 1977; Wiedersheim-Paul et al., 1978; Cavusgil, 1980; Czinkota, 1982), and the **environment** (Garnier, 1982; Rao, 1990).

Earlier discussion has focused on decision maker and firm-specific factors as antecedents to an export-entrepreneurial orientation. Recall in particular the earlier mention of Eshghi's (1992) attempt to provide an alternative explanation for the 'attitude-behaviour inconsistency in exporting'. To support his contention that 'managerial attitudes towards exporting and exporting behaviour do not necessarily have to be consistent', Eshghi drew on relevant streams of research in social psychology[17] and consumer behaviour[18] which showed that certain 'facilitating-moderating' conditions or situational factors may make 'such inconsistencies...not only possible, but quite likely...'. *One clear message that can be taken from his analysis is that managerial attitudes (and indeed, the whole range of antecedents discussed above) say more about export behavioural intention than export behaviour itself.* The reference to these factors, in this study, as 'antecedents to export-entrepreneurial orientation' is in recognition of this fact. *That is, while these antecedents may predict export-entrepreneurial orientation (or export behavioural*

[17]Triandis (1977) explains that attitude may be unrelated to behaviour owing to certain 'facilitating-moderating' conditions which make behaviour impossible. This provides the basis for Ajzen and Fishbein's (1977) proposition that attitude is a stronger predictor of specific intention to behave than behaviour itself.

intention), they may not always do same for export behaviour owing to the reality of moderating situational factors.

The moderating situational factors that are of interest in this present study stem from the environment. As has been rightly observed, the environment is particularly an issue to firms in emerging market economies and developing countries because of the low level of entrepreneurial activities and several environmental hostilities operating in these countries (Gnyawaii and Fogel, 1994; El-Namiki, 1988; Segura, 1988). This is not helped by the overwhelming concentration of these developing countries' firms in the SME category which, relative to the larger firms, lack the necessary resources and political clout to control their operating environment (Gynawaii and Fogel, 1994; Owualah, 1988; Pfeffer and Salancik, 1978).

A little *definitional clarification* is in order here :

Environment as used in this present study refers to the domestic environment within which the manufacturing firms operate. It does not therefore include the foreign target market environment, which, as indicated earlier, has been the concern of the developed countries-focused exporting literature. Indeed, this researcher believes that just as the domestic environment does not seem to be much of an issue to developing countries' exporters, so would the foreign market environment not stop any serious Nigerian manufacturing from entering the export market. The assumptions underlying this last statement are as follows :

(i) exporting among Nigerian firms is likely to be stimulated by proactive reasons, rather than reactive ones;
(ii) hence the potential exporter has a wide variety of export markets to target;
(iii) a fact ensured by the choice of industries[19] (SIC groupings) from which the sample for this study are drawn.

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[18]Situational factors which mediate between attitude and behaviour (Sheth, 1974), or conditions under which attitude and behaviour would or would not correlate (Hajjit, 1990) have been the focus of consumer behaviour studies.

[19] Essentially light manufactured, labour-intensive, low-technology industries (textiles, plastics, furniture, leather, food and beverages) which previous developing countries studies have shown to be suitable platforms for export initiation (see Figure 1.7).

For the avoidance of doubt, it is not being argued here that environmental conditions in foreign markets have no effect on the initiating (Nigerian) exporter's target market choice. The contention is that these firms, based on the *a priori* assumption of proactiveness, would explore other export market possibilities if environmental factors make a particular target market unattractive. Perhaps, a clearer appreciation of the above position would be helped by the reminder that this *study is essentially about initial export start, and not performance in export markets.*

Earlier discussion has highlighted the inadequacy of attention given to domestic environmental factors (Rao et al., 1990) in empirical exporting literature. Some indication of the critical domestic environmental factors which might moderate the relationship between the export-entrepreneurial orientation and export behaviour, in a Nigerian context can, however, be obtained from a few relevant developing countries studies.

Turkish exporters' problems, according to Bodur (1986), are linked to the *absence of relevant infrastructure and institutions.* Jamaican exporters, reported Ross (1989) have *unfavourable perception of 'domestic infrastructure'.* Anderson and Tansuhaj (1990) found that '*the political turmoil and uncertainty of events* (that followed Marcos fall)' exacerbated the export financing problems of Filippino exporters, with negative consequences on performance. Kacker (1975) concluded that the major constraints in Indian exporting were the *failure of government support and bereaucratic red-tape.* Douglas' (1996) Peruvian study also found that firms' export performance is still highly linked to the rather *difficult external environmental factors like the economic and political situation.*

Further insight into the nature of the relevant domestic environmental issues has emerged from the literature on environment-entrepreneurship interface or 'entrepreneurial environments' (Gnyawaii and Fogel[20], 1994). *Environmental determinants* have been identified as including the environmental infrastructure which characterise a society - political, economic, legal, financial, logistical, and social structures as well as the degree of environmental turbulence in a society (Morris and Lewis, 1995). The literature on the entrepreneurship-environment fit suggests that conservative and entrepreneurial firms manifest quite different

[20] These authors identified three broad streams in the 'entrepreneurial environment' literature, namely (a) general environmental conditions for entrepreneurship; (b) descriptive studies of the environmental conditions of a particular country or region; (c) the role of public policy in shaping the entrepreneurial environments.

characteristics in coping with these environments[21]. Yeoh and Jeong (1995) summarised thus :

> an entrepreneurial orientation may be particularly beneficial to small exporting firms in hostile environments...As increasing foreign competition creates a more hostile environment for small and medium-sized firms, they will be forced to be more innovative and aggressive in their exporting endeavours...In benign environments, on the other hand ...exporting firms tend to face a much greater level of munificience and, consequently, are not typically forced to engage in uncertain, resource-consuming endeavours to maintain their viability in their export ventures.

The particular environment which is of interest in this study (the Nigerian environment) is, as can be seen from the problem statement above, hostile. In line with the literature evidence, this researcher posits that firms with high export-entrepreneurial orientation are better able to adapt to the challenges in their environment (i.e, a fit between their strategic orientation and their environment), hence enter the export market. On the other hand, those with low export-entrepreneurial orientation are less able to handle the environmental challenges, hence their non-involvement in the export market.

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[21]Dynamic environments which often typify high-tech industries were found to encourage entrepreneurial firm-level behaviour (Miller et al, 1988; Khandwalla, 1987). Higher levels of innovative, risk taking behaviour are also associated with uncertain environments (Karagozoglu and Brown, 1988; Pierce and Delbecq, 1977). When firms are faced with hostile environments, can entrepreneurial strategic orientation contributes to greater performance. In contrast, in benign environments, a more conservative strategic orientation appears to promote performance among small firms (Covin and Slevin, 1989; Miller and Toulouse, 1986). Finally, Khandwalla (1977) found conservative management style to be more effective for smaller firms in benign environments, while an entrepreneurial management style was more effective in hostile environments.

This is more formally stated thus :

P9 : *A firm's level of export-entrepreneurial orientation influences its perception*[22] *of domestic environmental disincentives. Compared to those with low export-entrepreneurial orientation, firms with high export-entrepreneurial orientation have more positive perceptions of :*

(a) marketing infrastructural facilities
(b) the political climate
(c) macro-economic policy framework
(d) government policy implementation
(e) government export facilities
(f) existing export credit facilities
(g) the 'naira' exchange rate
(h) the existing technology level
(i) the country's image abroad

1.24 Consequences of Export-entrepreneurial Orientation

Given the earlier observation about the originality of the export-entrepreneurial orientation construct to this present study, the search for empirical evidence on its possible performance implications would have to focus on proximate literature. One such area is the emerging field of international entrepreneurship, where findings suggest that entrepreneurial new ventures, including small high technology firms, *accelerate* their entry into the international market (McDougall and Oviatt, 1994), facilitated as it were by resource-laden networks (Coviello and Munro, 1997; Bell et al., 1998) or client followerships (Bell, 1995). Also relevant is Yeoh and Jeong's (1995) earlier-mentioned conceptual work which postively associates the adoption of an entrepreneurial orientation, under conditions of environmental hostility, with export performance.

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22 The environment variable was defined as the firm's country of operation (Nigeria), and questions were designed to obtain firms' perceptions on specific aspects of this environment within which they operate. Although there exists research evidence about differences between actual and perceived environment (Tosi et al., 1973), this study follows the lead of Shane and Kolvereid (1995) on focusing on perceptions. Tsai et al. (1991) had noted that ' (while) objective conditions are important because they determine the quality of the opportunity ... perceptions are also important because they are the basis of entrepreneurial action'.

This present research takes a view consistent with the relevant literature above, as well as its earlier definition of export entrepreneurship. Relative to their low export-entrepreneurial counterparts, firms with high export-entrepreneurial orientation are better able to adapt to environmental disincentives, hence enter the export market in more numbers. This is more formally stated thus :

P11 : *Firms with high export-entrepreneurial orientation enter the export market more than those with low export-entrepreneurial orientation.*

1.25 Proposition on Export Stimulation in Developing Countries

Aggregate analyses of empirical findings on export stimulation have consistently shown **the receipt of unsolicited orders from abroad, availability of unutilized production capacity, and the saturation/shrinkage of domestic market**, *all reactive stimuli*, to be the most significant factors on firms' export initiation (Leonidou, 1995a, 1995b).

The overwhelming developed countries' focus of these studies (as demonstrated earlier), however, limits the extent to which the findings above can be generalised to developing countries. This statement is easily illustrated by an aggregate analysis of export stimulation studies, focused on some less developed European (Turkey, Cyprus, and Greece) and South-east Asian (South Korea) countries, which disconfirmed the earlier-reported aggregate findings from export stimulation research. It is significant that in none of the LDC studies was the receipt of unsolicited orders from abroad found to have the most stimulating effect. Indeed, among the three leading (reactive) factors above, only the third - shrinkage of the domestic market - ranked first in 33% of the studies. The foremost ranking in over 50% of the studies went to such proactive stimuli as potential for extra sales, extra growth, or profits resulting from exporting; provision of exclusive information on foreign markets; and so on.

A passage by Leonidou (1995b) puts this in perspective thus :

> Stimuli which were found to be highly influential, namely potential for export sales resulting from exporting, the potential for export-led growth and the achievement of economies of scale from exporting - with few exceptions, were very ineffective in other studies. On the other hand, stimuli which were ranked low in this study, such as unsolicited foreign orders, availability of unutilized production capacity and the saturation/shrinkage of the domestic market, exhibited a highly stimulating effect in other studies. **These contradictory findings ... suggest that there may be different stimuli for potential exporters from LDCs.**

Take Nigeria for an instance. It does not seem to this researcher that her manufacturing firms enjoy such visibility or image that would make the *receipt of unsolicited order from abroad* the dominant stimulus in export initiation. *Availability of unutilized production capacity* is also an unlikely dominant stimulus because majority of manufacturing firms, across industries are operating far below capacity owing to their inability to procure needed inputs and spare parts. Indeed, a recent Wall Street Journal (1998) report puts the average capacity utilisation in Nigerian industries, for 1997 at just above 30%. *Shrinkage of the domestic market* may be a reality facing Nigerian manufacturers, but even that is unlikely to have a major stimulating effect on a domestic-oriented firm, given that what is left of the market is still substantial.

This leads to the next proposition of this study :

P10 : *In the context of a developing country, export initiation is more likely to be stimulated by proactive than reactive factors.*

1.3 METHODOLOGY

The primary data needed to empirically test the propositions above were collected in two stages : (i) a survey of selected firms, using the questionnaire method; and (ii) personal interview of a limited number of selected cases.

The relevant population were Nigerian firms which met the following specifications :

(i) engaged in the manufacture and/or export of such products as textiles and wearing apparels, footwear and leather, food and beverages, furniture and plastics (see Figure 1.7 for the considerations underlying the choice of the these product areas); (ii) listed in the most recent editions of either the Nigerian Exporters directory or Manufacturers Association of Nigeria's directory; (iii) located in one of three major Nigerian industrial cities, namely Lagos, Kano, and Aba; (iv) have a minimum annual turnover of five million naira (N5m)[23]; or (v) represent an unexpected success story

(i)	These are essentially labour-intensive product areas in which Nigerian firms, as suggested by trade theory, are supposed to have some competitive advantage in the international market (Wells, 1972);
(ii)	They largely fall under the light manufactures/consumer goods category, which previous developing countries' studies suggest are better platforms for export initiation (Leonidou, 1995b; Bodur and Cavusgil, 1986; Dominguez and Sequeira, 1993; Katsikeas and Morgan, 1993);
(iii)	They are in the current list of exportable products published by the Nigerian Export Promotion Council (NEPC, 1995);
(iv)	They enjoy a reasonably high level of domestic capacity utilisation and local value addition (MAN, 1995);
(v)	Available statistics show that the limited non-oil export market presence maintained by Nigeria comes almost totally from these product areas (CBN, 1996).

Figure 1.7 : **Criteria for Product Areas Selected**

[23]Equivalent to about £41,665.

The population was limited to three major industrial cities in order to manage the logistics problems envisaged in conducting a Nigerian-wide survey. In using the above two directories[24] as a sample frame, the researcher sought to ensure the coverage of the population of interest : MAN's directory and NEPC's directory respectively provided the listing of manufacturing firms and manufacturing exporters involved in the relevant product areas.

The total number of firms which met the above, pre-specified criteria was 226, made up of 146 from the MAN's directory and 80 from NEPC's directory. Owing to the relatively small size of this study population, the decision was taken to sample all the 226 firms[25].

Structured (and properly pilot-tested) questionnaires were thus administered on these 226 sample firms. In order to improve on the poor response rates which largely characterise research in developing countries, this study used the 'drop and pick' technique (Kinnear and Taylor, 1996). A minimum of four visits were allocated to each of the sampled firms. The researcher was joined by nine well-trained field assistants and three field supervisors in this data collection process. This process yielded an overall response rate of 59.6%, which came down to a useable 41.5% after screening (see section 6.25, p.220).

This study adopted the key informant technique in eliciting responses from the sampled firms. Only one of the relevant officers (Managing Director/CEO; General Manager; Marketing Manager; Export Manager; in that order) was targeted in each firm (Katsikeas and Morgan, 1993; Joynt, 1982). Conscious of the limitations of the key informant technique (Katsikeas and Morgan, 1993; Butaney and Wortzel, 1988; Philips, 1981), second responses were collected from some five randomly selected firms.

[24]Although drawing up sample frames from directories embodies limitations arising from incompleteness, staleness, inflexibility (Churchill, 1996; Kinnear and Taylor, 1996) and so on, it had to be resorted to in this study owing to lack of a better alternative in Nigeria. It certainly did not help that this researcher's base at the time of this study was Glasgow.

[25]Studies which used this approach include Leonidou (1995), Katsikeas and Morgan (1993), Barker and Kaynak (1992), Seifert and Ford (1988), Louter et al. (1991), Dominguez and Sequeira (1993), Reid (1982), Cavusgil and Zou (1994), Styles and Ambler (1994), Bodur and Cavusgil (1985), and Kaynak and Stevenson (1982).

1.4 RESEARCH PHILOSOPHY

The research design outlined above (with such features as preliminary literature survey, initial propositions, and the use of a sizeable sample, designed to ensure representativeness and reliability) shows a clear bias towards *the quantitative paradigm.* The major appeal which the quantitative paradigm holds for this researcher is its relatively high assurance of objectivity and reliability, hence rich predictive value. This approach also avails the researcher of the extensive work that has been done in this area of study. Conscious, however, of the need for complementary qualitative insights in behaviour orientated research (Bell, 1994), and the ease with which the quantitative approach could degenerate into *technique fixation* (Kamath et al., 1987), the decision was taken to embrace methodological pluralism (Bell and Young, 1998; Kamath et al., 1987). This researcher was thus enabled to *triangulate* into the above research design the better aspects of the qualitative paradigm, specifically depth interview, sound interpretation and logical reasoning (Easterby-Smith et al., 1991).

1.5 DATA ANALYSIS

In order to find answers to the specific objectives and propositions adopted for this study, collected data were subjected to appropriate statistical tests. The particular software employed in this process was the SPSS+PC.

The central proposition of this study is that firms can be distinguished based on their export-entrepreneurial orientation, along a continuum ranging from high to low (P1). Export-entrepreneurial orientation was defined as a composite measure embodying innovativeness, proactiveness and risk taking behaviour. Its operationalisation took the form of a battery of 10 questions (variables), woven around the above 3 dimensions, which probed respondents' assessments of their firms on a five-point *Likert* scale.

Cluster analysis was used to identify distinct clusters of firms, reflecting levels of export-entrepreneurial orientation : high export-entrepreneurial firms and low export-entrepreneurial firms. This is the appropriate statistical tool here given the need to identify how responding firms relate to/differ from one another, based on a simultaneous analysis of several interdependent variables (Churchill, 1996).

Stepwise discriminant analysis was employed to identify decision maker characteristics (see P2a – P2f) that differentiate between the above two clusters - high export-entrepreneurial firms and low export-entrepreneurial firms. This analysis provided a profile of high export-entrepreneurial firms as well as evaluated the antecedent factors contained in this researcher's model. Discriminant analysis is preferred to linear regression method here because the dependent variable (level of export-entrepreneurial orientation) is nominal in nature. Also, the stepwise procedure was adopted because it is considered better suited than simultaneous discriminant analysis, for studies in which a large number of independent variables are involved (Das, 1993; Hair et al., 1992). An added benefit is its ability to rank-order the variables in terms of their discriminating power.

The factor analysis technique, another multivariate instrument, was applied to see which catogory of factors (proactive-internal; proactive-external; reactive-internal; reactive-external) are considered most influential by Nigerian firms in deciding to start exporting (P10). Other analytical tools employed in the present research include the *chi-square goodness of fit test* and the *one-way analysis of variance (ANOVA)*. These non-parametric tools were used in testing the significance of observed differences between high and low export-etrepreneurial firms, over a range of factors. The chi-square tests were employed for propositions in which the relevant independent variables were measured in a nominal scale. For interval scale data, however, the one-way ANOVA tests became applicable. Further details of the analysis procedure followed in this study are provided in Chapter 6 on Methodology.

1.6 OPERATIONAL DEFINITION OF TERMS

This section defines some key concepts which are met throughout this thesis. Some of these may have been explained elsewhere, in which case, this section merely serves to restate same.

Manufactured exports, as used here, refer to value-added non-oil exports. These comprise processed, semi-processed, semi-manufactured, and finished goods.

Excluded, however, are oil or petroluem products of all kinds. *Manufacturing firms* define those engaged in the production of the relevant products. It would be recalled that the relevant product areas, for this study, comprise textiles, plastics, leather, food and beverages, and furniture (see section 1.3). Exporting is studied in this research from a firm perspective. This is without prejudice to the vastly documented contributions of exporting to national economies.

Internationalisation is used in this study in the restricted sense of exporting. Initial internationalisation, in the context of this study, means export initiation. Such other modes of international market entry as licensing, franchising, management contracts, joint ventures, foreign direct investment, and so on are, thus, excluded. Also excluded is smuggling, or any other informal across-the-border trade, the foreign exchange proceeds of which are not repatriated.

Export market is defined to include all world's country markets, other than Nigeria. It can be as geographically distant (to Nigeria) as Australia, or as contiguous as Republic of Benin. Exporting is not considered in this study, however, as including intra-country, extra-regional expansion.

Export performance is used here in the narrower sense of export involvement. The focus is on export initiation or initial export involvement. Export performance, in its commonly understood sense, is too wide, even misleading, a concept to use in the context of this research (see section 0.11).

The relevant population for this study, as in other developing countries research, are predominantly SMEs – they, largely, are not in high-tech or service industries. The SME has been variously defined (Leonidou, 1995a). Beesley and Wilson (1971) identified 400 different definitions[26] being used in the U.K. alone. One study recently defined it to include firms with annual sales of between US$1million and US$1billion! (Brouthers et al. 1996). Another study which used employees size as its criterion included firms that have from 17 to 1000 staff! (Kirpalani and MacIntosh, 1980). This present research is reluctant to define itself as focused on the SME,

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[26] The Bolton Report (1971) defines a small business (for the manufacturing sector) as a legally independent, owner –managed, low market share firm employing 200 or less people. Weaver and

given the relatively low total study population (see section 1.3). What it has specified is a minimum size (Withey, 1980) - not less than 50 employees, and five million naira[27] annual sales – rather than a maximum size. The search for export potential extends to all firms that meet the necessary criteria, be they large or small.

Export entrepreneurship is defined in this study as the process by which individuals, either on their own or inside organisations pursue export market opportunities without regard to the resources which they currently control, or environmental disincentives which they face. It embodies the proactive/innovative/risk taking dimensions (see section 1.20), and not the reactive/passive/adaptive side of things. This agrees with Samiee, et al. (1993), as well as Simmonds and Smith's (1968) views[28] of export and marketing innovation respectively. *Export-entrepreneurial Orientation* is measured by 10 statements, which probed respondents' assessments of their firms along the above 3 dimensions - *proactiveness* (real thoughts of exporting, attendance to trade fairs in Nigeria, attendance to fairs abroad, seeking export information); *innovativeness* (working on new product ideas, considering new export markets, seeking export information); and *risk taking* (exporting is too risky, export risks versus opportunities, short term losses versus building market share, exporting should wait until the domestic market is satisfied).

Environment as used in this present study refers to the domestic environment within which the manufacturing firms operate. It does not, therefore, include the foreign target market environment, which, as indicated earlier, has been the concern of the developed countries-focused exporting literature. *Environmental Disincentives* refer to factors in the domestic environment which impede or discourage export venturing (see Section 1.23).

Pak (1980) reported that the Korean government use similar figures for its small business, and a range of 21-300 employees for medium-sized firms.

[27] About £0.4m.

[28] This differs from the way in which Lee and Brasch (1978) treated 'exporting ... as an innovation'. According to these authors, an export adoption process is 'problem-oriented' if it originates internally, i.e, from management recognition of a corporate need. It is 'innovation-oriented' if the initiating force is external, e.g. unsolicited outside orders, public or private sector export stimulation programmes, and so on. In the context of the present study, this classification is not useful, as it

1.7 MAJOR ASSUMPTIONS OF THE STUDY

This research effort is predicated on the following assumptions :

(1) First is that export market entry, in itself, constitutes a positive export behaviour[29]. This is without prejudice to the eventual outcome of the exporting experience. Simply stated, manufacturing firms who initiate exporting are expected to achieve success. The possibility of unsuccessful export venturing is assumed away.

(2) Given (1) above, a positive relationship exists between the number of exporters in a country and its total manufactured export earnings. This ignores possible size and performance differences between exporting firms. It presupposes, also, that exporting firms repatriate their foreign exchange earnings.

(3) Another pertinent assumption made here relates to the accessibility of foreign (export) markets to Nigerian exporters, actual and potential. It is assumed that the firms studied have access to a fair number of country markets, and are not excluded from all key markets by foreign environment-related difficulties : entry barriers and allied exporting problems.

confuses, rather than clarifies, the link between innovation, proactiveness, and internal (management) stimuli on the one hand, and reactive and external factors on the other.

[29] It also represents an entrepreneurial act, provided the initial stimulus is not reactive.

1.8 CHAPTER SUMMARY

In this chapter, the fundamental problem which tasks this present research has been presented. This, simply stated, is the extent to which the stagnating level of manufactured exports and export involvement of Nigerian manufacturing firms is caused by environmental, entrepreneurial, and other factors.

In view of the multi-dimensional nature of the issues above, a contingency export entrepreneurship framework is adopted – particularly appropriate as it is in line with the increasing trend in exporting and entrepreneurship research towards multi-dimensional, multi-disciplinary, and contingency approaches. Specific research propositions are also put forward, which reflect this researcher's appreciation of both the relevant literature and variable interactions.

Later parts of the chapter focus on specific methodological aspects of this exploratory research, justifying in the process, its recourse to methodological pluralism. Also highlighted are the particular statistical instruments applied in testing the research propositions, including the validity checks undertaken. The chapter ends with additional sections on definitions of key research terms and major study assumptions.

CHAPTER TWO

INTERNATIONALISATION THEORIES : A LITERATURE REVIEW

This chapter presents a concise review of the relevant literature on internationalisation. Its point of departure was a consideration of the theories of international trade and international business. The focus later shifts to initial internationalisation theories, covering such relevant perspectives as the stage of development models (including their various extensions and refutations), the network theories, the business strategy framework, and the recently emerging resource-based perspective.

2.1 GENERAL THEORIES OF INTERNATIONALISATION : International Trade Theory

The fundamental decision for the firm, to enter or not enter the international arena, at its most basic level, interacts with the equally basic issue of why international trade emerged, and persists (Cannon, 1980). It would appear therefore that *an appropriate starting point* in understanding the critical decision to internationalise would be a review of the international trade theory.

The seed of the idea was sown over two hundred years ago, in the form of Adam Smith's (1776) specialisation and division of labour concepts. Briefly stated, individuals tend to specialise in activities and endeavours for which they have the greatest aptitude, resorting thus to 'truck, barter, and exchange' (Moyer and Hutt, 1978) for optimal overall satisfaction. The net effect of this tendency is increased productivity and efficiency, hence economic development. Like individuals, countries tend also to maximise resource investments in their areas of greatest strength, preferring to conduct exchange with other nations in areas where they do less well. As Kogut and Zander (1993) observed, 'differences in productivity in carrying out economic activities make it desirable for firms to specialise and trade the products and services that reflect their superior capabilities'. International trade, thus, amounts simply to *an* internationalisation of specialisation and division of labour.

The classical explanation is based on *Ricardo's* (1817) *Theory of Comparative Advantage*, or more precisely, its major refinement referred to as *Heckscher-Ohlin Factor Endowment Theory* (Heckscher, 1950; Ohlin, 1933). This states that variations in the resources of production (or factor endowments) possessed by different countries determine the pattern of international trade. Hence, a country will export those goods using factors with which it is relatively well-supplied. Closely related to the Heckscher-Ohlin model is the *Stopler-Samuelson theorem*, which describes the effect of protection on relatively scarce factors (Cannon, 1980).

These theories, and hypotheses deriving from them, have been subjected to an increasing number of empirical studies, notably MacDougall's (1957) landmark study of US and British exports, the findings of which support the basic theory of Comparative Advantage; Bhagwati's (1964) study, which refutes MacDougall's (1957) main conclusions; and Leontiff's (1956) analysis of U.S input-output tables, the findings of which seriously question the Factor Endowment Theory. Leontiff's (1956) findings ('exports embody slightly more labour and considerably less capital than import replacements of the same value') have, themselves, generated some considerable debate, both in terms of their substance and policy-making implications (Cannon, 1980). The germane search for better explanatory tools and unifying concepts gave rise to the Product Cycle theory, which according to Vernon (1966) de-emphasizes the comparative cost doctrine in favour of the timing of innovations, scale economies and the place of ignorance and uncertainty in influencing trade patterns.

2.10 The Product Life Cycle Approach

The product life cycle approach, which was developed[1] by Vernon (1966) and Wells (1968), posits that as a product moves through the stages of its life cycle (from new to mature, and to standardised product), it is associated with an international trade and investment cycle (Vernon, 1966; Giddy, 1978). It states that firms innovate in response to the demand characteristics of their home market, and that innovation and production of new products and processes tend to occur near markets of strong demand (Vernon, 1966; Tsurumi, 1977). The result is that high-income, developed countries typically export products that have a high R & D content, a high rate of

[1] What Vernon did was to apply the PLC concept, hitherto used in domestic marketing, to explain international trade and investment patterns.

new product development (Vernon, 1966; Keesing, 1967), higher prices and higher income-elasticities (Wells, 1972; Houthakker and Magee, 1969).

Less developed countries, on the other hand, tend to export mature, standardised products, which were late in the product life cycle (Vernon, 1966; de la Torre, 1972). Tsurumi (1972), Mousouris (1972), and Hirsch's (1970) separate studies of the then 'middle countries' - Japan, Greece, and Israel respectively- show that these countries export products that are in the earlier stages of the product life cycle to countries which are less developed and products which are later in the cycle to more advanced countries (Wells, 1972). Three empirical tests by Mullor-Sebastian (1983) upheld the above : 'developed countries are internationally competitive in growth products and less developed countries are competitive in mature products'. Lutz and Green's (1983) three-nation study equally concluded that 'although other factors undoubtedly played a role, the product life cycle did have explanatory value for changes in the export mix in technology-intensive products for the United States, Japan, and the United Kingdom'.

Consistent with the product life cycle explanation of international trade patterns are the human skills models, the demand similarity models, and the technological gap models.

The human skills models, which are owed to such researchers as Kravis (1971), Keesing (1967), *etc.* postulate that 'skill endowments' are important determinants of trade patterns, so that industries which are heavy users of skilled labour lead in exports (Wells, 1972). Other researchers whose findings suggest positive association between the proportion of skilled labour employed in the industry and export competitiveness include Wilkensen (1968) and Keesing (1966, 1967).

The demand similarity models (Burenstam-Linder, 1961; Vernon, 1966) argue that demand similarity determines the flow of foreign investments and trade, such that 'trade will be most intense between countries with similar income levels and least intense between countries with different income levels'. The implication of this is that home market demand influences strongly what a country exports and to whom it exports (Wells, 1972).

The *technological gap explanation* of trade flows, which was severally developed by Kravis (1971), Balogh (1950), Posner (1961), Hufbauer (1966, 1970), and Stobough

(1972), argues that technical progress determines the volume and type of products which a country exports. Countries that achieve early technological leads are usually first with new, high-priced products, while countries that adopt mature technologies export products that were late in their life cycle (Wells, 1972). Gruber, Mehta, and Vernon (1967) and Keesing (1967) extended the analysis to industrial sectors, and found positive relationship between an industry's R & D orientation and trade (including export) performance. Two separate studies by Lowinger (1975) and Stryker (1968) actually found this to be the most important explanatory variable for the export performance of various industries. Other works supportive of the positive link between R&D expenditure - or percentage of scientists, technicians, and engineers in the labour force - and export performance include Krugman (1980), Balassa (1977), Gruber and Vernon (1970), and Wilkenson (1968).

Buckley (1996) has described the life cycle approach as a 'seminal contribution to the development of (international business) theory', in view of its emphasis on changing locations of production, driven by dynamic comparative advantage; its attention to technological developments; and its close emphasis on the interaction of the supply side and the demand side in determining the make-up and locations of international production. Its inadequacy as an explanatory framework in the real world of the multi-investor has however become widely acknowledged (Buckley, 1996); evident, as it were, from the shrinkage in time between the introduction of a new product in the home country (say U.S.) and its first production in a foreign location (Hedlund and Kverneland, 1983); the MNEs' spread of their geographical network (Vernon, 1979); and the short life cycle of most technological products (Giddy, 1978).

2.11 Krugman's 'New Trade Theory'

Attempts to fill perceived gaps, and improve on the explanatory power of traditional trade theory have given rise to a 'new trade theory' which emphasises 'increasing returns and imperfect competition' (Krugman, 1990). As opposed to the traditional trade theory's emphasis on national (resource) differences as a driving force of international business, the new trade theory posits that 'much trade, especially between similar countries, represents specialisation to take advantage of increasing returns rather than to capitalise on inherent differences between countries (Krugman, 1990).

Against the backdrop of the narrowing of the technological gap between advanced and less advanced countries, Krugman (1986) also proposed a refined 'technological gap model of international trade', which recognises the inherent fluidity of technological progress across countries at different development levels. He showed that 'technical advance in the advanced country, which opens a technology gap, benefits the less advanced country as well. 'Catch-up' by the less advanced country, which closes the gap, hurts the technological leader'. According to him, 'countries can be ranked by the level of technology; goods...by technology intensity. Each country finds a niche on the scale of goods which is appropriate to its position on the technology ladder'.

2.12 Porter's Diamond of National Competitive Advantage

Why and how do certain nations gain global competitive advantage in particular industries and not in others? Porter (1990) sought to answer this question through his work on 'Competitive Advantage of Nations'. According to him, the existence, success and competitive advantages of industrial clusters are shaped by international variations in the four components of national business environments : *factor conditions*; *demand conditions*; *related and supporting industries*; *and firms' strategy, structure, and rivalry*. Factor conditions are the natural and created resources of a nation, ranging from having certain resources to creating a distinct labour pool. Demand conditions refer to the size and quality of demand in the home country. Firm strategy, structure and rivalry reflect the nature of domestic competition, while related and supporting industries mean the cluster of businesses which support firms to become internationally competitive. Two secondary factors also featured in Porter's (1990) conceptualisation, namely government and chance factors.

National differences in each of these forces, and their interaction with each other promote the growth of particular industrial clusters over others (Fitzgerald, 1994). This implies that firms from a given nation are more likely to be internationally competitive in those sectors, industries or products where a mix of variables (factor conditions, demand conditions, existence of related and supporting industries, and firms' strategy, structure, and rivalry) have created for them a diamond of national competitive advantage. That is, these determinants create the diamond around which a nation's competitiveness, and by extension that of its firms, is built.

The nature of this diamond, according to Porter (1990), is also determined by the nation's stage of development : factor-driven stage; investment-driven stage; innovation-driven stage; and wealth-driven stage. Whereas internationally successful firms whose nations are at a factor-driven stage would derive their competitive advantage (diamond) almost solely from basic factors of production, those from innovation-driven (stage) countries compete essentially based on created opportunities in human resources, research and development, and other forms of organisational capability (Fitzgerald, 1994). The progression of nations along the development ladder proceeds through innovation and upgrading of the quality of their diamond, i.e., the achievement of higher-order advantages in existing industries and the development of capabilities in new, more sophisticated endeavours.

The relevance of the above trade models to this study stems from the insights which they offer into identifying the appropriate industries for which firms from particular countries may have some comparative/competitive advantage. This is reflected in the choice of industries from which the sample of this present research are drawn. The insight offered by the demand similarity model into the selection of country-markets by firms from different countries is also significant. It, indeed, informed some of the issues explored in this research in respect of market selection.

The theoretical thrusts of these sets of models are the international trade patterns among ***countries****, and not firms. They are therefore of limited value as explanations for the internationalisation behaviour of individual business units (Cannon, 1980; Bilkey, 1978; Wells, 1968). The need to fill this gap has resulted in the emergence of the next wave of internationalisation frameworks, to which this review now turns.*

2.2 FIRM INTERNATIONALISATION : EXTANT THEORETICAL STREAMS

Firm internationalisation has been studied both from the perspective of export development (involving mostly the SMEs) and the emergence of the MNEs. Five theoretical approaches can be identified. These include (1) the business economics-oriented internalisation/transaction cost/eclectic paradigm; (2) the stage of development models; (3) the network approaches; (4) the business strategy framework; and (5) the resource-based theory.

2.21. Economics-oriented approaches

Much of the focus of international business economists, starting from such pioneers as Hymer (1960) and Kindleberger (1970), through such other authors as Hirsch (1974), Caves (1971), Aliber (1970), Dunning (1977) and so on, have been on explaining the conditions under which Multinational Enterprises (MNE) extend and establish their activities (particularly production activities) overseas. This has led to such conceptual frameworks as the market imperfections model; internalisation (or transaction cost) theory; and the eclectic paradigm.

A. Market Imperfections Model

Theorists here, among whom count Hymer, Kindleberger, Caves, and Hirsch, cited earlier, posit that firms must possess some form of compensating, quasi-monopolistic advantage in order to compete in an overseas market against domestic firms, possessing local knowledge and the advantage of local nationality (Young et al. 1989). The nature of these compensating, ownership- (or firm-) specific advantages were later to be identified as including economies of scale (size), product (differentiation) and process technology, entrepreneurial capacity, superior marketing and management skills, access to capital markets, monopoly ownership of raw materials, barriers to entry, and so on.

Other notable contributions usually classified under the market imperfections school include : (a) the '*oligopolistic reaction*' or '*follow the leader*' model credited to Knickerbocker (1973), which sees foreign direct investment (fdi) as a defensive response to foreign market expansion of leading firms in concentrated industries; and

(b) the '*exchange of threat*' perspective, which explains MNEs engagement in fdi activities as a reciprocation of threats to their domestic markets, by MNEs from other countries.

B. Internalisation (or Transaction Cost) Theory

This seeks to explain the choice by the MNEs of fdi as an internationalisation mode, in preference to such external contractual agreements as licensing, sub-contracting, or even exporting, as arising from the need to internalise and retain control of market knowledge in foreign operations. According to Buckley and Casson (1976), this stems from the lower transaction cost associated with using an internal market (the firm itself), compared with external market transactions[2]. Other authors have also associated the fdi mode with economising (Rugman, 1980) and lowering search cost (Hennart, 1982). Hill et al. (1990) had noted that transferring technology to a less competent licensee results in lost revenues. A further list of factors favouring internalisation has been assembled by Rugman (1985) as including : the higher cost of making and enforcing contracts; buyer uncertainty about the value of the technology being sold; a need to control the use or resale of the product; and advantages to using price discrimination or cross-subsidisation.

The internalisation theory has been extended by Buckley, Pass and Prescott (1990) to the non-production functions of stocktaking, distribution, generating customers and transport. This, as observed by Wheeler et al. (1996), has brought it closer to the work of channel researchers who have applied transaction cost analysis to explain the choice between the internalisation of marketing and distribution functions and the employment of outside agents and intermediaries. One such researcher was Reid (1983b, 1985), who explained export organisation structures and change as the outcome of costs involved in initiating, negotiating, and coordinating export transactions. Another researcher, Williamson (1975) had noted that transactional considerations are 'typically decisive in determining which mode of organisation will obtain in what circumstances, and why'. Where there exist such transactional difficulties as those arising from bounded rationality, assets specificity, opportunism, and environmental uncertainty, integration may be the preferred approach (Williamson, 1981). The critical variable, according to Klein and Roth (1990), is the

[2] McDougall et al. (1994) finding that some international new ventures did not insist on internalising activities until it became cost-inefficient, and additional evidence of the prevalence of strategic alliances even at the risk of losing proprietary know-how (through opportunistic partner behaviour) fail to support the transaction cost explanation.

kind of competitive environment in which the intermediaries operate : 'when market enforcement cannot be relied upon, a stronger earlier commitment to the market is necessary'. Channel integration is also recommended when products are technologically complex (Hornell and Vahlne, 1973), firms possess specialised knowledge[3]; agents are difficult to find, or have great potential for opportunistic behaviour (Klein, 1987); products require a high service level; are differentiated and less mature; are closely related to the company's core business; and when the level of transaction-specific assets in the sales force is high; and psychic distance is low (Anderson and Coughlan, 1987).

C. The Eclectic Paradigm

The 'Eclectic Theory of International Production' was an attempt by Dunning (1976, 1981) to integrate three major strands of the literature, namely ownership-specific advantages, location-specific advantages, and internalisation advantages (respectively associated with the market imperfection, international product life cycle, and internalisation models) into one unified theory, referred to as the OLI model.

The OLI model states that for a firm to expand through *fdi* (rather than through exporting or licensing), three sets of competitive advantages must be available to it :
(i) ownership-specific advantages over firms from other countries, sufficient to compensate for, or offset additional costs and risks of producing abroad;
(ii) internalisation-specific advantages, through the use of its internal markets rather than external alternatives; and
(iii) location-specific advantages (lower labour cost, raw materials, trade incentives, and so on) of such attractiveness as to make foreign production preferable to exporting.

In an updated version of his model, Dunning (1988) retained the basic OLI framework, but proceeded to emphasise the structural and transactional elements of these advantages. Ownership-specific advantages of the MNEs, for example, were divided into Assets advantages (monopoly power, product differentiation, and cost barriers, etc. arising from MNEs' proprietary rights) and Transaction advantages, referring to transactional benefits accruing from common control and governance of geographically dispersed assets by the MNEs. This characterisation of transactional

[3] Or what Klein (1986) referred to as 'a high degree of information impactedness'.

advantage blurs the distinction between it and internalisation advantage - a point reinforced by this statement by Dunning :

> The greater the perceived costs of transactional market failure, the more MNEs are likely to exploit their competitive advantages through international production rather than by contractual agreements with foreign firms.

The treatment of the location-specific advantages in Dunning's revised theory follows the same pattern as in ownership-related advantages above. A distinction was made between Structural (market distortions arising from government interventions) and Transactional gains (such as exchange risk reduction, multiple sourcing strategies, transfer pricing manipulations), arising from common governance of geographically dispersed activities (Young et al., 1989).

Dunning (1993, 1995a, 1996) has more recently reconfigured the original OLI model to accommodate the reality of what he termed 'alliance capitalism'. According to him, 'the portfolio of comparative advantages possessed by firms and countries must embrace those which arose specifically from the mutual gains of cooperation between independent firms'.

A cursory look at these economic-oriented models would reveal their limited relevance to this present research. For one, there is this near-total emphasis on the MNEs, which hardly reflects the dominant characteristic of Nigerian manufacturing firms as SMEs[4]. Also, their attempt to explain the conditions underlying the MNEs' choice of alternative foreign market servicing modes (mainly fdi) goes beyond the focus of this study on initial internationalisation, more specifically exporting.

It has to be observed however that the concept of ownership-specific advantages (embodied in both the market imperfections model and the eclectic paradigm) provides useful insight into the relevant firm characteristics that encourage initial internationalisation, exporting included. The application of the transaction cost approach in export channel research has also been useful in illuminating the choice

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[4] A recent study by Brouthers et al. (1996) found the initial internationalisation of US 'SMEs' in the software industry to have followed the pattern suggested by Dunning's eclectic model, particularly with respect to the ownership and location-specific advantages. It is significant to note however that SMEs were defined in this study as firms with annual sales of between one million and one billion US dollars!

between using agents/distributors or setting up overseas wholly-owned sales subsidiaries.

The same cannot be said of the location-specific advantages contained in Dunning's eclectic model. This is because while these host-country (environmental) advantages may explain the inflow of fdi, they do not address the crucial issue of the influence of home-country environmental factors on initial internationalisation decision of firms, of all kinds, including SMEs. This is not surprising given that the model presents the environment mainly as a locus of advantages when the reality for most firms, particularly in developing countries, is the opposite : a domestic environment characterised more by disincentives to internationalise rather than advantages.

2.22 Export Development Models

A number of models have been proposed to explain the process of firm's development along the internationalisation route. Implicit in all these models is the view of export development as a sequential, 'staged' process, hence their description as the 'stage of development approach'. Also referred to as 'internationalisation models' or 'establishment chain models[5]', the stage of development approach suggests an incremental, evolutionary approach to foreign markets, with companies gradually deepening their commitment with increasing international market knowledge and experience (Johanson and Vahlne, 1977, 1978, 1990), more positive perception of risks, and so on. The theoretical roots can be traced to the behavioural theory of the firm (Cyert and March, 1963; Aharoni, 1966) and Penrose's (1959) theory of the growth of the firm. Though its focus covers only a small part of international business activity (i.e., market-seeking[6], organic evolution-type[7] of international activity), the fact that it deals with the new and developing international firms (mostly SMEs), and the continuing policy interest in such firms have ensured its importance (Bell and Young, 1998).

[5] Anderson (1993) sought to distinguish the 'establishment chain' or Uppsala models (or U-M) from the innovation-related (I-M) or 'stage' theories.

[6] Dunning (1993) observed that international operations are also motivated by the search for natural resources, production (cost) efficiencies, and strategic assets.

[7] The implicit assumption of organic evolution in the internationalisation literature appears to ignore the vast amount of international expansion occurring through cross-border acquisitions, mergers, and strategic alliances (Bell and Young, 1998).

Pioneering this genre was Johanson and Vahlne's (1977) model of knowledge development and increasing foreign market commitment, whose empirical base however was Johanson and Wiedersheim-Paul's (1975) research into the internationalisation behaviour of four large Swedish MNEs from their early beginnings. This study found that the internationalisation process was the consequence of a series of incremental decisions rather than large spectacular foreign investments. Four different stages were identified by Johanson and Wiedersheim-Paul (1975) in relation to a firm's international involvement, namely : (1) no regular export; (2) export via independent representation (agent); (3) sales subsidiaries; and (4) production/manufacturing :

> the firm's engagement in a specific foreign market develops according to an establishment chain, i.e. at the start no export activities are performed in the market, then export takes place via independent representatives, later through a sales subsidiary, and, eventually manufacturing may follow (Johanson and Vahlne, 1990).

A study by Welch and Luostarinen (1988) showed that as a firm gains experiential knowledge in a target foreign market, it tends to exhibit behaviours which suggest that it will exclude the middleman and vertically integrate into direct export marketing.

Firms are also said to initially target neighbouring, 'psychically close' countries, and subsequently enter foreign markets with successively larger 'psychic distance' – 'defined in terms of such elements as language, culture, political systems, etc., which disturb the flow of information between the firm and the market' (Johanson and Vahlne, 1977, 1990). Psychic distance has also been conceptualised as embodying the extent of proximity/distance in geography (Vahlne and Wiedersheim-Paul, 1973; Carlson, 1975); and, *more recently*, in business factors like industry structure and competitive environment (Zafarullah, Ali and Young, 1998; O'Grady and Lane, 1996).

A further dimension was added to the internationalisation model by Wiedersheim-Paul et al. (1978) model of Pre-Export Behaviour, which basically extended the establishment chain backwards to include a pre-export-stage. Export start, according to Wiedersheim-Paul et al. (1978), is influenced by the interplay between 'attention-evoking factors' and the individual decision maker, the environment and history of the firm, including experience in extra-regional expansion (domestic internationalisation[8]). The establishment chain model thus attempts to explain the whole process of a firm's internationalisation, from the pre-export stage to post-export stage (fdi).

A number of behavioural models have followed in 'the stages of development' tradition, to explain internationalisation from an incremental, evolutionary perspective (see Figure 2.1). All these models embody 'a number of identifiable and distinct stages with higher level stages indicating greater involvement in a foreign market' (Clark et al., 1997). Pavord and Bogart (1975), for example, proposed a four-stage model (no activity; passive activity; minor activity; and aggressive activity) which, however, was unconfirmed by their empirical study of 138 U.S. firms. Khan (1978) suggested a seven-stage process (see Figure 2.1 below), based on a study of 165 Swedish export ventures. Cavusgil's (1980, 1982) own framework was built around five levels of export involvement, (pre-involvement; reactive involvement; limited experimental involvement; active involvement; and committed involvement), which was later modified and condensed into the last three (Cavusgil, 1984). Czinkota's (1983) study of 200 U.S. SME exporters found support for a six-stage model organised around export experience – completely uninterested firm; partially uninterested firm; exploring firm; experimenting firm; semi-experienced small exporter; and experienced large exporter. This replicates an earlier, more rigorous, six-stage model proposed by Bilkey and Tesar (1977), which was founded on a 'mixture of classification criteria' (Strandskov, 1986), and a 400 U.S. SME sample. A recent (integrative) review article by Leonidou and Katsikeas (1996), which covered eleven[9] of these empirical export development models, has identified three generic stages, namely pre-export stage; the initial export stage; and the advanced export stage.

[8]Further support for the influence of 'domestic internationalisation' came from Luosterinen et al. (1994), who found that 60% of Finnish firms actually started their internationalisation through inward foreign activities.

[9] Not included are such theoretical export development models as Pavord and Bogart's (1975), Khan's (1978), Reid's (1981), Garnier's (1982), Dichtl et al. (1984), Johanson and Mattsson's (1986), and Oritz-Buonafina's (1991) for which evidence of empirical validation was not provided (Leonidou and Katsikeas, 1996).

<table>
<tr><td>Johanson & Wiedersheim -Paul (1975)</td><td colspan="12"></td><td colspan="4">STAGE 1
No regular export activity/ No resource commitment abroad</td><td colspan="4">STAGE II
Exporting to psychologically close countries via independent reps/agents</td><td colspan="4">STAGE III
Exporting to more psychologically distant countries /establishment of sales subsidiaries</td></tr>
<tr><td>Pavord & Bogart (1975)</td><td colspan="4">No activity</td><td colspan="4">Passive activity</td><td colspan="4">Minor activity</td><td colspan="4">Aggressive strategy</td><td colspan="8"></td></tr>
<tr><td>Bilkey & Tesar (1977)</td><td colspan="4">STAGE I
No interest in exporting/ Not even filling an unsolicited order</td><td colspan="4">STAGE II
Passive exploration of exporting/ Possible filling of an unsolicited export order</td><td colspan="4">STAGE III
Management actively explores the feasibility to export</td><td colspan="4">STAGE IV
Experimental exporting to some psychologically close country</td><td colspan="4">STAGE V
Experienced exporter/ optimal export adjustment to environmental factors</td><td colspan="4">STAGE VI
Exporting to additional countries psychologically more distant</td></tr>
<tr><td>Wiedersheim -Paul et al. (1978)</td><td colspan="4">STAGE I
Domestic oriented firm/ No willingness to start exporting /Limited information collection and transmission</td><td colspan="4">STAGE II
Passive non exporter/ moderate willingness to exporting/ moderate information collection and transmission</td><td colspan="4">STAGE III
Active non-exporter/ High willingness to start exporting /Relatively high information collection and transmission</td><td colspan="12"></td></tr>
<tr><td>Khan (1978)</td><td colspan="3">STAGE I
New exporters' market ventures</td><td colspan="3">STAGE II
Buyer initiated export market ventures</td><td colspan="3">STAGE III
Carelessly planned export market ventures</td><td colspan="3">STAGE IV
Carefully planned export market ventures</td><td colspan="4">STAGE V
Experienced exporters' market ventures</td><td colspan="4">STAGE VI
Exports through own subsidiary</td><td colspan="4">STAGE VII
Export ventures located in Communist countries</td></tr>
<tr><td rowspan="2">Wortzel & Wortzel (1981)</td><td colspan="12" rowspan="2"></td><td colspan="4">STAGE I
Importer pull/ foreign customer orders</td><td colspan="4">STAGE III
Advanced production capacity marketing</td><td colspan="4" rowspan="2">STAGE V
Product marketing channel pull</td></tr>
<tr><td colspan="4">STAGE II
Basic production capacity marketing</td><td colspan="4"></td></tr>
<tr><td>Cavusgil (1980)</td><td colspan="4">STAGE I
Pre-involvement/ selling only in the home market/ No interest in export-related information</td><td colspan="4">STAGE II
Reactive involvement/ Evaluation of feasibility to export/ Deliberate search for export related information</td><td colspan="4"></td><td colspan="4">STAGE III
Limited, experimental involvement/ Limited exporting to psychologically close countries</td><td colspan="4">STAGE IV
Active involvement/ Systematic exporting to new countries using direct distribution methods</td><td colspan="4"></td></tr>
</table>

Reid (1981)	STAGE I Export awareness : problem of opportunity recognition and arousal of need	STAGE II Export intention : motivation, attitude, beliefs and expectancy about exports	STAGE III Export trial : personal experience from limited exporting	STAGE IV Export evaluation : Results from engaging in exporting	STAGE V Export acceptance : adoption of exporting/ rejection of exporting	
Czinkota (1982)	STAGE I Completely uninterested firm / No exploration of feasibility to export	STAGE II Partially interested firm/ Exporting is desirable but uncertain activity	STAGE III Exploring firm/ Planning for export and actively exploring export possibilities	STAGE IV Experimenting exporter/ Favourable export attitude but little exploitation of export possibilities	STAGE V Semi-experienced small exporter /Favourable attitude and active involvement in exporting	STAGE VI Experienced large exporter /Very favourable export attitudes and future export plans
Barrett & Wilkinson (1986)	STAGE I Non-exporters who never considered exporting	STAGE II – III Non exporters who investigated exporting, and previous exporters		STAGE IV Current exporters with no direct investment abroad		
Moon & Lee (1990)				STAGE I Lower stage of export involvement	STAGE II Middle stage of export involvement	STAGE III Higher stage of export involvement
Lim et al. (1991)		STAGE I Awareness / recognition of exporting as an opportunity STAGE II Interest in selecting exporting as a viable alternative	STAGE III Intention to initiate exporting	STAGE IV Trial and adoption of exporting		
Rao & Naidu (1992)	STAGE I Non-exporters indicating no current level of export nor any future interest in exporting	STAGE II Non-exporters who would like to explore export opportunities		STAGE III Sporadic involvement in exporting activities	STAGE IV Regular involvement in exporting activities	
Crick (1995)	STAGE I Completely uninterested firm	STAGE II Partially interested firm	STAGE III Exporting firm	STAGE IV Experimental exporter	STAGE V Experienced small exporter	STAGE VI Experienced larger exporter

Figure 2.1 : **Content Review of Export Development Models**

Sources : Leonidou, L.C and Katsikeas, C. S (1996); Anderson (1993).

Cognisance has to be taken of the differences in perspectives adopted by these 'stage theorists'. Anderson (1993) for example, distinguished between the 'Uppsala Internationalisation (U) Models' and Innovation-related (I) Models. While the former clearly refers to the models that emerged from a Swedish school of that description, the composition of the latter is not so clear. It seems appropriate however to include as innovation-related models those works that present export development as an innovation-adoption cycle[10] (Lee and Brasch, 1978; Lim et al. 1991; Reid, 1981); and those that see it a 'learning curve', influenced by external attention-evoking stimuli (e.g. unsolicited orders or inquiries) and internal factors, such as managerial ambitions and excess capacity (Bilkey and Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Crick, 1995).

The actual number of 'stages' undergone by internationalising firms also differ according to models, but this, as observed by Anderson (1993), 'reflects semantic differences rather than real differences concerning the nature of the internationalisation process'. Anderson's (1993) major criticisms however are 'the lack of proper design to explain the development process', the absence of clear-cut boundaries between stages, and the lack of 'tests of validity and reliability'.

Empirical evidence on these internationalisation theories have been mixed. Supportive findings have been made in a number of Swedish, Finnish (Luosterinen, 1979; Larimo, 1985); U.S. (Williamson et al., 1994; Bilkey, 1978; Bilkey and Tesar, 1977; Cavusgil, 1980, 1984); Australian (Barrett and Wilkinson, 1986) and German (Dichtl et al., 1984) studies. Also, a more recent study by Crick (1995) investigated Bilkey and Tesar's six-stage framework, and found some statistically significant differences, *albeit* for a condensed three-stage classification scheme - non-exporter, passive exporter, and active exporter. It should be observed however that the industries studied were mature industries.

Recent findings on a new genre of firms variously referred to as 'born globals' (Madsen and Servais, 1997; Knight and Cavusgil, 1996; Christensen and Jacobsen, 1996; Cavusgil, 1994; Lindmark et al., 1994; Rennie, 1993; McKinsey, 1993), 'global start-ups' (Oviatt and McDougall, 1994), International New Ventures (McDougall, 1994), 'High Technology start-ups' (Bell, 1994; Coviello and Munro, 1995, 1997; Jolly et al., 1992); committed internationalists (Sullivan and Bauerschmidt, 1990; Bonaccorsi, 1992); and service firms (Lindqvist, 1988) have reinforced earlier evidence by Young and Hood (1976), Newbould et al. (1978), Buckley et al. (1979), Roux (1979), Garnier (1982), Hood and Young (1983), Bureau

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[10]Based on Roger's (1962) diffusion of innovation theory. The work by Simmonds and Smith (1968) clearly adopted the innovation perspective to exporting, but was not included here as it does not meet the requirements of a valid model.

of Industry Economics (1984), Hedlund and Kverneland (1985), Turnbull (1987), Cannon and Willis (1981), Reid (1983a, 1983b, 1984, 1986), Welch and Luostarinen (1988), Rosson (1987), Ganisky (1989), Sullivan and Bauerschmidt (1990), Holstein (1992), and Brush (1992). These studies question the relevance of stage theories, particularly in relation to the internationalisation of entrepreneurial, high-tech (Cavusgil, 1994; Young, 1987); service firms (Sharma and Johnson, 1987; Engwell and Wallenstal, 1988; Buckley et al., 1992); and subcontractors (Andersen et al., 1995).

As Bell (1995) puts it, stage theories use linear models to explain dynamic, interactive, non-linear behaviour. Clark et al. (1997) have observed that the establishment model was one amongst the several paths to FDI, noting that 'firms often bypass the intermediate stages to FDI'. Cavusgil (1994) was even more forthright : 'the overwhelming export success of smaller, high value-added exporters ('born globals') discredits the conventional wisdom that firms ought to pursue export opportunities cautiously, in a series of incremental steps'. Suffice it to say that 'the stages theory has merit in its use as a framework for classification purposes rather than for an understanding of the internationalisation process' (Turnbull, 1987). They are also of limited relevance 'insofar as they merely identify the internationalisation patterns of certain firms - but not of others – and as they fail to adequately explain the processes involved' (Bell and Young[11], 1998).

Madsen and Servais (1997) have sought to clarify the situation by categorising internationalising firms into three : (a) the traditional exporters, whose internationalisation patterns largely reflect the traditional stages model; (b) firms that leapfrog some stages, e.g. Late Starters that have only domestic sales for many years, but then suddenly invest in a distant foreign market; and (c) the Born Global firms.

Findings supportive of the 'psychic distance concept' have been reported in respect of U.S. firms (Mahone, 1994; Bello and Barksdale, 1986; Davidson, 1980; and Denis and Depelteau, 1985; Kogut and Singh, 1986); Hawaiian firms (Hook and Czinkota, 1988); Japanese firms (Johanson and Nonaka, 1983); Turkish exporters (Karafakioglu, 1986); Austrian firms (Barrett, 1986); Danish firms (Shalom et al., 1995); and Less Developed Countries' firms (Ford et al., 1987). An Indian study (Kacker, 1975) had reported that those markets which require the least product adaptations are chosen first as export markets. Styles and Ambler's (1994) findings

[11] See Bell and Young (1998) for the most comprehensive dissection of the stage theories to date.

were broadly similar, hence their conclusion that 'firms should focus on those countries which are closest in 'psychic distance' for early export endeavours' (see also Shalom et al., 1995). The more a firm can recognise and adapt its way of doing business to the cultural environment (i.e. reduce the psychic distance), the better the chances of success (Elbashier and Nicholls, 1983; Jackson, 1981; Khan, 1978; Douglas and Dubois, 1977).

There have however been refutations of the psychic distance concept, most notably by Czinkota and Ursic (1987), and to a lesser degree by the 'network school' (Johanson and Mattsson, 1988; Nordstrom, 1990), which ascribe limited relevance to the concept in the face of vastly improving global communications and transportation infrastructures, as well as increasing market convergence (see also Bell and Young, 1998; Benito and Grisprud, 1992). Evidence of 'client followership' has also been reported (Bell, 1994; Hellman, 1996; Johanson and Mattsson, 1988; Sharma and Johnson, 1987), which is inconsistent with the 'intuitive logic' (Sullivan and Bauerschmidt, 1990) of the psychic distance concept.

Klein and Roth (1990), Cooper and Kleinschmidt (1985), and Cavusgil's (1984a) conclusion that higher growth exporters have a world orientation, as opposed to a reliance on a nearest neighbour was shared by Diamantopoulos and Inglis (1988), who reported that high-involvement exporters have much broader world market coverage. Dennis and Depelteau (1985) also concluded that higher growth exporters emphasise industrialised markets while their slow growth counterparts rely more on LDC markets. Christensen et al. (1987) made similar findings in respect of successful Brazilian exporters. A recent Canadian study, indeed, identified a 'psychic distance paradox' - operations in psychically close countries are not necessarily easy to manage, because assumptions of similarity can prevent executives from learning about critical differences' (O'Grady and Lane, 1996) - and suggested modifications for improving the psychic distance concept. Sullivan and Bauerschmidt's (1990) study of the European forest products firms, as well as Klein and Roth's (1990) Canadian study also found no support for the psychic distance concept.

There are a few major grounds on which the stage of development perspective is considered useful to this present study. One, its attempt to explain the pre-export behaviour of firms meant that it covered the critical influences on initial internationalisation. Next, its postulations on the psychic distance concept (as defined in cultural and geographical terms) appear to reflect the market selection pattern intuitively associated with Nigerian manufacturing exporters. The emphasis on SMEs, also, ensured that the dominant mode of internationalisation studied was exporting. The criticisms of the model based on its failure to reflect the internationalisation behaviour of entrepreneurial, high-technology and service firms are acknowledged, but it is also the fact that most studies involving firms in mature industries have been consistent in supporting the model's basic propositions. Given that this present study involves Nigerian manufacturing firms, the majority of whom produce traditional, low technology products, it makes sense to explore the insight which the Uppsala stage models would offer in illuminating their initial internationalisation (exporting) behaviour.

2.23 The Network Theories

Another significant strand of internationalisation research was the development, from international industrial marketing, of the **network** or **interaction** and **relationship** concepts : internationalisation proceeds through an interplay between increasing commitment to, and evolving knowledge about foreign markets, gained mainly from interaction in the foreign markets; these interconnected exchange relationships evolve in a dynamic, less structured manner, with greater internationalisation commitment arising out of increased mutual knowledge and trust between international market actors (Turnbull and Valla, 1986; Johanson and Mattsson, 1988; Johanson and Vahlne, 1992; Nordstrom, 1990; Kogut, 1990; Blankenberg, 1992; Blankenberg and Johanson, 1993). Styles and Ambler (1994, 1997) paraphrased this as follows : ' a firm begins the export process by forming relationships that will deliver experiential knowledge about a market, and then commits resources in accordance with the degree of experiential knowledge it progressively gains from these relationships'.

Evidence abound mainly in the service industry (Hellman, 1996; Erramilli, 1990, 1992), but also in the software sector (Bell, 1995; Coviello and Munro, 1995, 1997) of internationalisation driven by customer/client followership[12]. As observed by Johanson and Mattsson (1988), a firm's success in entering new international markets is more dependent on its relationships with current markets, both domestic and international, than it is on the chosen market and its cultural characteristics. This subtle shift from the core Uppsala internationalisation model (the psychic distance concept) was effected by Johanson and Vahlne's (1992) view that many firms enter new foreign market almost blindly, propelled not by strategic decisions[13] or market research, but *social exchange processes, interactions, and networks.*

As observed by Coviello and Munro (1997), 'the network perspective goes beyond the models of incremental internationalisation by suggesting that firm's strategy emerges as a pattern of behaviour influenced by a variety of network relationships'. These researchers actually found evidence, among the New Zealand software SMEs studied, which, while supporting the network theory, recognises the occurrence of internationalisation stages, *albeit* in a much condensed and accelerated form. This attempt to reconcile the network perspective with the work of the stage theorists and the 'international new venture' scholars formed the substance of Madsen and Servais (1997) recent theory-building effort.

In the network theory, markets are seen as a system of relationships among a number of players including customers, suppliers, competitors, family, friends and private and public support agencies. Strategic action therefore, is rarely limited to a single firm, and the nature of relationships established with others in the market influences and often dictates future strategic options (Coviello and Munro, 1995; Sharma, 1993; Axelsson and Easton, 1992). For example, firms can expand from domestic to international markets through existing relationships which offer contacts and help to develop new partners and positions in new markets. At the same time, network relationships may restrict the nature of a firm's growth initiatives (Mattsson, 1989).

A growing body of evidence exists of the role of network relationships in small firm internationalisation. Coviello and Munro (1995, 1997) found that successful New Zealand-based software firms are actively involved in international networks, and that they outsource many market development activities to network partners. Lindqvist (1988) and Bell (1995) both reported on the influence such inter-firm

[12] What Hellman (1996) referred to as 'customer-driven internationalisation'.
[13] This is consistent with their remarks fifteen years earlier to the effect that 'the internationalisation process, once it has started, will tend to proceed regardless of whether strategic decisions in that direction are made or not' (Johanson and Valhne, 1977).

(customers or clients, suppliers) relationships on the internationalisation of the surveyed SMEs. Bonaccorsi (1992) Italian study suggests that exporters' 'access to external resources' can play an important role in the firm internationalisation process. Korhonen et al. (1995) study of Finnish SMEs also reported that over half of the surveyed firms started their internationalisation process via international network connections established through inward foreign operations, mostly importing (see also Welch and Luostarinen, 1993).

There is no doubt that the network perspective has brought immense value to the understanding of the internationalisation process, particularly among SMEs. It presents a view of small firm internationalisation which should be seen more as a complement than an alternative to the incremental internationalisation model. More importantly, it moves discussion away from the minimally fruitful debate which, until recently, raged for and against the Uppsala model. It can, arguably, be credited with stimulating recent efforts being made toward a more holistic view of small firm internationalisation (Bell and Young, 1998; Madsen and Servais, 1997). And, it is to this emerging perspective that the review now turns.

2.24 Resource-based/Business Strategy/Contingency Perspective

An integrative perspective on internationalisation appears to have emerged in the form of the resource-based theory (Bell, Crick and Young, 1998). According to these authors, 'the resource-based perspective presents a holistic view of the firm', such that decisions like country market choice, mode of entry, product strategies and so on are made not on stand-alone basis, but within a coordinated framework of resources and capabilities (whether internal or externally-leveraged) as well as environmental – including competitive - realities. They elaborated that 'firms will have a different mix of resources/competencies and resource/competence gaps, and their strategic responses to these allow for the possibility of different paths to growth and internationalisation'.

It can be argued that the resource-based theory of internationalisation is actually a more grounded restatement of the business strategy and contingency frameworks. It would appear to have met the need 'to root contingency frameworks within an underlying theory'. As its major proponents observed, 'there is a close relationship with contingency approaches, since the latter are designed to show the influence of a range of internal and external variables' – a perspective equally implicit in the business strategy frameworks.

The contingency approach to internationalisation, which is associated with Reid (1983a, 1983b), and more recently Woodcock, Beamish and Makino (1994), Yeoh and Jeong (1995), Kumar and Subramaiam (1997) and so on, views foreign expansion and export mode choice as severally-influenced and situation-dependent, and contends that strategy affects the character of the internationalisation. Reid (1983a) had argued that :

> since exporting results from a choice among competing strategies that are guided by the nature of the market opportunity, firm resources, and managerial philosophy, it represents a selective and dynamic adaptation to the changing character of the foreign market....Market factors and requirements are therefore closely intertwined with deciding whether to go international and what form this expansion should take (Reid, 1983a).

This interpretation of firm behaviour is consistent with other writers, notably Penrose (1959) who proposes that firms strategically and situationally adapt to market circumstances.

The business strategy viewpoint proposes a strategically-planned, rational approach to internationalisation, such that decisions on foreign market entry, servicing strategies (entry mode), and so on are made in the context of the firm's overall strategic development, and guided by rigorous analysis of relevant internal and external environmental factors (Young, 1987; Young et al., 1989). This is consistent with Chandler's (1962) view that 'structure follows strategy'. Turnbull (1987) concluded in his study of 24 UK-based firms operating in France, Germany, and Sweden, that 'a company's 'stage' of internationalisation is largely determined by the operating environment, industry structure, and its own marketing strategy. According to him, 'an understanding of how companies internationalise can be achieved only through a knowledge of the environment within which they operate. It is this environment that determines the nature of their strategies'.

The business strategy perspective is implicit in much of the mainstream export literature, notably[14] Aaby and Slater's (1989) model (widely referred to as the

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[14] See also Williamson et al. (1994), Lee and Yang (1990), Christensen et al. (1987), Cooper and Kleinschmidt (1985), Rosson and Ford (1982), Bilkey (1982), and McGuinness and Little (1981).

'Strategic Export Model'), built on a review of 55 empirical export studies; Namiki's (1994) taxonomic analysis of export marketing strategy; Cavusgil and Zou's (1994) path analysis of export marketing strategy and performance; as well as Reid's contingency framework (1983a).

The point should be made here, however, that the strategic perspective as conceptualised in international marketing is narrower in scope than the taxonomies and typologies of strategy used in international business : while international business scholars are mainly concerned with the overall competitive strategy a firm adopts in a given industry, including such functional activities as finance, marketing, production, and so on, export marketing researchers focus on marketing. For an example, the sixteen variables measured in Namiki's (1994) study referred to above, were organised around market selection and marketing mix. This is similar to Cavusgil and Zou's (1994) evaluation of 'export marketing strategy along the standardisation-adaptation continuum'. The foregoing also marks the major distinction between the business strategy framework and the resource-based theory because the resources and competencies envisaged by the latter could come from such non-marketing sources as personnel, finance, production, network relationships and so on.

A common denominator running through the above three frameworks (business strategy, contingency and resource-based), however, is the 'recognition that internationalisation is affected by multiple influences', and that a range of the firms' internationalisation decisions, incorporating products, markets and entry modes, are made in a holistic way (Bell et al., 1998; Luostarinen, 1979).

There appears to be an increasing realisation of this extended base of internationalisation parameters. This is apparent in the emerging trend towards a more inclusive and holistic explanation of firm (particularly small firm) internationalisation. Having identified partial and situational relevance for each of the existing internationalisation models, Bell and Young (1998) invited more attention to their 'potential complementarities'. Researchers seem to have accepted this challenge. For example, Coviello and Munro's (1997) study of New Zealand software SMEs reported evidence of incremental internationalisation, network-driven internationalisation, as well as acceralated internationalisation (International New Ventures) - similar to the range of propositions offered by Madsen and Servais (1997) in their conceptualisations on 'born globals'.

It will be interesting to see what the findings of this present study would be on this issue. Of more immediate relevance, however, is the review, in the next chapter, of the internal (firm/decision maker) and external (environmental) factors which stage theorists, network scholars, as well as business strategy/resource-based theorists have identified as significant to a firm's initial internationalisation (exporting) decision.

2.3 CHAPTER SUMMARY

The internationalisation idea goes back a long way. It is conceptually rooted in Adam Smith's thesis on specialisation, and even more directly Ricardo's theory of Comparative Advantage, replete with its various revisions and extensions. Granted that the foregoing, as well as such other contributions as the Product Life Cycle theories, Krugman's New Trade theories, *etc,* adopt a country rather than firm perspective, they offer some insights into the understanding of the generic drivers of internationalisation.

A better appreciation of firms' internationalisation can however be obtained from the economics-oriented literature of the Multinational Enterprise (MNE). This literature stream explains MNE activities, mainly FDI as driven by the pursuit of transaction/internalisation cost advantages, location-specific benefits, and ownership advantages. Dunning's Eclectic (OLI) paradigm brings together these three separate strands of literature, and has through continual revision and renewal, remained the standard literature reference on the Multi-National Activity of the Firm.

What about small firm internationalisation? Much of the relevant literature on this topic originate from exporting, given the latter's status as the dominant internationalisation mode for SMEs. This explains the ubiquity of export development models or stage theories. It should be noted that a number of alternative explanations exist, which challenge the traditional hegemony of incremental internationalisation models. These include the Network frameworks, Resource-based/Business Strategy/Contingency models, and 'Born Internationals' perspective. The most serious threat to the stage models, however, appears to have emerged in the form of an integrative, holistic theory (paradigm) of small firm internationalisation, recently advanced by Bell and Young (1998). By presenting the extant frameworks as complementary rather than competing explanations, this paradigm can be said to be SME internationalisation equivalent to Dunning's Eclectic Paradigm.

CHAPTER THREE

3.0 CRITICAL INFLUENCES ON FIRMS' EXPORT INITIATION AND PERFORMANCE : A LITERATURE REVIEW

This chapter presents a review of the relevant literature on export behaviour. It starts with an overview of the export behaviour literature which underlines the predominance of developed countries' studies in published export literature. Based on the premise that a firm must be stimulated before it can initiate exporting, a review is undertaken of the empirical findings on export stimulation. A separate consideration of the few, relevant developing countries studies suggests some differences in aggregate findings between developed and developing countries.

One of the few settled issues among export behaviour scholars is the complementary role which the decision maker, firm, and environmental characteristics play within a 'stimulated' firm to bring about export initiation. These important characteristics, thus, form the focus of the next stage of the review. The later sections are devoted to the equally important findings on correlates of export success and barriers and problems of exporting. The chapter ends with an articulation of the major conclusions from this highly disparate literature.

3.1 AN OVERVIEW OF THE EXPORT BEHAVIOUR LITERATURE

The literature on firm export behaviour is vast and increasing, reflecting the amount of effort invested by researchers toward illuminating this very important area of firm, particularly small firm, internationalisation. For all its vibrancy however, the export behaviour literature is yet to shake off its legacy of inconsistent findings (Gemunden, 1991; Ford and Leonidou, 1991; Kamath et al., 1987), absence of unifying framework and methodological rigour (Leonidou and Katsikeas, 1996; Young, 1995; Aaby and Slater, 1989), as well as geographical lopsidedness of published research. Figure 3.1 below presents an alphabetical listing, *albeit* inexhaustive, of the contributions to the export behaviour literature over a 36 year period, 1963-1998.

Authors	Date	Location	Sample	Topic
Aaby and Slater	1989	Literature Review		Management influences; export performance
Abdel-Malek	1978	USA	154 small firms (exporters/non-exporters)	Export marketing orientation
Aggarwal, Dalenberg, Daley & Murphy	1989	Worldwide	129 ports and carriers	Export logistics
Albaum	1983	USA (Oregon, Wa)	86 SME exporters	Export problems
Albaum and Peterson	1984	Literature Review		International marketing research
Alexandrides	1971	USA (Ga.)	104 manufacturers (exporters/non-exporters)	Export problems
Al-Aali	1989	Saudi Arabia	83 exporting and non-exporting JVs	Exporters versus non-exporters
Ali & Swiercz	1991	USA (Midwest)	195 firms	Firm size
Amine and Cavusgil	1986	U.K	48 clothing exporters	Export strategies; characteristics; success factors
Anderson	1993	Literature review		Models
Anderson & Tansuhaj	1990	Philippines	29 furniture exporters	Distribution strategies
Anderson and Coughlan	1987	USA	36 firms	Market entry and channels of distribution.
Angelmar and Pras	1984	USA	78 exporting firms	Export channels (middlemen)
Axinn	1988	USA	117 manufacturers (paper)	Managerial perceptions and performance
Axinn	1991	USA	24 EMCs (export distributors)	Standardisation vs. adaptation
Axinn and Thach	1990	U.S.A.	101 machine tools exporters	Export performance and marketing practices
Axinn, Savitt, Sinkula and Thach	1995	USA (New England)	77 industrial exporters (longitudinal study)	Export intentions, beliefs and behaviour
Barker and Kaynak	1992	Canada	178 exporters and non-exporters	Initiating versus continuing exporters
Barret and Wilkinson	1985	Australia	340 exporters and non-exporters	Export stimulation and problems

Table 3.1 : **Export Behaviour Studies, 1963-1998 (1/10)**

Barrett & Wilkinson	1986	Australia	758 non-exporting; 189 ex- and 957 exporting cases	Management characteristics and internationalisation behaviour (stages)
Bauerschmidt, Sullivan and Gillespie	1985	USA & Canada	Comparison of 105 Michigan and Ontario-based exporters (machine tools)	Barriers to export
Becker	1990	USA	73 exporters	Export adaptation : Latin America
Bell	1994	Ireland, Norway and Finland	98 exporters	Government; SME internationalisation
Bell	1997	Ireland, Norway and Finland	Same as above	Comparative study of export problems
Bello and Barksdale	1986	USA	204 firms (exhibitors)	Industrial trade shows
Bello and Verhage	1991	Netherlands	225 exporters	Performance of channel functions
Bello and Williamsom	1985	U.S.A.	297 exporters	Indirect export channel practices
Bello, Urban and Verhage	1991	Netherlands	225 indirect exporters	Export middlemen; channel structures
Bilkey	1978	Literature Review	43 studies	Export behaviour
Bilkey	1982	USA (Wisconsin)	168 exporters	Export profitability
Bilkey	1985	USA (Wisconsin)	338 manufacturing exporters	Export marketing guidelines
Bilkey	1987	USA	156 exporters	'Best' export marketing practices
Bilkey & Tesar	1977	USA (Wisconsin)	423 SME manufacturers	Export behaviour
Bodur	1986	Turkey	88 exporting firms	Export problems
Bodur & Cavusgil	1985	Turkey	88 exporters (food & textiles)	Export market research orientation
Bourantas and Halikias	1991	Greece	84 exporters	Systematic and non systematic exporters
Brady & Bearden	1979	USA	251 SME manufacturers	Managerial attitudes; exporting methods
Brooks & Rosson	1982	Canada	278 manufacturers	SME export behaviour
Buatsi	1986	UK	144 exporters (longitudinal)	Organisational adaptation
Burton & Schlegelmilch	1987	UK & Germany	310 manufacturers (food & engineering)	Export involvement
Cannon	1980	UK	250 exporters	Small firms and export environment
Cannon and Willis	1983	U.K.	SME exporters	Exporter characteristics
Castaldi, Noble and Kantor	1992	Canada and USA	746 exporters	Intermediary service requirements
Cavusgil	1984a	USA	175 firms	Organisational characteristics
Cavusgil	1984b	USA (Midwest)	70 manufacturing exporters	Stage of development model
Cavusgil	1984c	USA (Midwest)	70 manufacturing exporters	As in 1984b above
Cavusgil & Kaynak	1982	Canada	149 manufacturers	Export success factors
Cavusgil & Nevin	1981	Literature Review		Initial involvement in international marketing
Cavusgil & Nevin	1981	USA (Wisc.)	473 manufacturers (exporters and non-exporters)	Internal correlates of export behaviour

Table 3.1 : **Export Behaviour Studies, 1963-1998 (2/10)**

Cavusgil and Naor	1987	USA (Maine)	263 exporters and non-exporters	Management characteristics and export activity
Cavusgil and Zou	1994	USA	202 export ventures	Marketing strategy; export performance
Cavusgil, Bilkey and Tesar	1979	USA (Wisconsin)	473 SME exporters and non-exporters	Exporter profiles
Cavusgil, Zou & Naidu	1993	USA (Mid-West)	202 export ventures	Adaptation: product and promotion
Chetty & Hamilton	1993	Literature Review		
Chetty & Hamilton	1993	New Zealand	12 cases (timber and electrical machinery)	Firm-level factors; export performance
Chetty & Hamilton	1995	New Zealand	8 exporting firms	Export process; owner-controlled
Christensen, Rocha and Gertner	1987	Brazil	91 successful exporters (consumer goods/durables)	Export success factors
Chryssochoidis	1996	Greece	4 major food exporters	Export success & product portfolios
Cooper & Kleinschmidt	1985	Canada	142 manufacturers (electronics)	Export strategy and performance
Craig & Beamish	1989	UK and Canada	126 UK and 116 Canadian exporters	Exporter characteristics by firm size
Crick	1995	UK	520 exporters and non-exporters	Export assistance targeting
Crick & Chaudhry	1995	UK	25 exporters and 9 non-exporters	Export practices
Crookell and Graham	1979	Canada	134 exporters	Industrial strategy; international marketing
Culpan	1989	USA (Penn.)	210 manufacturing SMEs	Firm size and export behaviour
Cunningham & Spigel	1971	UK	48 Queen's Export Award Winners	Export success factors
Czinkota & Johnston	1981 / 1983	USA	219 manufacturing exporters (avionics, instruments and materials handling)	Stage of development model/exporting and sales volume
da Rocha, Christensen and Cunha	1990	Brazil	45 furniture exporters	Aggressive versus passive exporters
Daniels & Guyburo	1976	Peru	190 manufacturing firms (exporters/non-exporters)	Exporter versus non-exporter
Daniels & Robles	1985	Peru	41 exporters and non-exporters	Technology and export commitment
Das	1993	India	58 exporters	Successful versus unsuccessful exporters
Denis & Depelteau	1985	Canada	51 'new' and experienced' exporters	Export knowledge; market diversification
Diamantopoulos & Inglis	1988	UK	48 exporters (Food & Beverages)	Low versus high involvement exporters
Diamantopoulos, Schlegelmilch and Allpress	1990	Finland	33 firms	Export marketing research : users versus non-users
Diamantopoulos, Schlegelmilch and Katy Tse	1993	Literature Review		Export promotion

Table 3.1 : **Export Behaviour Studies, 1963-1998 (3/10)**

Dichtl, Koglmayr & Mueller	1990	Germany, Finland, Japan, South Africa, South Korea	353 manufacturing firms (chemicals, electrical goods and machine tools) (exporters/non-exporters)	International orientation and export success
Dichtl, Koglmayr & Muller	1986	Germany and Japan	97 German and 66 Japanese firms	Foreign orientation and export propensity
Donthu and Kim	1993	USA	640 exporting SMEs	Firm characteristics and export growth
Douglas	1996	Peru	25 exporters	Export strategies and characteristics
Edmunds & Khoury	1986	USA (California)	32 small exporters	Exporting and sales growth
Elbashier and Nicholls	1983	U.K.	10 exporters	Export markets : standardise or adapt
Eshghi	1992	USA (Illinois)	187 SME manufacturers (exporters/non-exporters)	Attitude-behaviour inconsistency
Fenwick & Amine	1979	UK	48 manufacturing firms (clothing)	Export policy and export performance
Ford and Leonidou	1991	Literature Review		
Ford and Rosson	1982	Canada and U.K.	21 industrial exporters and their U.K. distributors	Channel relationships
Franklin	1982	U.K.	36 exporting companies	FTOs : importing organisations
Garnier	1982	Canada	105 manufacturers (printing and electrical)	Export behaviour
Gemunden	1991	Literature Review		
Gomez-Meija	1988	U.S.A. (Florida)	388 exporters (longitudinal)	HRM strategy and export performance
Gray	1997	New Zealand	412 most senior marketing decision makers (exporters and non-exporters)	Decision-maker profiles and export assistance targeting
Gripsrud	1990	Norway	114 exporters	Attitudes towards future exports
Groke and Kreidle	1967	USA (Northern Illinois)	SMEs	Export decision and managerial attitudes
Gronhaug and Lorentzen	1982	Norway	40 manufacturers (industrial goods)	Effectiveness of export subsidies
Haar & Oritz-Bounafina	1995	Brazil	67exporting firms	Internationalisation behaviour
Hansen, Gillespie & Gencturk	1994	Denmark	188 exporters	SMEs exporting; technology and alliances
Hart, Webb and Jones	1994	UK	50 industrial SME exporters	Export research and experience
Hirsch	1971	Denmark, Holland, Israel	497 firms in six manufacturing industries	Export performance
Hisrich & Adar	1974	Denmark, Holland, Israel	497 firms in six manufacturing industries	Firm size and export performance
Hook and Czinkota	1988	Hawaii	288 firms	Export activities and prospects
Howard	1994	USA	110 EMCs	EMCs' role
Hunt & Froggat, and Hovell	1967	UK	40 industrial firms	Firm determinants of export performance
Huszagh	1981	USA	370 exporters	Perceptions on domestic environment
Jackson	1981	Israel and UK	23 exporting and importing firms	Export success factors; ethnic ties

Table 3.1 : **Export Behaviour Studies, 1963-1998 (4/10)**

Jaffe, Nebenzahl & Pasternak	1988	Israel	75 exporters	Correlates of export development stage
Jain & Kapoor	1996	India	32 exporters	Export attitudes and behaviour
Johanson & Wiedersheim-Paul	1975	Sweden	4 large companies	Stage of development model
Johnston & Czinkota	1982	USA	181 industrial manufacturers	Managerial motivations; export behaviour
Johnston & Czinkota	1985	USA	200 manufacturers (high technology)	Export attitudes
Joynt	1982	Norway	85 manufacturers	Export behaviour
Julien, Joyal, Deshaies, & Ramangalahy	1996	Canada (Quebec)	20 firms	Strategic export behaviour among SMEs
Kacker	1975	India	20 engineering goods exporters	Product adaptation
Kaleka & Katsikeas	1995	Cyprus	75 exporters	Export problems; export development
Kamath, Rosson, Patton and Brooks	1987	Literature Review		Export success
Karafakioglu	1986	Turkey	108 manufacturing exporters	Export activities
Karafakioglu & Harcar	1990	Turkey	277 non-exporting firms	Internal correlates of export interest
Karakaya	1993	USA	87 firms	Export barriers
Katsikeas	1991	Literature Review		Export problems
Katsikeas	1994	Greece	87 exporters	Export problems and involvement
Katsikeas & Piercy	1990	Greece and UK	53 Greek exporters and 22 U.K. importers	Channel relationships; power
Katsikeas & Piercy	1993	Greece	75 food exporters	Long term export stimuli
Katsikeas and Morgan	1994	Greece	87 exporters	Export problems, firm size and experience
Katsikeas, Piercy and Ioannidis	1996	Greece	87 food exporters	Export performance factors
Kaynak	1985	Literature Review		
Kaynak	1992	Canada	196 exporters	Export behaviour
Kaynak & Kothari	1984	USA & Canada	486 SME manufacturers (exporters/non-exporters)	Export behaviour : comparative study
Kaynak & Stevenson	1982	Canada	192 exporters and non-exporters	Export orientation
Kaynak and Erol	1989	Turkey	36 manufacturing and 14 trading company exporters	Export propensity
Kaynak and Kuan	1993	Taiwan	140 exporting firms	Environment, strategy, structure & performance
Kaynak, Ghauri & Olafsson	1987	Sweden	86 firms	Export behaviour
Kedia and Chhoker	1986	USA	96 exporters and non-exporters	Inhibitors to export Performance
Keng & Jiuan	1989	Singapore	156 manufacturers (exporters/non-exporters)	SME exporters and non-exporters
Khan	1978	Sweden	83 manufacturers (chemicals and electronics)	Export performance
Kirpalani & MacIntosh	1980	USA & Canada	34 high-technology exporters	Technology orientation
Kirpalani & Robinson	1989	Canada	33 exporters	Successful exporting : China

Table 3.1 : **Export Behaviour Studies, 1963-1998 (5/10)**

Kizibash and Maile	1977	USA	96 firms	Environmental change & exporting
Klein and Roth	1990	Canada	477 exporters	Export structure; psychic distance
Kleinschmidt & Cooper	1984	USA	142 firms (electronics)	Export strategies
Kleinschmidt & Cooper	1988	USA	125 manufacturing firms	Product innovation, international orientation and performance
Koh	1991	USA	233 industrial exporters	International market research planning
Koh	1991	USA	Same as above	Organisational xtics, strategy and export performance
Koh, Chow, & Smittivate	1993	Thailand	33 exporters	International marketing research
Kotabe and Czinkota	1992	USA (Midwest)	162 exporters	Government export promotion
Kraft and Chung	1992	South Korea	190 firms	Importer' perceptions
Kulhavy, Nohmayer, Schaden and Schetting	1982	Austria	547 firms (exporters/non-exporters)	Export problems
Lee & Brasch	1978	USA (Ne.)	36 manufacturing exporters	Export adoption
Lee and Yang	1990	USA (Pacific N.W)	55 hi tech SMEs	Strategy and export performance
Leibold	1989	South Africa	30 firms	Stimulating export orientation
Leonidou	1995a	Cyprus	112 non-exporters	Export stimulation
Leonidou	1995b	Literature Review	Export Stimulation	
Leonidou	1995c	Literature Review	Export Barriers	
Leonidou and Katsikeas	1996	Literature Review	Export Development Models	
Lesser & Bol	1990	U.S.A.	83 exporting firms	Export motivation
Louter, Ouwerkerk, and Bakker	1991	The Netherlands	165 exporters	Export success
Luz	1993	Brazil	31 exporters	Export strategy variables and export performance
Madsen	1987	Literature Review		
Madsen	1989	Denmark	134 exporters	Export success
Mahone	1994	USA (Florida)	297 exporters and 57 non-exporters	Firm size and market penetration
Malekzadeh & Nahavandi	1985	USA (California)	296 exporters and non-exporters	SME exporting
Malekzadeh and Rabino	1986	USA (California)	132 exporting firms	Export strategies
Mayer & Flynn	1973	Canada	8 cases	Export behaviour
McAuley	1993	UK	77 Queen's Award winners	Export information sources
McConnell	1979	USA (N.Y)	148 firms (exporters/non-exporters)	Export decision and behaviour
McGuinness & Little	1981a / 1982b	Canada	82 industrial firms	Product characteristics and export performance/R&D and export sales
Michell	1979	U.K.	63 Queen's Award Winners	Foreign market infrastructures
Miesenbock	1988	Literature Review		

Table 3.1 : **Export Behaviour Studies, 1963-1998 (6/10)**

Moini	1997	USA	242 manufacturers	Export performance inhibitors
Moon & Lee	1990	South Korea	52 exporters	Stage of development model
Morgan & Katsikeas	1997	U.K.	258 exporters and 191 non-exporters	Export stimuli : intention versus activity
Myers	1997a	USA	369 exporters	Export pricing
Myers	1997b	US and Mexico	16 SME exporters	Pricing processes
Naidu and Prasad	1995	USA (Wisconsin)	1156 exporters and non-exporters	Predictors of export strategy/performance
Naidu and Rao	1993	USA	777 export prospects, exporters, sporadic exporters and non-exporters	Export promotion
Namiki	1994	USA	99 exporters	Export marketing strategy types
O'Grady & Lane	1996	Canada and USA	180 Canadian and 91 USA exporters	Psychic distance paradox
O'Rourke	1985	USA	218 SME manufacturers	Export attitudes; firms size
Ogram	1982	USA (Ga.)	34 small manufacturers	Exporter and non-exporters profiles
Olson	1975	Sweden	38 manufacturers (clothing and textiles)	Export stimulation measures
Ong & Pearson	1982	UK	88 SME high & low exporters (electronics)	Technical characteristics and export activity
Oritz-Buonafina	1990	USA (Fla.)	81 manufacturing exporters	Internationalisation stage : firm size; product adaptation
Patterson, Cicic & Shalom	1997	Australia	181 service exporters	Export intentions of service firms
Pavord & Bogart	1975	USA (Midwest)	138 exporters and non-exporters	Export decision
Perkett	1963	Canada	66 manufacturers (exporters/non-exporters	Export barriers
Piercy	1981a / 1981b	UK	250 SME exporters	Active versus reactive exporters/export marketing management
Piercy, Katsikeas and Cravens	1997	UK	242 distributors	Buyer-seller relationships and export performance
Pointon	1978	UK	93 exporting	Export promotion
Rabino	1980a	USA	48 SME high technology exporters	Export barriers
Rabino	1980b	USA	125 small exporting firms	Export promotion
Ramaseshan and Souter	1996	Australia	231 exporters and non-exporters	Export stimulation and barriers
Rao and Naidu	1992	USA (Wisconsin)	Same as in Naidu and Rao	Stages of development model
Rao, Erramilli, and Ganesh	1989	USA	115 exporters	Domestic recession and export behaviour
Raven, Tansuhaj, & McCullough	1993	USA	43 exporters	Export channels and power
Ray	1986	Singapore	12 exporters	Export success
Reid	1982a / 1982b / 1983 /	Canada	89 SMEs (metal fabrication, furniture, and machine) manufacturers : exporters and non-exporters	Size and export behaviour/ management and firm influences
Reid	1984	Canada	As above	Information acquisition and entry decision

Table 3.1 : **Export Behaviour Studies, 1963-1998 (7/10)**

Reid	1986	Italy	115 exporters and non-exporters	Technology and export performance
Reid	1987	Italy	Same as above	Export strategies, structure and performance
Ross	1989	Jamaica	119 exporters and non-exporters	Exporters versus non-exporters
Rosson & Ford	1982	UK & Canada	42 distributors and manufacturers	Channel relationships
Rosson and Ford	1982	U.K.	19 manufacturing exporters	Export channels; conflict; performance
Roux	1987	France	1302 exporters and non-exporters	Manager's attitude & export entry
Roy & Simpson	1981	USA	124 SME manufacturers (exporters/non-exporters)	Export attitudes
Sachdev, Bello & Pilling	1994	USA	248 exporters	Export channel controls
Samiee and Walters	1990	USA (South east)	230 exporters and potential exporters	Firm size; export plan/ performance
Samiee, Walters & Dubois	1993	USA	133 exporters	Exporting and innovative behaviour
Schlegelmilch	1986a / 1986b	UK & Germany	310 exporters and non-exporters (food and engineering)	Country-specific vs. industry-specific influences; export attitudes
Schooler, Wildt & Jones	1987	USA	116 prospective consumers	Strategy development for third world exports
Schuster and Keith	1993	Singapore, Bangkok & Tokyo	9 companies (sales executives)	Sales force choice decision
Schwarting & Wittstock	1981	Germany	1285 firms (exporters/non-exporters)	Export behaviour
Schwarting, Thoben & Wittstock	1982	Germany	192 SMEs (exporters/non-exporters	Export behaviour
Seifert and Ford	1989	USA	65 industrial exporters	Marketing mix adaptation
Seringhaus	1987	Canada	60 industrial manufacturers	Trade missions and market entry
Seringhaus	1986/7	Canada	90 exporters	Info assistance and export involvement
Seringhaus & Botschen	1991	Canada and Austria	271 Canadian and 312 Austrian firms	Export Promotion Services
Shoham	1996	USA	81 manufacturing exporters	Marketing mix standardisation and export performance
Shoham and Albaum	1994	Denmark	456 exporting firms	Standardisation and export performance
Shoham, Rose, & Albaum	1995	Denmark	456 exporters	Export motives; firm's international orientation
Simmonds & Smith	1968	UK	9 exporters	Export initiation; innovation
Simpson & Kujawa	1974	USA (Tenn.)	120 manufacturers (exporters/non-exporters)	Export decision process
Snavely et al.	1964	USA (Conn.)	299 industrial firms (exporters; former- and non-exporters)	Export behaviour
Sood and Adams	1984	USA	32 firms	Management styles and export behaviour
Sriram & Manu	1995	USA	121 exporters	Export strategy and export markets
Stening & McDougal	1975	Australia, Canada, New Zealand	172 exporting firms	Export success/ performance

Table 3.1 : **Export Behaviour Studies, 1963-1998 (8/10)**

Styles and Ambler	1994	U.K.	67 exporters	Export success
Styles and Ambler	1997	U.K. and Australia	434 export projects	Export success
Sullivan & Bauerschmidt	1987	USA & Europe	179 exporting firms	Export barriers
Sullivan and Bauerschmidt	1990	Europe	62 firms (forest products)	Export stimulation (motivators)
Sullivan and Bauerschmidt	1990	Europe	62 firms (forest products)	Internationalisation model
Suzman and Wortzel	1984	USA (South-east)	21 exporters	Technical profiles; export strategies
Tesar	1977	USA (Wisc.)	423 exporters and non-exporters	Exporter typology and characteristics
Tesar & Tarleton	1982	USA (Wisc., Va)	Comparison of 474 Wisconsin 190 Virginian manufacturers	Aggressive versus passive exporters
Thach and Axinn	1991	U.S.A	101 machine tool exporters	Pricing and financing practices
Thomas & Araujo	1986	Literature Review	Export theories	
Thurbach & Geiser	1981	Germany	280 medium-sized exporters	Exporter profiles
Tookey	1964	UK	54 exporters/non-exporters (hosiery and knitwear)	Export success factors
Topritzhofer & Moser	1979	Austria	208 exporting firms	Export behaviour
Tseng and Yu	1991	Taiwan	452 firms	Export behaviour
Turnbull and Whelam	1985	Europe	407 marketers	European export marketing staff
Tyebjee	1994	USA	185 exporters and 20 non-exporters	Initial export entry; export intensity
Ursic & Czinkota	1984	USA	124 manufacturing exporters	Export experience and behaviour
Walters	1985	USA (Ga.)	30 exporters (timber and paper)	Export planning
Weaver and Pak	1990	S Korea	70 SME exporters	Export behaviour and attitude
Weinrauch & Rao	1974	USA (Ark.)	227 firms (exporters/non-exporters)	Export marketing mix; experience & perceptions
Welch & Wiedersheim-Paul	1980	Australia	30 firms (exporters/non-exporters)	Initial exports
Wheeler, Jones and Young	1996	U.K.	28 firms	Channel relationships
Wiedersheim-Paul, Olson, and Welch	1978	Sweden	4 cases	Internationalisation model
Wiener & Krok	1967	USA (Conn.)	32 firms	Export stimulation
Williamson and Bello	1992	USA	205 EMC principals	Indirect export channel and marketing mix
Williamson, Bello, Wingler, Ludwig, & Basu	1994	USA	181 exporters	Indirect Export Channel; vertical integration
Withey	1980	USA	357 small firms (exporters/non-exporters)	Exporters versus non-exporters
Wood	1982	USA (Ore.)	265 firms (exporters/non-exporters)	Foreign environment & exporting
Wood and Goolsby	1987	U.S.A	134 established exporters	Foreign market information needs

Table 3.1 : Export Behaviour Studies, 1963-1998 (9/10)

Wortzel and Wortzel	1981	SK, HK, and Taiwan, Thailand, and Philippines	Consumer electronics, athletic footwear and clothing	Stage of development model
Yang, Leone & Alden	1992	USA (Tex.)	345 non-exporters	Identifying potential exporters
Yaprak	1985	USA	128 SME manufacturers (exporters/non-exporters)	Exporters versus non-exporters
Zafarullah, Ali and Young	1998	Pakistan	6 exporting cases	Internationalisation behaviour of SMEs

Table 3.1 : Export Behaviour Studies, 1963-1998 (10/10)

The studies spanned the period 1960s to 1990s, with the 1980s, particularly the latter half accounting for the majority (see Figure 3.1). Researchers have also covered a wide array of manufacturing industries, namely food, beverages, clothing, machinery, metal and paper; with the preponderance of studies being on industrial goods. Only recently have researchers begun to explore the export behaviour of high-technology (Bell, 1994) and service firms (Patterson, Cicic and Sholam, 1997).

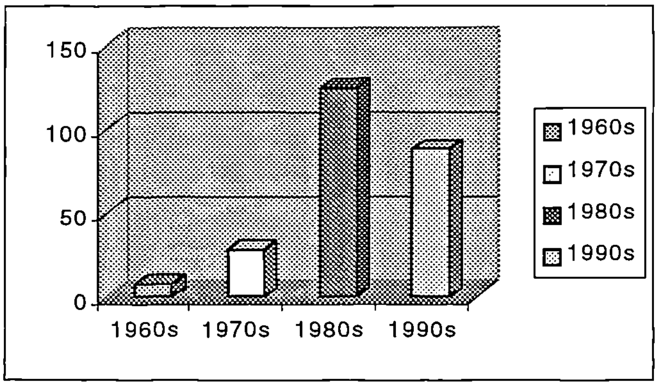

Figure 3.1 : **Distribution of Export Behaviour Studies by Period**

(Source : The Researcher).

An analysis of the geographical distribution of the studies shows the massive dominance of North America (namely United States and Canada) and European (particularly Scandinavian and Mediterranean) countries. Studies from the developing world[1] (including the NICs), though on the increase since the latter part of the 1980s, have remained relatively few. Virtually all of Africa has remained yet unrepresented in published export[2] research (see Figure 3.2 below).

[1] Including the Newly Industrialising Economies, e.g. South-east Asia, India, and Brazil.
[2] This refers to value-added exports, not export of primary commodities.

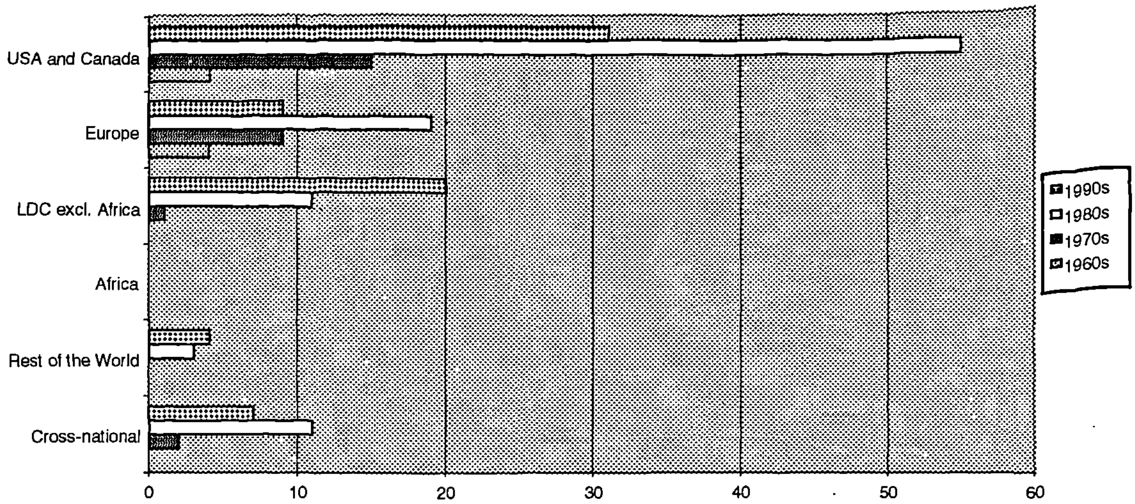

Figure 3.2: **The Geographical Distribution of Export Behaviour Studies**
(Source : The Researcher)

Given the clear dominance of North American studies, it is not surprising that their preferred logical-empiricist methodological orientation has become the standard paradigm[1] for much of export research. A very high proportion of export studies were, thus, cross-sectional[2], time-specific studies, involving the use of postal surveys and quantitative analytical tools. Even the exceptional Kothari's (1989) study, which was conducted over a 12-year period was not purely longitudinal as it involved different samples. It would appear however that some of the more recent research efforts (e.g. Cavusgil and Zou, 1994; Bell, 1994) are responding to earlier observations on methodological limitations of export research, as well as calls for richer, in-depth qualitative research, and 'paradigmatic pluralism' (Kamath et al., 1987; Thomas and Araujo, 1986; Bell and Young, 1998). Longitudinal studies yet remain rare[3].

[1]This is without prejudice to Ford and Leonidou's (1991) distinction between European (particularly Scandinavian) and North American export research in terms of the former's greater reliance on small samples and in-depth qualitative methodologies.

[2]It has however been argued by Thomas and Araujo (1986) that this cross-sectional emphasis ignores the impact of industry-specific influences (such as varying production capacities, technological levels, cost structures, and competitive conditions) on export behaviour. Kamath et al. (1987) have attributed this to the logical-empiricist methodological orientation which dominates export research.

[3]Among the few exceptions were Axinn et al. (1995) which investigated the relationships between managers' beliefs, export intentions, subsequent export behaviour and future export intentions over a 3-year period, 1988-1991; Bilkey (1985) who twice surveyed the same set of firms over a five year interval in an empirical search for optimal organisation structure for exporting, and Gomez-Meija's (1988) US study, which investigated the relationship between HRM strategy and export performance.

Author(s)	Date	Location	Sample	Topic
Anderson & Tansuhaj	1990	Philippines	29 furniture exporters	Distribution strategies
Bodur	1986	Turkey	88 Exporters	Export problems
Bodur and Cavusgil	1985	Turkey	88 Exporters (food and textiles)	Export market research orientation
Calof and Viviers	1995	South Africa	179 exporter, non-exporters and ex-exporters	Internationalisation behaviour
Christensen, da Rocha and Gertner	1987	Brazil	91 successful exporters (consumer goods/durables)	Export success factors
Chryssochoidis	1996	Greece	4 major food exporters	Export success and product portfolios
Daniels and Guyburo	1976	Peru	190 manufacturing firms (exporters/non-exporters)	Exporters versus non-exporters
Daniels and Robles	1985	Peru	41 exporters and non-exporters	Technology and export commitment
Das	1993	India	58 exporters	Successful versus non-successful
Douglas	1996	Peru	25 exporting firms	Export strategies and characteristics
Haar and Oritz-Bounafina	1995	Brazil	67 exporting firms	Internationalisation behaviour
Kacker	1975	India	20 engineering goods exporters	Product adaptation
Kaleka and Katsikeas	1995	Cyprus	75 exporting firms	Export problems and export development
Karafakioglu	1986	Turkey	108 manufacturing exporters	Export activities
Katsikeas	1994	Greek	87 exporters	Export problems and involvement
Katsikeas and Morgan	1994	Greece	87 exporters	Export problems, firm size and experience

Table 3.2 : **Developing Countries' Export Studies (1/2)**
Source : The Researcher

Katsikeas and Piercy	1993	Greece	96 manufacturing exporters	Long term export stimuli
Katsikeas and Piercy	1990	Greece and U.K.	53 Greek exporters and 22 U.K. importers	Channel relationships; power
Kaynak and Erol	1989	Turkey	36 manufacturing and 14 trading company exporters	Export propensity
Kaynak and Kuan	1993	Taiwan	140 exporting firms	Environment, strategy, structure & performance
Keng and Jiuan	1989	Singapore	156 manufacturers (exporters / non-exporters)	SME exporters and non-exporters
Koh, Chow, and Smittivate	1993	Thailand	33 exporters	International marketing research
Leibold	1989	South Africa	30 exporting firms	Export strategy orientation
Leonidou	1995b	Cyprus	112 non-exporters	Export stimulation
Luz	1993	Brazil	31 exporters	Export strategy variables and export performance
Moon and Lee	1990	South Korea	52 exporters	Stage of development model
Tseng and Yu	1991	Taiwan	452 firms	Export behaviour
Weaver and Pak	1990	South Korea	70 SME exporters	Export behaviour and attitude
Wortzel and Wortzel	1981	SK, HK, and Taiwan, Thailand, and Philippines	Consumer electronics, athletic footwear and clothing	Stage of development model
Zafarullah, Ali and Young	1998	Pakistan	6 exporting cases	Internationalisation behaviour of SMEs

Table 3.2 : **Developing Countries' Export Studies (2/2)**

Source : The Researcher

The primary study unit in a majority of the cases was the exporter - defined as a manufacturing firm[4] selling at least part of its products abroad. Fewer numbers of studies focused on non-exporters perceptions or the 'export-plus' stage. Majority of studies listed above focused on the SMEs. This reflects the widespread notion of a characteristic fit between such firms and the earlier stages of internationalisation, especially exporting (Johanson and Wiedersheim-Paul, 1975; Miesenbock, 1988). Note should however be taken of the possibility of distortion, emanating from the absence of internationally accepted standards for firms' size classification. As Leonidou (1995a) pointed out 'what is defined as small firm in one country (e.g. the U.S.A) may be regarded as large firm in another country (e.g Cyprus).

The respondents in most of these empirical studies were top executive officers directly involved in export operations (e.g. the managing director, the marketing manager or the export officer). Doubts have however been raised about the appropriateness and reliability of some of the sources (key informants) used, particularly in initial export stimulation studies. These arose from the likelihood that some respondents were not either with the company, or responsible for making export decisions at the stage of the arousal of the stimuli (Jaffe et al., 1988), as well as the inability of managers to accurately 'recall and record events concerning factors that stimulated their export activities sometime previously' (Leonidou, 1995a). The size of the samples used ranged from 4 to 1894. Sample sizes of over 1000 and under 10 were recorded in four studies respectively. In about half of the studies, the sample size was greater than 100 (see Figure 3.3). The response rates for some of the studies were not reported, but the remaining yielded rates of between 4 and 92%.

[4] There are however a few studies that utilise individual export cases as the data unit. These include Styles and Ambler (1997), Cavusgil and Zou (1994), Bilkey (1982, 1986), Rosson and Ford (1982), Khan (1978).

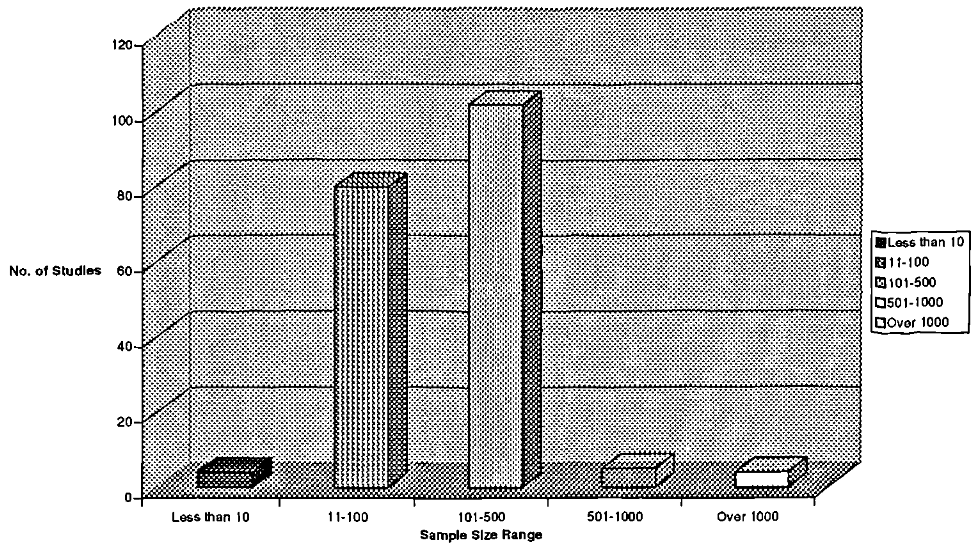

Figure 3.3 : **The Distribution of Export Behaviour Studies by Sample Size**
Source : The Researcher

The foregoing discussion has shown the vast and diverse nature of the export behaviour literature. One framework that has been found appropriate in reviewing this literature is the export decision process (Seringhaus and Rosson, 1991; Walsh, 1978). This consists of the following five basic questions : (1) should expansion be achieved through domestic or export markets? (2) if through exporting, which markets should be entered? (3) if through exporting, how should these markets be entered? (4) how should marketing and selling operations in these markets be managed? (5) what export performance level is achieved in these markets? Empirical findings on these questions are covered in this review.

Attempts have been made through the various integrative reviews (Ford and Leonidou, 1991; Aaby and Slater, 1989; Bilkey, 1978) and meta-analysis (Chetty and Hamilton, 1993; Gemunden, 1991; Madsen, 1987) to synthesise empirical findings from export research, hence rid the field of the notorious fragmentary label. These have been only partially successful. A major reason for this is that all but few[5] *(Gemunden 1991; Madsen, 1987) of these studies have tended to lump together studies of firms at different levels of the export development process (namely pre-export, initial and advanced (Leonidou and Katsikeas, 1996), using divergent measures (quantitative as well as qualitative) of export performance. It has, thus, been difficult to isolate factors which stimulate export, those that influence export*

[5]These studies based their meta-analysis specifically on export firms that measured export performance.

initiation, and those that determine export success. In the review that follows, effort is made to separately consider relevant empirical findings on export stimulation (pre-export stage/export prospects), export initiation (exporters versus non-exporters), and export success (exporters and ex-exporters).

3.2 EXPORT STIMULATION

To initiate and subsequently develop and sustain exports, a firm must first be influenced by stimulating or 'attention evoking' factors (Olson and Wiedersheim-Paul, 1978). The nature of these export stimuli may offer invaluable insight into why some firms are successfully involved in exporting while some others are not (Ramaseshan and Souter, 1996). But as a recent review article[6] observed, research on export stimulation is still characterised by incomplete conceptual foundations, unsophisticated methodologies, and inconsistent findings (Leonidou, 1995a); reflecting the situation in the larger export behaviour literature. This part of the chapter reviews the empirical evidence in respect of these stimulating factors, variously referred to in the literature as export stimuli, motives, incentives, triggering-cues or attention-evokers.

Export stimuli can be internal or external, the former relating to influences intrinsic to the firm, and the latter referring to exogenous factors in the firm's domestic or foreign environment (Leonidou, 1995b; Simpson and Kujawa, 1974; Wiedersheim-Paul et al., 1978; Brooks and Rosson, 1982; Kaynak and Stevenson, 1982; Ogram, 1982). Where an export decision is internally stimulated, it is considered a rational, objective-oriented behaviour and problem-oriented adoption process. If however it comes out of an external stimulus, it is regarded as less-rational, less objective-oriented and an innovation-oriented adoption process (Lee and Brasch, 1978; Simpson and Kujawa, 1974).

Stimulating factors can also be considered proactive or reactive. While proactive stimuli indicate aggressive, positive, and strategic export behaviour (Cavusgil, 1982; Czinkota and Johnston, 1982) based on the firms' interest in exploiting unique internal competence or market possibilities, reactive stimuli exemplify passive,

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[6] Leonidou's (1995a) review article covered 30 mainly North American and European empirical studies on the subject, since the 1960s.

negative, tactical (Cavusgil, 1982; Czinkota and Johnston, 1982) engagement in export activities as a response to environmental pressures (Leonidou, 1995b; Kothari, 1989; Leonidou, 1988; Johnston and Czinkota, 1982; Tesar and Tarleton, 1982; Czinkota and Johnston, 1981; Pavord and Bogart, 1975).

Albaum et al. (1994) have combined the above two typologies of export stimuli into a classification scheme, thus :

* Internal-proactive (factors associated with the firm's own initiative to exploit its unique internal competencies, e.g. potential for export-led growth);
* Internal-reactive (responding to pressures from the internal environment, e.g. accumulation of unsold goods);
* External-proactive (active exploitation by management of market possibilities, e.g. identification of better opportunities abroad);
* External-reactive (reaction to factors from the external environment, e.g. receipt of unsolicited foreign orders).

There are three angles from which export stimuli have been studied in the literature :

(i) Role in initiating export (Douglas, 1996; Leonidou, 1995b; Weaver and Pak, 1990; Kaynak, 1990; Diamantopoulos et al.,1990; Kaynak and Erol, 1989; Ghauri and Kumar, 1989; Leonidou, 1988; Kaynak et al., 1987; Karafakioglu, 1986; Kaynak and Kothari, 1984; Tesar and Tarleton, 1982; Ogram, 1982; Kaynak and Stevenson, 1982; Joynt, 1982; Brooks and Rosson, 1982; Pavord and Bogart, 1975; Simpson and Kujawa, 1974; Christensen et al., 1987; Cavusgil, 1984a; Reid, 1983; Garnier, 1982; Simmonds and Smith, 1968; Groke and Kreidle, 1967);

(ii) Role in stimulating on-going export activities (Shoham et al., 1995; Katsikeas and Piercy, 1993; Barker and Kaynak, 1992; Johnston and Czinkota, 1982; Jaffe et al., 1988; Albaum et al., 1989; Kothari, 1989; Sullivan and Bauerschmidt, 1990); and

(iii) Role in export stimulation at both the initiation and subsequent stages of the export development process (Morgan and Katsikeas, 1997; Barker and Kaynak, 1992; Johnson and Czinkota, 1982).

The primary focus of this review is on (i) above, that is, 'the stimulation of the initial export activity' (Leonidou, 1995b), which is just as well because the bulk of empirical export stimulation research is devoted to 'the crucial point of turning non-exporting firms into exporters'. A related stream of literature reviewed are the few studies which explored the views of non-exporters in respect of export stimuli (Simpson and Kujawa, 1974; Johnston and Czinkota, 1982). Leonidou's (1995b) Cypriot study focused exclusively on non-exporters' perceptions of export stimuli, while Morgan and Katsikeas' (1997) study went a step further to compare export stimuli perceptions of two categories of non-exporters (strong export prospects and weak export prospects) and current exporters.

Subsequent discussion is organised along the earlier-outlined Albaum et al. (1994) classification scheme, namely Internal-Proactive; Internal-Reactive; External-Proactive; and External-Reactive. It should be noted that studies identified with a particular stimulus factor are those in which the factor was ranked among the top ten. For studies where no ranking was provided (Kaynak and Erol, 1989; Kaynak and Stevenson, 1982; Ogram, 1982; Wiedersheim-Paul et al., 1978), the author is identified with all stimulus factors reported.

3.21 Internal-Proactive Stimuli

Nine stimulus factors of an internal-proactive nature have emerged from export stimulation studies. These include :

(i) Achievement of economies of scale from exporting (Leonidou, 1995b; Joynt, 1982; Ogram, 1982; Pavord and Bogart, 1975);

(ii) Existence of special managerial interest/urge (Morgan and Katsikeas, 1997; Diamantopolous et al., 1990; Ogram, 1982; Pavord and Bogart, 1975);

(iii) Possession of technological competitive advantage (Tesar and Tarleton, 1982; Karafakioglu, 1986);

(iv) Possession of financial competitive advantage (Tesar and Tarleton, 1982; Kaynak and Kothari, 1984; Kothari, 1989; Wiedersheim-Paul et al., 1978);

(v) Possession of marketing competitive advantage (Tesar and Tarleton, 1982);

(vi) Potential for extra growth resulting from exporting (Jain and Kapoor, 1996; Diamantopolous, 1990; Leonidou, 1988; 1995b; Barker and Kaynak, 1992; Weaver and Pak, 1990; Karafakioglu, 1986; Brooks and Rosson, 1982; Wiedersheim-Paul et al., 1978);

(vii) Potential for extra profits resulting from exporting (Leonidou, 1988; 1995b; Barker and Kaynak, 1992; Kaynak, 1990; Weaver and Pak, 1990; Kaynak and Kothari, 1984; Brooks and Rosson, 1982; Ogram, 1982; Pavord and Bogart, 1975; Simpson and Kujawa, 1974);

(viii) Potential for extra sales resulting from exporting (Leonidou, 1988; 1995b; Kaynak and Erol, 1989; Rabino, 1980; Pavord and Bogart, 1975); and

(ix) Production of goods with unique qualities (Leonidou, 1995b; Karafakioglu, 1986; Kaynak and Kothari, 1984; Tesar and Tarleton, 1982; Wiedersheim-Paul et al., 1978; Olson and Wiedersheim-Paul, 1978).

Stimulus factors of an internal-proactive nature do not appear to feature strongly in aggregate rankings of export stimulation literature. Two such rankings have been provided by Leonidou (1995a; 1995b), based on thirty and twenty export stimulation studies respectively. It is significant that in none of those aggregate rankings was an internal-proactive stimulus factor among the top three. The closest was potential for extra profits resulting from exporting which placed **fourth** in the Leonidou's (1995a) 'state of the art appraisal of export motivation literature' (Morgan and Katsikeas, 1997). Other proactive-internal factors which featured among the top ten include production of goods with unique qualities, potential for extra growth resulting from exporting, and existence of special managerial interest/urge.

3.22 Internal-Reactive Stimuli

Five stimulus factors within the internal-reactive category have been identified in the literature. These include:

(i) Accumulation of unsold inventory/overproduction (Brooks and Rosson, 1982; Joynt, 1982; Tesar and Tarleton, 1982; Pavord and Bogart, 1975);

(ii) Availability of unutilized production capacity (Morgan and Kasikeas, 1997; Barker and Kaynak, 1992; Diamantopoulos et al., 1990; Kaynak, 1989; Ghauri and Kumar, 1989; Kaynak and Erol, 1989; Kaynak et al., 1989; Leonidou, 1988; Kaynak and Kothari, 1984; Brooks and Rosson, 1982; Joynt, 1982; Kaynak and Stevenson, 1982; Ogram, 1982; Pavord and Bogart, 1975, Simpson and Kujawa, 1974);

(iii) Need to offset sales of a seasonal product (Leonidou, 1995b; Weaver and Pak, 1990; Kaynak, 1989; Ogram, 1982);

(iv) Need to reduce dependence on (or risk) of domestic market (Barker and Kaynak, 1992; Ogram, 1982; Pavord and Bogart, 1975);

(v) Stagnation/decline in domestic sales/profits (Weaver and Pak, 1990; Kaynak, 1989; Kaynak et al., 1989; Leonidou, 1988; Tesar and Tarleton, 1982; Pavord and Bogart, 1975).

One of these factors - the availability of unutilized production capacity – placed **second** in both Leonidou's (1995a; 1995b) aggregate rankings. Morgan and Katsikeas' (1997) recent study found that this stimulus factor (spare production capacity) motivates current exporters significantly more than it does weak export prospects.

3.23 External-Proactive Stimuli

Research on export stimulation has identified the following five factors within the external-proactive dimension :

(i) Encouragement by external agents/organisations (Barker and Kaynak, 1992; Weaver and Pak, 1990; Ghauri and Kumar, 1989; Kaynak et al., 1989; Kaynak and Erol, 1989; Tesar and Tarleton, 1982; Brooks and Rosson, 1982, Ogram, 1982, Kaynak and Stevenson, 1982; Simpson and Kujawa, 1974; Wiedersheim-Paul et al., 1978);

(ii) Identification of better opportunities abroad (Leonidou, 1988; 1995b; Barker and Kaynak, 1992; Kaynak et al., 1989; Kaynak and Erol, 1989; Kaynak and Kothari, 1984; Kaynak and Stevenson, 1982; Brooks and Rosson, 1982; Wiedersheim-Paul et al., 1978; Pavord and Bogart, 1975);

(iii) Possession of exclusive information on foreign markets (Weaver and Pak, 1990; Leonidou, 1988; Brooks and Rosson, 1982; Joynt, 1982; Tesar and Tarleton, 1982);

(iv) Provision of government export-related incentives (Jain and Kapoor, 1996; Leonidou, 1995b; Kothari, 1989; Karafakioglu, 1986; Ogram, 1982; Rabino, 1980; Wiedersheim-Paul et al., 1978); and

(v) Receipt of orders from trade fairs/missions (Ghauri and Kumar, 1989; Kaynak, 1989; Ogram, 1982; Simpson and Kujawa, 1974).

Based on the aggregate findings from export stimulation studies, it would appear that these external-proactive factors are of weak strength. Actually, the closest any of them achieved in the aggregate ranking referred to earlier was a ninth position : jointly taken by encouragement by external agents/organisations and identification of better opportunities abroad (Leonidou, 1995a). It is interesting to note that Leonidou's (1995b) study, in which non-exporting Cyprus firms were involved, similarly found 'various inducements by third parties' as having '*a low stimulating effect...*mainly due to limited awareness of, and exposure to them by non-exporting firms'. That the situation is not limited to non-exporting firms can be seen from Morgan and Katsikeas' finding of a generally low ranking of government-related stimuli among weak export prospects, strong export prospects, and current exporters. Young (1995) has suggested the non-existence or ineffectiveness of public policy export stimulation programmes in various countries as a possible explanation.

3.24 External-Reactive Stimuli

Five stimulating factors of external-reactive nature have been identified in the relevant empirical literature. These include :

(i) Initiation of exports by domestic competitors (Ghauri and Kumar, 1989; Kaynak, 1990; Brooks and Rosson, 1982; Simpson and Kujawa, 1974);

(ii) Intense competition within domestic market (Morgan and Katsikeas, 1997; Leonidou, 1988; 1995b; Diamantopoulos et al., 1990; Kaynak, 1990; Kaynak and Erol, 1989; Kaynak et al., 1987; Brooks and Rosson, 1982; Kaynak and Stevenson, 1982; Tesar and Tarleton, 1982; Joynt, 1982; Ogram, 1982; Wiedersheim-Paul et al., 1978);

(iii) Prevalence of favourable foreign exchange rates (Jain and Kapoor, 1996; Brooks and Rosson, 1982);

(iv) Receipt of unsolicited orders from abroad (Morgan and Katsikeas, 1997; Barker and Kaynak, 1992; Kaynak, 1990; Diamantopoulos et al., 1990; Ghauri and Kumar, 1989; Leonidou, 1988; Kaynak et al., 1987; Karafakioglu, 1986; Kaynak and Kothari, 1984; Tesar and Tarleton, 1982; Ogram, 1982; Kaynak and Stevenson, 1982; Joynt, 1982; Brooks and Rosson, 1982; Welch and Wiedersheim-Paul, 1980; Wiedersheim-Paul et al., 1978; Pavord and Bogart, 1975; Tesar 1975; Simpson and Kujawa, 1974; Simmonds and Smith, 1968; Groke and Kreidle, 1967) and

(v) Shrinkage of domestic market (Morgan and Katsikeas, 1997; Weaver and Pak, 1990; Kaynak, 1990; Diamantopolous et al., 1990; Kaynak and Erol, 1989; Ghauri and Kumar, 1989; Leonidou, 1988; Kaynak et al., 1987;

Karafakioglu, 1986; Kothari and Kaynak, 1984; Ogram, 1982; Kaynak and Stevenson, 1982; Brooks and Rosson, 1982; Pavord and Bogart, 1975; Simpson and Kujawa, 1974).

The importance of this dimension in export stimulation research is underlined by the fact that it provides **the first** (receipt of unsolicited foreign orders) and **the third** (saturation/shrinkage of domestic market) placed factors in both Leonidou (1995b) and Leonidou (1995a) aggregate findings referred to earlier. A third external reactive factor, namely, intense competition within domestic market, also came **sixth** in the latter aggregate ranking. This explains Leonidou's (1995b) conclusion 'that the prime force of stimulation consists basically of factors of an external-reactive nature, exemplifying a rather accidental engagement in export activities' – re-echoing Cavusgil and Godiwilla's (1982) remarks, after their review of the international decision making literature, that decisions tend to be reactive rather than proactive.

It has also been observed that 'among the external or reactive stimuli, the most popular was an unsolicited order from foreign customers' (Ford and Leonidou, 1991). Liang (1995) has reported that the percentage of firms starting exporting on the basis of unsolicited orders was 62% in a Brazilian study; 61% in a Turkish study; and 36% and 33% in two Canadian studies. Note however that Jain and Kapoor's (1996) Indian study found unsolicited export order to be the least important stimulating factor for firms studied – 'less than seven per cent viewed it as an export motivating factor'. Indeed, the 'majority of the firms (i.e., 61.2 percent) made their own efforts to locate the overseas buyers and secure orders from them'. As Zafarullah, Ali and Young (1998) reported from their Pakistani study, 'firms were committed rather than ...reluctant to export ...(and) both solicited and unsolicited orders were important throughout the export development process'.

It is significant, also, that in none of the eight developing countries export stimulation studies contained in Table 3.3 was the receipt of unsolicited foreign order ranked as the foremost export stimulus factor. It was ranked 13th in Leonidou's (1995b) Cypriot study; 12th in Weaver and Pak's (1990) Korean study; 10th in Leonidou's (1988) Cypriot study; and 6th in Katsikeas and Piercy's (1993) Greek study.

Research Study	Karafakioglu, 1986	Leonidou, 1988	Kaynak & Erol, 1989	Weaver & Pak, 1990	Katsikeas & Piercy 1993	Leonidou, 1995b	Jain & Kapoor, 1996	Douglas 1996
Export Stimulus								
Accumulation of unsold inventory	-	11	-	-	12	17	-	-
Achievement of scale economies	-	-	-	-	8	2	-	-
Availability of unutilised capacity	-	6	NA	-	6	16	5	9
Encouragement by external agents	-	-	NA	5-10	16	12	-	-
Special managerial interest	-	-	-	-	3	9	-	11
Better opportunities abroad	-	4	NA	-	-	8	-	-
Export start by home competitors	-	12	-	11	-	15	-	-
Intense domestic competition	-	9	NA	-	13	5	-	1
Sustain sales of a seasonal product	-	-	-	4	-	9	-	-
Reduce home market dependence	-	-	-	-	2	4	-	-
Technological competitive edge	7	-	-	-	-	11	-	3
Financial competitive advantage	-	-	-	-	-	-	-	-
Marketing competitive advantage	-	-	-	-	-	-	-	3
Exclusive info on foreign markets	-	7	-	1	7	-	-	7
Potential for extra growth	6	3	-	6	1	2	1	-
Potential for extra profits	-	5	-	7	1	3	6	3
Potential for extra sales	-	2	NA	-	-	1	-	-
Favourable foreign exchange rates	-	-	-	7	5	-	3	-
Unique product qualities	7	-	-	-	9	3	-	-
Government export incentives	4	-	-	-	15	7	2	-
Orders from trade fairs/missions	-	-	-	-	-	14	-	-
Unsolicited orders from abroad	2	10	NA	12	6	13	7	2
Saturation of domestic market	1	1	NA	9	14	10	-	8
Stagnation of home sales/profits	-		-	3	17	11	-	6
Proximity to ports			-					10
Gaining prestige			-				4	-
Others	NA		NA, NA, NA, NA	4, 5,6 7, 10, 14, 18, 19, 20, 27, 28	4, 10, 11	-	8	-

* The numbers reflect the ranking of the stimulus factors

Table 3.3 : **Developing Countries' Export Stimulation Studies**

Also noteworthy is the fact that the highest ranked stimuli in Katsikeas and Piercy's (1993); Jain and Kapoor's (1996); Leonidou's (1995b); and Weaver and Pak's

(1990) studies are all proactive factors. Karafakioglu and Harcar (1990) also reported that 'among non-exporting Turkish companies studied, the growth objectives come first, and security is the second important goal'. Leonidou (1995b) has observed that :

> Stimuli which were found to be highly influential, namely potential for export sales resulting from exporting, the potential for export-led growth and the achievement of economies of scale from exporting - with few exceptions, were very ineffective in other studies. On the other hand, stimuli which were ranked low in this study, such as unsolicited foreign orders, availability of unutilized production capacity and the saturation/shrinkage of the domestic market, exhibited a highly stimulating effect in other studies. These contradictory findings typify a more idealistic perception of export stimulation on the part of non-exporters, compared to actual exporters, as well **as suggest that there may be different stimuli for potential exporters from LDCs.**

Are export stimuli for LDC firms substantially different from stimulating factors for their counterparts in developed countries? While a cursory look at Table 3.3 above may suggest that to be the case, a definite statement at this stage would appear hasty given that no comprehensive meta-analysis has of yet been reported in the literature. Cognisance has to be taken, however, of the fact that about half of the studies contained in Leonidou's (1995) 'state-of-the-art appraisal' of export stimulation studies referred to above, were conducted in North America (United States and Canada), with European countries (particularly Scandinavian and Mediterranean) accounting for virtually the rest. The only non-American or European studies focused on Israel, South Korea, and Australia. The picture is much the same in respect of the larger export behaviour literature. Kaleka and Katsikeas (1994) had argued (in view of the clear differences - political-legal, socio-economic, cultural, infrastructural - between developed and developing countries) that attempts to infer generalisations from such findings to the export behaviour of firms in developing countries 'can be both naive and misguided in moves to augment export marketing theory' (see also Bodur, 1986; Katsikeas, 1991). Bell and Young (1998), for example, observed in a recent integrative article on firm internationalisation that non-US-based studies, including such developing countries' research as Cheong and Chong (1988), Wong and Kwan (1988), Sharkey et al. (1989) and Weaver and Pak's (1990), 'are much less fixated with the notion that indigenous firms are reluctant exporters'.

3.3 INFLUENCES ON THE INITIAL EXPORT DECISION

The decision to export for the first time, and the reasons behind that decision are probably the most critical part in the export process (Garnier, 1982). One major conclusion emerging from previous research in the export field is that stimuli are not sufficient (Leonidou, 1995b; Ford and Leonidou, 1991; Johnson and Czinkota, 1982; Aharoni, 1966; Simpson and Kujawa, 1974; Olson and Wiedersheim-Paul, 1978; Dichtl et al., 1984; Barret and Wilkinson, 1986), but need to be supported by facilitating factors associated with the **environment**[1] (Garnier, 1982; Rao, 1990), the **organisation**[2] (Bilkey and Tesar, 1977; Wiedersheim-Paul et al., 1978; Cavusgil, 1980; Czinkota, 1982), and the **decision maker**[3] (Simmonds and Smith, 1968; Simpson ad Kujawa, 1974; McConnel, 1979; Roy and Simpson, 1981; Cavusgil and Nevin, 1981; Cavusgil, 1982; Joynt, 1982; Dichtl et al., 1983; Cavusgil, 1984; Barrett and Wilkinson, 1986; Dichtl et al., 1990; Gripsrud, 1990; Holzmuller and Kasper, 1990). These factors constitute the real impetus behind the firm's decision to go international (Leonidou, 1995b; Ford and Leonidou, 1991; Johnson and Czinkota, 1982).

[1]Environmental characteristics include the country's topography, availability of factors of production, prevailing economic conditions, infrastructural facilities, government attitudes towards exports, etc.
[2]These refer to corporate objectives, location of facilities, resource availability, nature of products, experience in business and previous extra-regional expansion.
[3]These include personal demographics, international orientation, management style, managerial competence and management expectations.

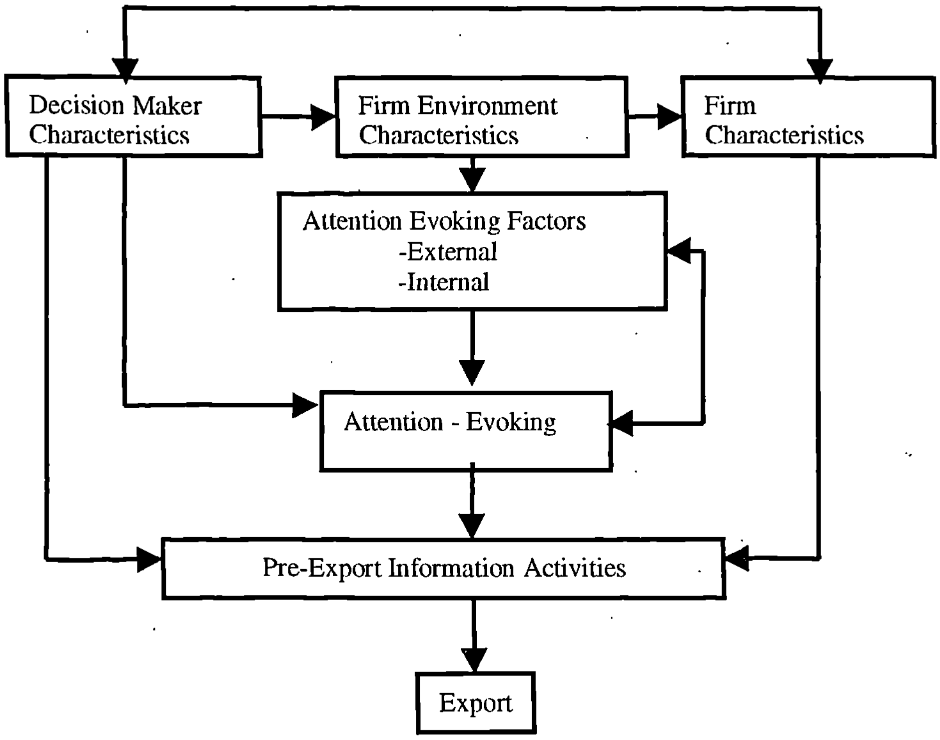

Figure 3.4 : **Factors Affecting Firms' Pre-export Activity**
Source : Wiedersheim-Paul et al. (1978), 'Pre-export Activity : The First Step in Internationalisation'

The two major works in this area are credited to Wiedersheim-Paul et al. (1978) and Olson and Wiedersheim-Paul (1978). According to the former authors, firms at the pre-export stage are exposed to a number of external or internal 'attention evoking' stimuli. Whether these lead to positive pre-export activities, and subsequently export is dependent on the characteristics of the decision maker, the enterprise environment, and the extra-regional expansion of the firm (see Figure 3.4 above). Olson and Wiedersheim-Paul's (1978) model of export propensity elaborated on the Wiedersheim-Paul et al. (1978) framework, and developed it in one important respect : decision makers' differing perceptions of 'attention evoking' external and internal export stimuli. These differing perceptual characteristics, according to Olson and Wiedersheim-Paul (1978), explain why comparable firms exposed to similar stimuli respond differently to export opportunities. As Figure 3.5 below shows, these responses may range from a *passive* to an *active* stance.

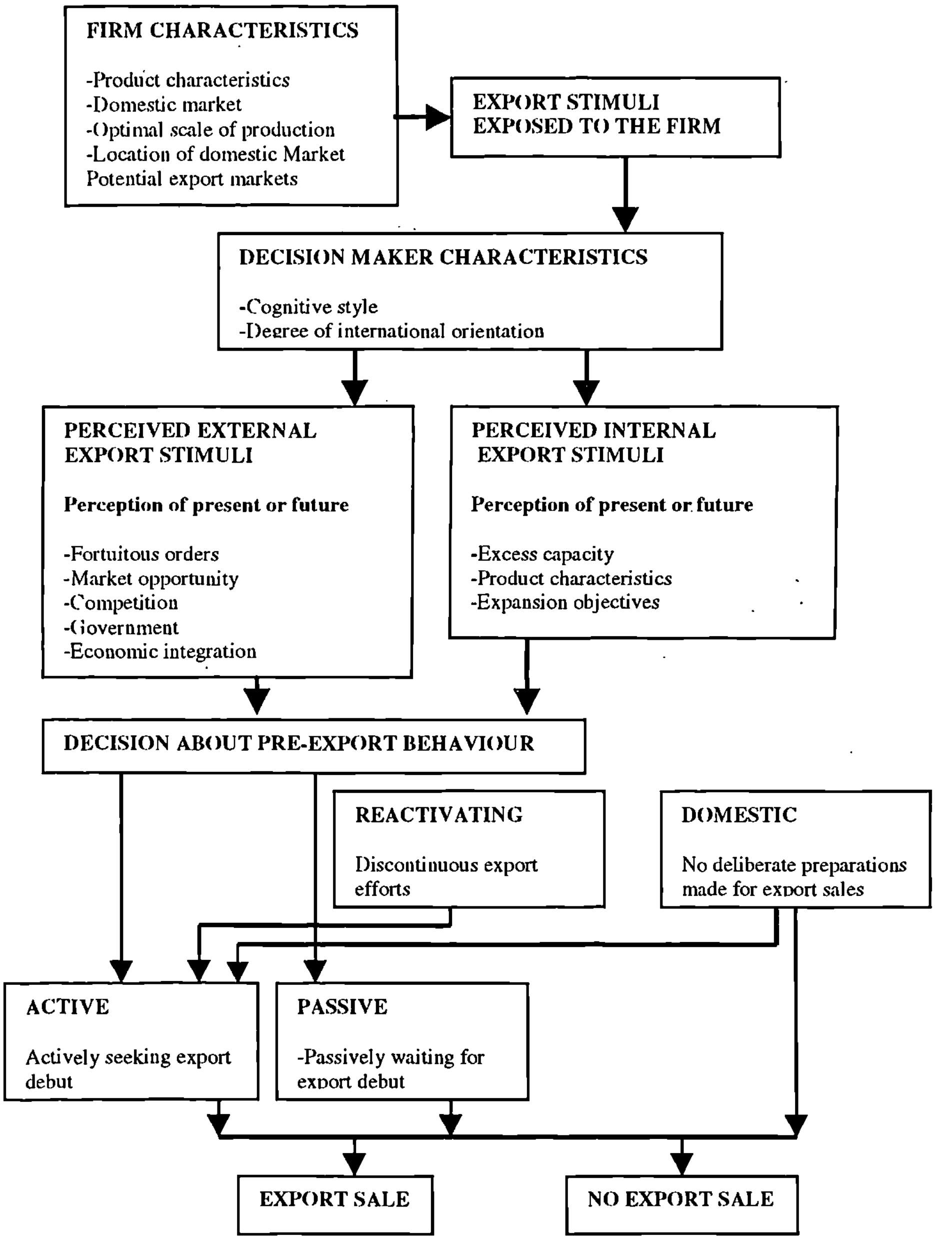

Figure 3.5 : **Olson and Wiedersheim-Paul's Model of Export Propensity**

(Source : Olson and Wiedersheim-Paul (1978), 'Factors Affecting the Pre-export Behaviour of the Firm'.

Further review of the empirical findings on export initiation is organised around the three influential background characteristics identified above, namely decision maker's, firm's, and environment's characteristics. It is important to emphasise that studies reviewed in this section are those which sampled exporters and non-exporters, and focused on such 'soft' measures of export performance as export involvement, propensity to export,

export decision, intention to export, and attitudes toward export (see Table 3.4 below). Studies that used only exporters' sample, and whose primary focus was on such 'hard' measures of export performance[4] as export sales level, export sales growth, export profits, ratio of export sales to total sales, ratio of export profits to total profits, and exporter internationalisation are excluded here, but considered later under 'export success factors' (Section 3.4).

Abdul-Malek	1978	Export involvement
Bodur and Cavusgil	1985	Export attitudes
Brooks and Rosson	1982	Perceptions towards export
Burton and Schlegelmilch	1987	Export versus non-export
Cavusgil	1984a	Level of export
Cavusgil	1984b	Propensity to export
Cavusgil and Kaynak	1982	Export versus non-export
Cavusgil and Nevin	1981	Export versus non-export
Cavusgil, Bilkey and Tesar	1979	Export versus non-export
Christensen et al.	1983	Export versus no longer exporting
Czinkota and Johnson	1983	Perceived export problems and attitudes
Daniels and Goyburo	1976	Export versus non-export
Daniels and Robles	1985	Technological adoption as a function of exporting
Denis and Depelteau	1985	Propensity to export
Diamantopoulos and Inglis	1988	Export involvement
Garnier	1982	Export versus non-export
Gotto and McMahon	1988	Export versus no-export
Gronhaug and Lorenzen	1982	Export versus non-export
Hecht and Siegel	1973	Export versus non-export
Johnson and Czinkota	1985	Attitudes towards export
Joynt	1982	Export motivators
Kaynak and Kothari	1984	Propensity to export
Kaynak and Stevenson	1982	Export versus non-export

[4] Or what Aaby and Slater (1989) referred to as 'some dimensions of export performance'.

Kedia and Chhoker	1986	Export versus non-export
Lee and Brasch	1978	Export decision
Malekzadeh and Nahavandi	1985	Export versus non-export
McConnell	1979	Export versus non-export
O'Rourke	1985	Propensity to export
Ogram	1982	Export versus non-export
Pavord and Bogart	1975	Export decision
Perkett	1963	Export versus non-export
Piercy	1981	Perceptions on export
Rabino	1980	Propensity to export
Reid	1986	Propensity to export
Reid	1984	Intention to export
Reid	1985	Perceived propensity to export
Reid	1982	Propensity to export
Rosson and Ford	1982	Propensity to export
Roy and Simpson	1981	Export versus non-export
Schlegelmilch	1986	Export versus non-export
Simmonds and Smith	1968	Export innovation
Simpson and Kujawa	1974	Export decision
Snavely et al.	1964	Export versus non-export
Tesar	1982	Propensity to export
Ursic and Czinkota	1984	Propensity to export
Vozikis and Mescan	1985	Propensity to export
Weinrauch and Rao	1974	Perceptions on export
Withey	1974	Export versus non-export
Wood	1982	Exporters versus potential exporters
Yaprak	1985	Export versus non-export

Table 3.4 : **Export Initiation Studies**
(Source : The Researcher).

The empirical studies outlined in Table 3.4 above do not exhaust the empirical research evidence available on the crucial issue of firm's decision or tendency to initiate exporting. They however constitute a sufficient representation of the overall empirical literature on the topic. As should be expected, the distinction between export initiation and export success studies are far from clear-cut. Some of the studies listed above, indeed, straddle the two dimensions. Care has however been taken to ensure that only those findings that are relevant to export initiation are considered in this section.

3.31 Decision Maker Characteristics

In the exporting literature, decision maker characteristics are generally considered to have, in Brooks and Rosson's (1982) words, 'a decided impact on the export decision'. All the major review articles on published, empirical export research (Chetty and Hamilton, 1993; Ford and Leonidou, 1991; Gemunden, 1991; Aaby and Slater, 1989; Miesenbock, 1988; Bilkey, 1978) similarly concluded on the decisive importance of decision maker(s)' characteristics. As Reid (1981) noted, 'empirical evidence points exclusively to the decision makers' attitude, experience, motivation and expectations as primary determinants in firms engaging in foreign marketing activity'. This is particularly so 'in small firms, where power, particularly decision-making power, is generally concentrated in the hands of one or very few persons'. According to Miesenbock (1988), 'the key variable in small business internationalisation is the decision maker of the firm. He or she is the one to decide starting, ending and increasing international activities'.

Based on an extensive review of published literature, Ford and Leonidou (1991) had concluded that 'firms with decision makers possessing foreign market orientation, better type and level of education, foreign country origin, foreign language proficiency, and high management quality and dynamism are more likely to become exporters'. Empirical findings on the specific decision maker characteristics have been, however, inconsistent.

Characteristic	Authors	Relationship
Age	Pinney, 1970	-
	Tseng and Yu, 1991	-
	Garnier, 1974	?
	Brooks & Rosson, 1982	?
Education	Brooks & Rosson, 1982	?
	Garnier, 1982	?
	Sampson & Kujawa, 1974	+
	Keng & Jiuan, 1988	+
	Louter & Ouwerkerk, and Barker, 1986	+
	Barret and Wilkinson, 1985	+
International Orientation	Simmonds & Smith, 1968	+
	Barrett and Wilkinson 1986	+
	da Rocha et al., 1990	+
	Garnier, 1982	+
	Wiedersheim-Paul et al., 1978	+
	Brooks & Rosson, 1982	?
	Ogram, 1982	?
Foreign Language Proficiency	Dichtl et al., 1984	+
	Kulhavy et al., 1984	+
	Brooks & Rosson, 1982	?
	Joynt, 1982	+
Ethnic origin	Simmonds and Smith, 1968	+
	Wiedersheim-Paul et al., 1978	+
	Garnier, 1982	+
Perception of Profits	Ogram, 1982	+
	Simpson & Kujawa, 1974	+
Perception of Cost	Joynt, 1982	+
	Brooks & Rosson, 1982	+
	Roy & Simpson, 1981	+
	Simpson & Kujawa, 1974	+
Perception of Risks	Brooks and Rosson, 1982	+
	Bilkey & Tesar, 1977	+
	Cavusgil et al., 1979	+

Table 3.4a : **Findings on Decision maker Characteristics**
Source : The Researcher

Age

Mixed findings have emerged from the relatively few studies that examined the impact of decision makers' age on export initiation. On one side are Pinney (1970) who found export decision makers to be younger than their non-exporting counterparts; Tseng and Yu (1991) who concluded that younger decision makers are more prone to innovations such as exporting. Garnier (1974) and Brooks and Rosson (1982) did not however find any significant difference between exporting and non-exporting firms in respect of decision makers' age. It would appear from the foregoing that the empirical evidence on relationship between decision makers' age and exporting is inconclusive.

Education

Significant statistical differences have been found in educational level between decision makers in exporting and non-exporting firms (Sampson and Kujawa, 1974; Louter et al., 1991), and firms at different stages of internationalisation (Cavusgil, 1982). Keng and Jiuan's (1988) Singaporean study reported that 'as many as 39 per cent of the chief executives in exporting firms had received graduate and postgraduate education against six per cent in non-exporting firms'. An Australian study by Barrett and Wilkinson (1986) concluded that the greater the export involvement, the higher the level of education. Researchers such as Garnier (1982), Brooks and Rosson (1982), and Ogram (1982) however found no significant differences. Garnier's (1982) conclusion aptly summarises the available empirical evidence : 'many entrepreneurs had university or technical-school degrees but it was not possible to ascertain whether there was a statistically significant difference between managers of exporting and non-exporting firms with respect to level of education'.

International Orientation

Another decision maker characteristic that has received some attention in the export initiation literature is *international orientation*[5], variously defined as foreign (work) experience, travel, foreign birth, and so on. Miesenbock's (1988) conclusion based on an extensive review of the literature was that 'the external contacts of the decision maker seem to be the most important objective characteristic'. The exporter is likely to have more international orientation than the non-exporter (Barrett and Wilkinson, 1986; Abdel-Malek, 1978; Czinkota and Johnston, 1983; Cunningham and Spigel, 1979; Kaynak, 1985; Kaynak and Kothari, 1984; Kulhavy et al., 1984; Tookey, 1975). Researchers such as Garnier (1974; 1982); Simmonds and Smith (1968); Langston and Teas (1976); da Rocha et al. (1990); Wiedersheim-Paul et al. (1978) found that a large proportion of exporting firms' decision makers were foreign-born persons who, having spent part of their lives abroad, were less affected by foreign business-related uncertainties.

[5] Referred to as the 'international horizon of decision makers' by Sullivan and Bauerschmidt (1987). A related construct 'worldmindedness scale' has also been associated with trade, including export, propensity (Boatler, 1994). Langston (1976) reported that 'non-exporting CEOs of Virginia manufacturing firms produced a mean worldmindedness of 99.47; exporting CEOs had a mean worldmindedness of 112.53, and those exporting more than 20 percent of their products exhibited a mean worldmindedness of 112.74.

Few other studies (Brooks and Rosson, 1982; Ogram, 1982), however, did not find sufficient supportive evidence.

Foreign travel was found to be a significant variable in favour of exporting by Barrett and Wilkinson (1986), Angelmar and Pras (1984), Garnier (1982), Karafakioglu (1986), Simmonds and Smith (1968), Wood (1982), and to some extent[6] Daniels and Goyburo (1976). Studies by Sampson and Kujawa (1974), Ogram (1982), and Brooks and Rosson (1982) did not however reveal any meaningful relationship. The last mentioned authors concluded that '...the findings do not lend support to the view that decision makers in exporting firms...(have) more international orientation (as measured by international travel behaviour)'.

Foreign Language (communication) capability of relevant staff was found to be a significant determinant of export behaviour. Dichtl et al. (1984) and Kulhavy et al. (1982) found out that the exporter is likely to speak more languages than the non-exporter. Daniel and Goyburo (1976) found significance only for the English language given its wide usage in international business.

Another related decision maker characteristic which has been found to be positively related to export initiation is *international ethnic ties*. A study by Jackson (1981) found that *Zionist* links of British Jews was a significant factor in explaining the flow of Israeli exports into Britain. Crick and Chaudhry (1997) also found such ethnic and social links to be important in explaining the high percentage of British-based Asian SMEs whose first export markets was East Africa. Further supportive evidence was reported in Zafarullah, Ali and Young's (1998) recent Pakistani study. This is hardly surprising as it actually reflects the use by decision makers of their social, specifically ethnic connections, contacts and networks – a situation immensely facilitated by high cultural similarities and low psychic distance.

Positive perceptions are another set of decision maker characteristics which have been widely researched. Fairly consistent findings have emerged in respect of a number of characteristics. Ford and Leonidou's (1991) review article concluded that 'firms with a decision maker perceiving risk in the export market as being lower versus risk in the domestic market, profits in the export market as being higher versus profits in the

[6]Daniels and Goyburo's findings relate only to prior travels to countries of the same economic bloc. This supports earlier findings about exporting starting from psychologically close countries (Wiedersheim-Paul et al., 1975; Johanson and Vahlne, 1975; Dichtl et al., 1983) or to protected markets (Hirsch and Adar, 1974).

domestic market, and costs in the export market as being lower versus costs in the domestic market are more likely to become exporters'. Miesenbock (1988) however considers 'the explanatory power of psychologically oriented research in internationalisation ...(as) controversial'.

Decision makers in exporting firms have been found to *perceive fewer export risks* (Brooks and Rosson, 1982; Cavusgil et al., 1979, Cavusgil and Naor, 1987; Cavusgil and Nevin, 1981; Roy and Simpson, 1981; Schlegelmilch, 1986; Sampson and Kujawa, 1974; Tesar and Tarleton 1982; Wood, 1982); have *lower perceptions of exporting cost* than those in non-exporting firms (Brooks and Rosson, 1982; Simpson and Kujawa, 1974; Ogram, 1982; Axinn, 1991; Simmonds and Smith, 1968; Roy and Simpson, 1981); but *more positive perceptions of profits and growth* (Cavusgil, 1984; Cavusgil and Nevin, 1981; Czinkota and Johnson, 1983; Daniels and Goyburo, 1976; McConnell, 1977; Piercy, 1983; Axinn, 1991; Simmonds and Smith, 1968, Pavord and Bogart, 1975; Tookey, 1964; Bilkey and Tesar, 1977; Tesar, 1975; Tesar and Tarleton, 1982; Withey, 1980; Gronhaug and Lorentzen, 1982; Simpson and Kujawa, 1974, Ogram, 1982); and generally *more positive attitude towards exporting* (Dichtl et al., 1984; Hunt et al., 1967; Kizilbash and Maile, 1977; Cavusgil, 1984).

Exporters were also found to be *more aggressive and dynamic* (Bilkey and Tesar, 1977; Kulhavy and Perkett, 1963; Ogram, 1982; Simmonds and Smith, 1968); *more creative and innovative* (Simmonds and Smith, 1968); *more self-confident* (Kulhavy et al., 1982); and *more flexible* (Dichtl, 1984; Muller and Koglmayr, 1986). No statistically significant difference was found, however, between exporters and non-exporters with respect to their *self-perception* (Brooks and Rosson, 1982; Diamontopolous and Inglis, 1985; Kaynak, 1982; Kulhavy et al., 1982).

3.32 Firm Characteristics

Age of the firm

The balance of empirical evidence suggests that younger firms are more active in exporting (Ursic and Czinkota, 1984; Kirpalani and MacIntosh, 1980; Bilkey, 1977; Lee and Brasch, 1977; Garnier, 1974; and Snavely et al., 1964). While some studies found no correlation between firm's age and exporting (Bell, 1994; Keng and Jiuan, 1988; Ogram, 1982; Ong and Pearson, 1982; Reid, 1982; and Daniels and Goyburo, 1976), a few others found that older firms are more likely to be exporting (Tyebjee, 1994; Sullivan and Bauerschmidt, 1987; Bauerschmidt et al., 1985; Welch and Wiedersheim-Paul, 1980).

History of the firm, including its previous experience of extra-regional expansion was found to be a significant precursor of export initiation (Wiedersheim-Paul et al., 1978; Garnier, 1982). Included here, also, is what has been referred to as 'inward internationalisation', or importing experience (Welch and Luostarinen, 1993; Luostarinen et al., 1994).

Size

Findings on the impact of size on export performance have been mixed, so concluded Aaby and Slater (1989) and Miesenbock (1988) on the basis of their extensive review of published export research. Bilkey's (1978) own conclusion based on a 40 article-review leans more towards the non-importance of size. He says : 'beyond some point exporting is not correlated with size' - a view corroborated by Withey's (1980) empirical finding of a critical mass[7] of 20 employees for internationalisation.

Tyebjee (1994) compared, through meta-analysis, the results of nine studies measured along exporter versus non-exporter basis and those measured on 'some dimension of export performance' (Aaby and Slater, 1989). He concluded that 'the effect of organisation size may be stronger on initial entry than on building extended involvement'.

A positive relationship between export propensity and firm size (employees number) has been reported in a number of studies (Chetty and Hamilton, 1993; Oritz-Buonafina, 1990; Miesenbock, 1988; Burton and Schlegemilch, 1987; Cavusgil and Naor, 1987; Barrett and Wilkinson, 1986; Daniels and Goyburo, 1976; Hirsch, 1971; Kaynak, 1985; McConnell, 1979; Reid, 1982, 1983, 1986; Schwarting et al., 1982; Muller and Koglmayr, 1986; Tookey, 1964; Walters, 1985; and Yaprak, 1985; Cavusgil and Nevin, 1981).

Keng and Jiuan (1989) found that 'exporters were significantly larger than non-exporters in terms of the size of their workforce and annual sales volume'. Similar

[7]Exporting was found to be highly unlikely among firms with less than twenty employees. Firms employing between 20 and 100 workers were not significantly different in terms of export involvement.

finding was made by Tyebjee (1994) in respect of 'firms which had crossed the internationalisation threshold'. Reid (1982) concludes that 'absolute size using traditional indicators (assets, employees, functional specialisation, and sales) predominantly affects ... export entry'. According to him, small firms' export expansion is influenced by financial and human resources such as sales, assets, number of employees, but to a lesser extent the firm's stock of managerial personnel. Garnier (1982) also found that 'as a general rule there is a larger percentage of exporters among large firms than among small firms'. Christensen et al. (1987) and Gronhaug and Lorenzen (1982) equally found size-related differences between exporters and non-exporters.

Studies that found size unimportant include Bell (1994), Cavusgil (1982), Kirpalani and MacIntosh (1980), Bilkey and Tesar (1977), McGuinness and Little (1981), Czinkota and Johnston (1983), Diamantopoulos and Inglis (1988), and Piercy (1981a). Cooper and Kleinshmidt (1985) even found a negative relationship between size and export intensity. It would therefore appear that SMEs need not see size as a deterrent to export market entry.

Positive relationship was also found between the *size of a firm's sales* and exporting (Cavusgil, 1984; Cavusgil et al., 1979; Daniels and Goyburo, 1976; Kaynak, 1985; Malekzadeh and Nahavandi, 1984; Piercy, 1981; Schwarting and Wittstock, 1981; Yaprak, 1985), although a few others found no significant relationship (Cavusgil, 1981; Reid, 1982; Seringhaus, 1986/1987; Stening and McDougall, 1975). A negative relationship was even reported by Crookell and Graham (1979).

Firm's ownership of capital equipment was found to be a significant discriminator between exporters and non-exporters (Ogram, 1982). Similar positive association was established between *firm's assets* and export market entry by Reid (1982). Tesar and Tarleton (1982) however found neither the above nor the *number of manufactured products* to be significant indicators of exporting.

Management Commitment

Most studies (Jain and Kapoor, 1996; Cavusgil and Kirpalani, 1993; Madsen, 1989; Bello and Barksdale, 1986; Barrett and Wilkinson, 1986; Cavusgil, 1984; Cavusgil et al., 1979; Gronhaug and Lorenzen,1982; Kirpalani and MacIntosh, 1980; Rosson and Ford, 1982; and Sullivan and Bauerschmidt, 1987; Cavusgil and Nevin, 1981; Ford and

Leonidou, 1991; Bilkey and Tesar, 1977; Kaynak and Kothari, 1984; Weaver and Pak, 1980; Rabino, 1980; and so on) have found a positive relationship between management commitment, perceptions, disposition, and motivations and export behaviour. According to Aaby and Slater (1989), 'it appears that management commitment and management perceptions and attitudes towards export problems and incentives are good predictors of export (behaviour)'. The few exceptions are Reid (1983, 1984), whose study of 89 small firms established no correlation between export commitment/predisposition and export market entry; and Eshghi (1992) who argues that 'the underlying assumption of a positive correlation between attitude and behaviour in exporting is not valid under all circumstances'. Eshghi clearly has a point : 'not valid under all circumstances', suggests *that it is valid for most circumstances!*

Management Perceptions, Attitudes, and Motivations

Many researchers on exporting have also found the above factors to be very influential discriminators between positive export behaviour and negative export behaviour (Ogram, 1982; Cavusgil and Nevin, 1981; Dichtl et al., 1990; Johnston and Czinkota, 1985; Louter, et al., 1991; Keegan, 1984; Ford and Leonidou, 1991; Bilkey and Tesar, 1977; Kaynak and Kothari, 1984; Weaver and Pak, 1980; Chetty and Hamilton, 1993; and so on).

Bauerschmidt et al. (1985); Kaynak and Stevenson (1982); Kaynak and Kothari (1984); and Malekzadeh and Nahavandi (1985) found that management of firms already exporting did not *perceive* export assistance and tax incentives as important as did non-exporters. Similarly, exporters tend to *perceive* external financial incentives to be less important than do non-exporters (Bauerschmidt et al., 1985; Bello and Barksdale, 1986; Gottko and McMahon, 1988; Rabino, 1980). It was also found that firms whose management *perceive* large domestic market opportunities (or have domestic supply problems) are less likely to export than those that have capacity available and can grow within existing infrastructure (Sullivan and Bauerschmidt, 1987; Cooper and Kleinschmidt, 1985; Kaynak and Stevenson, 1982; Rabino, 1980; McConnell, 1979).

A number of studies have however found little or no relationship or sometimes an inverse relationship between management attitudes and behaviour (Cavusgil and Naor, 1987; Reid, 1983, 1984; Schlegemilch and Crook, 1988). This additional inconsistency in exporting literature was the focus of an earlier-mentioned empirical study by Eshghi (1992).

Managerial Characteristics

Long range (market) planning was found to be positively related to exporting in most studies (Burton and Schlegelmilch, 1987; Cavusgil and Naor, 1987; Ursic and Czinkota, 1984; Cavusgil, 1984; Cavusgil and Nevin, 1981; Cavusgil et al., 1979; Cunningham and Spigel, 1979; Karafakioglu, 1986; Kaynak and Kothari, 1984; Kleinschmidt and Cooper, 1984; MacDonald, 1983; Malekzadeh and Nahavandi, 1984; Malekzadeh and Rabino, 1986; Ong and Pearson, 1982; Schlegelmilch, 1986; Bilkey and Tesar, 1977; Tesar, 1977; Walters, 1982; Tookey, 1964). Barrett and Wilkinson (1986) reported that 'the greater the level of internationalisation, the more likely are firms to have written general plans for a longer period and written plans for exporting'. An inconclusive result was obtained however by Tesar and Tarleton (1982).

Several other studies found a much higher propensity to export among firms *with formal market planning or export exploration procedures* (Cavusgil and Nevin, 1981; Cavusgil, 1984a; Denis and Depelteau, 1985; Malekzadeh and Nahavandi, 1985; Burton and Schlegelmilch, 1987; and Diamantopoulos and Inglis, 1988). Cavusgil (1984a, 1984b), Christensen et al., (1987), Daniels and Robles (1985), Malekzadeh and Nahavandi (1985), Piercy (1981a, 1981b), and Reid (1983, 1986) found that *the use of a formal approach to market planning* separated companies that are still exporting from those that abandoned their export efforts. A similar finding was reached by Barrett and Wilkinson (1986) among Australian firms : current exporters and firms considering exporting are more likely to set specific goals than non-exporters and ex-exporters. Daniels and Goyburo (1976) found the use of organisational planning to be significantly higher in exporting firms. The foregoing explains Aaby and Slater's (1989) conclusion to the effect that 'the implementation of a process for systematically exploring, analysing, and planning for export seems to be a very powerful discriminator between ... exporters and non-exporters'.

Technology

Technology intensity is consistently found to be related to propensity to export (Beamish and Munro, 1987; Cooper and Kleinschmidt, 1985; Cavusgil, 1984; McGuinness, 1983; Joynt, 1982; Cavusgil and Nevin, 1981; McGuinness and Little, 1981; Daniels and Robles, 1982; and Reid, 1982; Topritzhofer and Moser, 1979; Tesar, 1977). Reid's (1986) conclusion, based on a 89 indigenous Canadian firms sample was that mere possession of specialised knowledge (technology) may encourage a firm to early entry into an export market, but does not significantly affect export performance.

Research and Development

Exporters were found to spend more money on R & D than non-exporters (Burton and Schlegelmilch, 1987; Ogram, 1982; McGuinness and Little, 1981b; McConnell, 1979). According to Ogram (1982), 'R & D as a percentage of sales ran somewhat higher for exporters than non-exporters'. It is not surprising therefore that the former perform significantly better in *product development* than the latter (Tesar, 1982). The results from Tyebjee's (1994) earlier-mentioned meta-analysis however suggest that R&D spend is of less importance at export entry stage than for extended involvement.

Market Research

Systematic market research discriminate between exporters and non-exporters (Cavusgil, 1984a; Cavusgil and Nevin, 1981; Cavusgil et al., 1979). Findings, indeed, abound which associate active information search with positive export behaviour (Welch and Wiedersheim-Paul, 1980; Cavusgil, 1980; Burton and Schlegelmilch, 1987). A U.K. study by McAuley (1993) reported that 'personal contacts and those sources where there is a high chance of interaction (overseas agents, personal contacts, overseas and trade fairs) between the enquirer and the provider tend to be the most popular'.

Product Quality

Consistent with the evidence on technology above, supportive findings have been made on the importance of *unique product attributes and quality* (Burton and Schlegelmilch, 1987; Cavusgil and Nevin, 1981; McGuinness and Little, 1981; Michell 1979). Unique and sophisticated products and patents were found to be more common among exporters than non-exporters (Garnier, 1982; Cavusgil and Nevin, 1981; Cavusgil et al., 1979; Daniels and Goyburo, 1976; Snavely et al., 1964). Daniels and Robles (1985) concluded that product quality was a key competency for Peruvian exporters. Joynt (1982) made similar findings in respect of Norwegian exporters.

Cavusgil and Naor (1987), Malekzadeh and Nahavandi (1985), Cavusgil (1984a), and Wiedersheim-Paul and Erland (1979) however found product quality to be non significant in discriminating exporters and non-exporters. A recent qualitative study of four Greek food manufacturing exporters found that 'exports were initiated with low quality products ... (as a result of) the small investment employed by the investigated manufacturers' (Chryssochoidis, 1996).

Product Types

Differences have been found in export behaviour according to industry or product type (Kedia-Chhokar, 1986; Schlegelmilch, 1986b; Cannon and Willis, 1983; Garnier, 1982; Wiedersheim-Paul et al., 1978; Hirsch and Lev, 1974). Garnier (1982) concluded based on a study of Canadian printing and electrical industries that 'the most immediate cause of export(ing) ... is the nature of the product or service offered by the exporting firm. He attributed the low export propensity of general printing firms[8], relative to specialist printers[9], to such characteristics as low skill level, low intrinsic value, bulkiness and high transportation costs. Tyebjee's (1994) U.S. study found that initial exporters have products with faster obsolescence rates relative to non-exporters, suggesting that manufacturers in industries characterised by short life cycles are 'motivated to accelerate their entry into the international markets'.

Distribution

Emphasis on distribution, delivery and service has been found to be positively related to export propensity (Gottko and Mcmahon, 1988; Sullivan and Bauerschmidt, 1987; Bello and Barksdale, 1986; Bilkey, 1985; Bodur and Cavusgil, 1985; Johnston and Czinkota, 1985; Cooper and Kleinschmidt, 1985; Kaynak and Kothari, 1984; Kaynak and Stevenson, 1982; Brooks and Rosson, 1982; Rosson and Ford, 1982; Cavusgil and Kaynak, 1982; Tesar, 1982; Brady and Bearden, 1980; McConnell, 1979; Topritzhofer and Moser, 1979). Keng and Jiuan (1988) also found that exporters perceive the selection of distribution channels to be more important than non-exporters. Kirpalani and MacIntosh (1980) did not however find the export channels to be significant.

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[8] Firms that print envelopes, advertising materials, newspapers, magazines, and so on.
[9] Printers of bank notes, theatre tickets, artistic book bindings.

Advertising and Promotion

Findings on the relationship between advertising and promotional activities and export initiation have been mixed. While Keng and Jiuan (1988) found more favourable perceptions of advertising and sales promotion among Singaporean exporters (relative to non exporters), Oritz-Buonafina (1990) reported no such difference between small U.S. firms at different stages of internationalisation. Crick and Chaudhry's (1995) study of the export practices of Asian SMEs in the UK found a rather basic level of promotional (and marketing) activity.

Finance

Empirical findings on the effect of financial advantages on exporting appear inconclusive (Cavusgil and Naor, 1987; Malekzadeh and Nahavandi, 1984). A study by Tybejee (1994) reported, however, that 'exporting firms have received more rounds of venture capital financing than those with only domestic sales'. Cavusgil and Nevin (1981) also found out that probability of exporting does not increase when capital investment is low. The availability of foreign exchange guarantees appears to be a significant correlate of positive export behaviour (Topritzhofer and Moser, 1979).

3.33 Characteristics of the Firm's Environment

Empirical findings on firm's environmental characteristics can broadly be categorised into two : those related to the firm's domestic environment and those concerned with foreign (export) market attractiveness.

Firm's Domestic Environment

Miesenbock's (1988) review article observed that 'the home country of the firm also determines the performed export behaviour'. The legal system, according to him, 'may facilitate (e.g. tax advantages in exporting) or complicate (e.g. foreign exchange regulations) international business. The same holds for infrastructure (e.g. distribution facilities or impediments)...national educational system. International orientation may be influenced by mentality, etc...'. Also reviewing relevant previous research, Tyebjee (1994) remarked that 'both the level of export involvement and the factors which explain export involvement are affected by the country of nationality of the firm'. Chetty and Hamilton (1996) reported that 'in New Zealand's case, export developments were hindered by an adverse environment'. Ford and Leonidou's (1991) review similarly concluded that 'firms ... operating in large domestic markets, and facing various infrastructural and institutional obstacles are less likely to become exporters'.

Wiedersheim-Paul et al. (1978) model of pre-export behaviour and Garnier's (1982) 'theoretical model of the export process in a small firm', both reflect aspects of the domestic environment. The former suggests that firms' location within an 'enterprise environment' facilitates an efficient exchange of information as well as create 'possibilities for 'contagion transmission' of ideas from other firms, in different stages of expansion'. Garnier (1982) also sees general characteristics of the environment as well as industry in which small firms operate as affecting their decision 'to export or refrain so doing'. Bilkey (1978) and Pavord and Bogart (1975) identified 'adverse home market conditions' as a push factor in export initiation. One such adverse home market condition is 'home market saturation' (Cooper and Kleinschmidt, 1985; Glejser et al., 1980; Roux, 1987).

Type of Industry

Industry membership, or the structural characteristics of the industry, determine the conditions in which a firm competes and consequently its internationalisation (Tyebjee, 1994). These industry differences[10] have been found in a number of studies to distinguish between exporters and non-exporters (Amine and Cavusgil, 1986; Schlegelmilch, 1986; Piercy, 1982; Garnier, 1982). Schlegelmilch (1986) found that factors which explain the level of export intensity in the food processing industry are different from those in the mechanical engineering industry. Another study by McGuinness and Little (1981) reported that the level of export involvement was higher for high technology companies.

[10] See discussion on the review of product life cycle literature (Section 2.10).

Foreign (Export) Market Attractiveness

Studies have found such environmental factors as foreign government-imposed barriers (McGuinness and Little, 1981; Alexandrides, 1971; Bilkey and Tesar, 1977; Michell, 1979; Rabino, 1980) and poor infrastructure (road and telephone systems) to be significant barriers to export market choice (Bilkey and Tesar, 1977; Green, 1982). Ford and Leonidou (1991) reported that 'firms producing products which have to be modified in order to conform with the rules and regulations of foreign governments ... are less likely to become exporters'. Further discussion of these and related issues is continued in section 3.5 on 'export problems and barriers'.

3.4 EXPORT SUCCESS FACTORS

The literature is replete with a number of measures of export performance. Aaby and Slater (1989) identified two fundamental approaches namely, separating firms into categories of exporters and non-exporters (Cavusgil and Nevin, 1981; Christensen et al., 1987; Yaprak, 1985; Burton and Schlegelmilch, 1987) and measuring firm's position on *some dimension of export performance*. What constitute the appropriate dimensions for export performance measurement have, however, remained an issue. Cavusgil and Zou (1994) enumerated the export performance measures used in previous research studies as including : export sales level; export sales growth; export profits; ratio of export sales to total sales; ratio of export profits total profits; increase of importance of export to total business; overcoming barriers to export; propensity to export; acceptance of product by export distributors; export involvement ; exporter internationalisation; and attitudes toward export. Shalom's (1996) and Gemunden's (1991) classification of 'measurement of export success', broadly agree with Cavusgil and Zou's (1994) list below – see Table 3.5.

Performance Measures	Illustrative Studies
Export sales level	Bello and Williamson (1985); Bilkey (1985); Cavusgil (1984a); Cooper and Kleinschmidt (1985); Fenwick and Amine (1979); Madsen (1989); McGuinness and Little (1981); Sood and Adams (1984); UK Awards.
Export sales growth	Cooper and Kleinschmidt (1985); Kirpalani and McIntosh (1980); Madsen (1989); UK Awards.
Export profits	Bilkey (1982, 1985); Madsen (1989); UK Awards.
Ratio of export sales to total sales	Axinn (1988); UK Awards.
Ratio of export profits to total profits	UK Awards.
Increase of importance of export to total business	UK Awards.
Overcoming barriers to export	Bauerschmidt, Sullivan and Gillespie (1985); Sullivan and Bauerschmidt (1987); UK Awards.
Propensity to export	Bilkey (1985); Cavusgil (1984b); Denis and Depelteau (1985); Kaynak and Kothari (1984); Piercy (1981a); Reid (1986); Rosson and Ford (1982).
Acceptance of product by export distributors	Angelmar and Pras (1984).
Export involvement	Diamantopoulos and Inglis (1988).
Exporter internationalisation	Piercy (1981b).
Attitudes toward export	Brady and Bearden (1979); Johnston and Czinkota (1982).

Table 3.5 : **Export Performance Measures used in Previous Research**

Source : Cavusgil and Zou (1994), 'Marketing-Strategy Performance Relationship'

Empirical works reviewed in this section are those that measured firms' performance on some dimension of export performance (export sales level, export sales growth [Styles and Ambler, 1997], export profits, ratio of export sales to total sales, ratio of export profits to total profits). Studies that merely dichotomised between exporters and non-exporters (propensity to export) are therefore excluded. This conforms with all but the last of the qualifying criteria used in Gemunden (1991) meta-analytic critique of empirical export studies, as outlined below in Table 3.6.

All published empirical studies on export marketing which satisfy the following conditions :

1. export success as the dependent variable : export share, growth, or profitability
   not : intention to export or perceived barriers;
2. micro-economic units of analysis : firms, products, ventures, business relationships
   not : countries or industries;
3. export of manufactured goods or services not : export of capital or property rights;
4. quantitative statistical studies
   not : qualitative case studies

Table 3.6: **Gemunden's Inclusion Criteria for Export Performance Studies**

Source : Gemunden (1991), 'Success Factors in Export Marketing'.

A number of models of export performance exist in the literature. These include Styles and Ambler's (1994) 'Hybrid Model of Export Performance; Tyebjee's (1994) 'Factors Influencing Internationalisation'; Gemunden's (1991) theoretical framework; and Aaby and Slater's (1989) 'Strategic Export Model'. Aaby and Slater's (1989) is easily the standard reference, as its major thrust has been confirmed by other researchers notably Chetty and Hamilton (1993), Styles and Ambler (1994), and so on. One significant addition which Styles and Ambler's (1994) 'hybrid model' made to Aaby and Slater's (1989) model relates to Relationships. This modified version (see Figure 3.6 below) therefore forms the framework for the following review of the findings on critical export success factors.

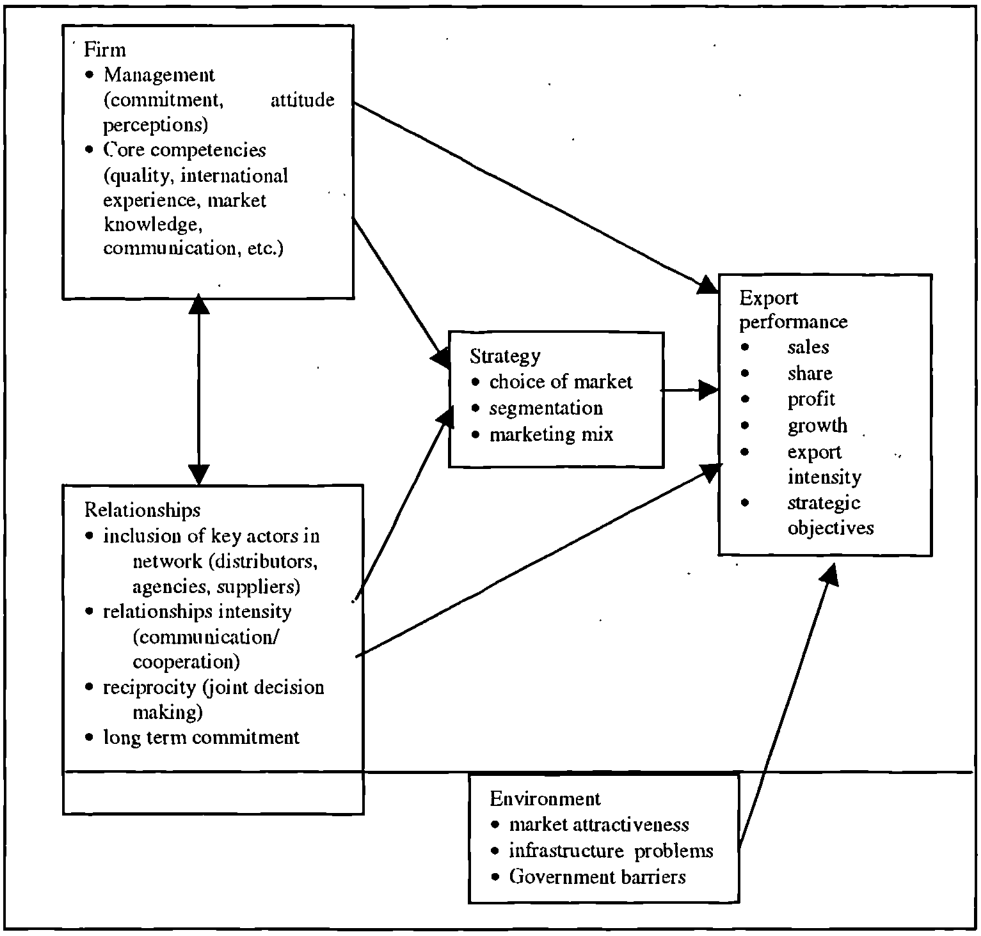

Figure 3.6 : **Styles and Ambler's Hybrid Model of Export Performance**
Source : Styles and Ambler (1994), 'Successful Export Practice...'.

3.41 Firm's Characteristics

Management Characteristics (commitment)

Most studies (Gray, 1997; Styles and Ambler, 1997; Cavusgil and Zou, 1994; Cavusgil, 1994; Cavusgil and Kirpalani, 1993; Ford and Leonidou, 1991; Madsen, 1989; Axinn, 1988; Sullivan and Bauerschmidt, 1987; Bello and Barksdale, 1986; Cavusgil, 1984; Kaynak and Kothari, 1984; Johnson and Czinkota, 1983; Gronhaug and Lorenzen,1982; Rosson and Ford, 1982; Jackson, 1981; Cavusgil and Nevin, 1981; Kirpalani and MacIntosh, 1980; Weaver and Pak, 1980; Cavusgil et al., 1979; Bilkey and Tesar, 1977; and so on) have found a positive relationship between management commitment, perceptions, disposition, and motivations and export performance. It is therefore not surprising that all the major review articles concluded on the importance of management disposition, perceptions, awareness, and attitudes as dependable determinants of export performance (Chetty and Hamilton, 1993; Ford and Leonidou, 1991; Aaby and Slater, 1989). Aaby and Slater (1989) put it this way : 'it appears that management commitment and management perceptions and attitudes towards export problems and incentives are good predictors of export success'. Styles and Ambler (1997) found market commitment to have developed through a progression of steps, with experiential data and market knowledge being the intermediate stages. In a recent New Zealand study, Gray (1997) developed a typology of senior marketing decision makers (International Achievers, International Strivers, and International Pessimists), and concluded that 'more highly internationalised managers do tend to work for better-performing export companies'.

Management Perceptions, Attitudes, and Motivations

Management perceptions appear to be one of the most important firm determinants for export success. Studies have found that management that perceive large domestic market opportunities (or have domestic supply problems) are likely to have poorer export performance than those that have capacity available and can grow within existing infrastructure (Sullivan and Bauerschmidt, 1987; Cooper and Kleinschmidt, 1985; Kaynak and Stevenson, 1982; McConnell, 1979; Rabino, 1980). Douglas' (1996) recent study of Peruvian exporters reported that export performance was enhanced by 'the positive perceptions of the management regarding exports', adding that 'these internal management related qualities have not been diminished by the critical situation of the country'.

Export success has been found to be positively associated with perception of export profitability (Bilkey, 1982), but negatively correlated with perceptions on the effect of government assistance (Olson, 1975). A recent study involving senior marketing decision makers in New Zealand found positive correlation between firms' export performance and decision makers 'aspirations for company growth and profits from international business operations' (Gray, 1997). Another recent study involving Australian service exporters suggests that managers' perception of satisfaction with past export performance is 'a key determinant of future export behaviour' (Patterson et al., 1997). Douglas (1996) however reported that 'government incentives such as tax and grants did not benefit the firms who had better performance'. Management attitude towards risk-taking was also found to significantly affect export performance – more positive attitude yields better export performance (Cavusgil, 1984).

Several studies have also reported on the importance of *top management support* to export success (Cunningham and Spigel, 1979; Cannon and Willis, 1983; Fenwick and Amine, 1979; Kirpalani and MacIntosh, 1980; Stening and MacDougall, 1975; Suzman and Wortzel, 1984; Pinney, 1970). Bilkey and Tesar (1977) found this to be true of experimental exporting, with the reverse being the case for experienced exporting.

Size of the Firm

Exporters with large firm size (Hunt et al., 1970; Tookey, 1964) and an adequate number and high quality of export sales staff (Hooley and Newcomb, 1983; BETRO Report, 1976; Tookey, 1975; Hunt et al., 1970; Tookey et al., 1967) have more chances of being successful in exporting. Hansen et al. (1994) found that large SMEs (measured by average annual sales and number of employees) reported higher levels of export intensity. Douglas (1996) found size, as defined by number of employees, to be positively related to export performance of Peruvian firms. Ford and Leonidou (1991) explained this in the context of the 'financial, manpower, marketing and production advantages' associated with large size.

Support for Bonaccorsi's (1992) conclusion that firm size is not positively related to export intensity has however been reported by Sriram and Manu (1995). According to these authors, although the type 1 exporters (export mainly to developing countries) in their sample were on the average smaller than the type 2 firms (export mainly to developed countries), they had a higher export intensity.

Age of the Firm

It would appear that the age of the firm is positively related with export intensity. Hansen et al. (1994) found that export intensity was higher than expected for older SMEs. Thirty-five percent of the SMEs that have been in operation for less than a decade exported no more than 5 percent of their total sales, whereas almost 50 percent of those that had existed for 30 years and above exported over 50 percent of their sales.

3.42 Firm's Competencies

Quality of Management

Ford and Leonidou's (1991) fairly comprehensive review of export behaviour literature concluded that 'exporters with high quality management and with determination to succeed in international markets, possessing a marketing orientation in exporting, committing themselves to exporting with a long-term emphasis, frequently visiting their foreign markets, with internationally oriented management philosophy, with a high foreign language frequency by their export staff and clear communication with their foreign customers, are more likely to have a successful export business'. Bilkey and Tesar (1975) found that researchers who obtained their initial export order had better and more dynamic management than those whose initial order was unsolicited. Other studies which made similar findings include Bilkey (1978), Kamath et al. (1987), Dominguez and Sequeira (1993), Reid (1982), Tookey (1964), BETRO Report (1976), Simpson (1973), Tesar (1975), Naor (1980), Ogram (1982), Cunningham and Spigel (1971), Wiedersheim-Paul et al. (1978).

Communication Capability

Foreign language (communication) capability of export staff was found to be a significant determinant of export success (Ford and Leonidou, 1991; Cunningham and Spigel, 1971; Hooley and Newcomb, 1983; Mason, 1980). Bello and Barksdale (1986) found some positive relationship, but only for trade show exhibitors without export commitment and export staff. Joynt (1982) however did not find any such problem as the Norwegian firms sampled all had considerable foreign language competence. Sullivan and Bauerschmidt's (1987) conclusion was that Europeans see language capabilities as less of a barrier to export than do Americans.

Export/International Experience

A positive association has also been found between export experience and export success (Seringhaus, 1987/88; Musangu, 1985; Cavusgil, 1984b; Kirpalani and MacIntosh, 1980; Fenwick and Amine, 1979; Topritzhofer and Moser, 1979; Stening and MacDougall, 1975). Related findings have also been made about *international experience and competence* as key success factors in export marketing (Ford and Leonidou, 1991; Cavusgil and Zou, 1994; Aaby and Slater, 1989).

Organisational (export) Control

Reliance on formal control systems for monitoring export market performance (Kirpalani and MacIntosh, 1980; Burton and Schlegelmilch, 1987) and decentralised decision making (Christensen et al., 1987) were found to be attributes of successful exporters. Successful exporters also, were found to have stronger quality control function, better organised departments and more qualified departmental heads than ex-exporters (Burton and Schlegelmilch, 1987; Christensen et al., 1987).

3.43 Relationships

Channel Relationships

Significant positive relationships have been found between 'good personal contact and joint decision making with channel members' (Madsen, 1989), 'contact and resource intensity' and export performance (Rosson and Ford, 1982). Other studies have similarly found a positive relationship between the number of visits to a foreign market and export performance (Styles and Ambler, 1994; 1997; Ford and Leonidou, 1991; Kaynak and Kothari, 1984a; Jackson, 1981; Kirpalani and MacIntosh, 1980; BETRO Report, 1976; Tookey, 1975; Cunningham and Spigel, 1971; Root, 1964). Styles and Ambler's (1994) study of Queen Export Award winners concluded that 'by far the most valued ... information was gathered via interactions with key network members such as retailers, wholesalers, importers and distributors'. These same authors further confirmed in a most recent study involving 434 SME export projects[1] that during their first five years, high export performers are more likely than their less successful counterparts to :

> Visit their export markets to better understand their consumers...
> Build close, trusting long term partnerships with their foreign distributors...
> Communicate regularly with their distributors and importers...

[1] Made up of 202 UK and 232 Australian export projects.

Similar observations were made by Cavusgil (1994) while discussing the new and exciting phenomenon referred to as 'born globals' :

> ...successful international business today is synonymous with successful partnerships with foreign businesses – distributors, trading companies, subcontractors, etc. Inexperienced managers have a solid chance in succeeding in international business if they take the time to build mutually beneficial, long-term alliances with foreign partners...managers should tap into formal and informal networks in order to position themselves as proactive players in international business.

Export Co-operation

Another aspect of marketing relationships which has been linked to export performance is export co-operation[2]. This can take the form of export consortia which, for the SME, mitigate some of the problems associated with internationalisation, including lack of market intelligence and contacts (Fletcher and Wheeler, 1989; Welch and Joynt, 1987; Mansfield, Wheeler and Young, 1987). Hansen et al. (1994) found a 'high degree of co-operation among Danish SMEs' in their journey toward the export market. Among respondents exporting more than 5 percent of their sales, 43 percent reported having employed other SMEs as subcontractors; 39 percent co-operated directly with other Danish firms in joint export arrangements. It would appear however that export performance and export co-operation move in opposite directions : SMEs with relatively large export sales had less than expected use of subcontractors for exports, while those with relatively small sales use such arrangements more than expected (Hansen et al., 1994).

[2] Arnould and Gennaro (1985) showed how export co-operation involving innovative, high-technology SMEs from Grenoble (France) and Turin's (Italy) Chambers of Commerce could enhance their prospects in key markets, such the United States and Japan.

3.44 Export Marketing Strategy

Export marketing has operationally been defined as 'a consistent pattern or combination of decision components representing market selection (i.e., the degree of worldwide orientation and market segmentation), marketing mix, and marketing mix adaptation to foreign markets, which characterises the way businesses tend to compete in export markets' (Namiki, 1994). A positive relationship exists between export performance and export marketing strategy (Cavusgil and Zou, 1994; Namiki, 1994; Bilkey, 1982; Christensen, da Rocha, and Gertner, 1987; Cooper and Kleinschmidt, 1985; McGuinness and Little, 1981; Rosson and Ford, 1982). According to Cavusgil and Zou (1994), exporting can be perceived as a strategic response by management to the interplay of internal (firm characteristics, including products) and external (industry and export market) factors. Namiki's (1994) study identified, through taxonomic analysis, six distinct strategy types among U.S. electronics exporters, namely 'innovative differentiation, low price leadership, promotion and technology based differentiation, low price with de-emphasis on technology, marketing differentiation with product adaptation, and 'stuck in the middle'. He found two strategy types (low price leadership and innovative differentiation) to be particularly successful.

Export planning has been defined as a set of activities that serve to determine future strategies of the firm (Robinson and Pierce, 1988). Shoham (1996) found that 'planning has a positive effect on all four sub-dimensions of performance', and significantly so 'for sales and sales' change. The results from the survey data and in-depth interviews 'established the importance of export planning as a predictor of performance', hence the conclusion that 'planning results in the identification of strategies that enhance performance'.

A positive relationship between the use of formal approach to export planning and firm's continuation in export business has also been found (Naidu and Prasad, 1994; Christensen et al., 1987; Malekzadeh and Nahavandi, 1985; Daniels and Robles, 1985; Cavusgil, 1984b; Kaynak and Kothari, 1984; Cavusgil and Nevin, 1981; Piercy, 1981a). The percentage of time spent planning for international markets has equally been reported to be strongly related to the extent of international involvement (Tyebjee, 1994).

R & D spending was also found to be positively related with export sales (Schlegelmilch and Crook, 1986; Daniels and Robles, 1983; Stening and McDougall, 1975), export growth intensity (Cooper and Kleinschmidt, 1985), and export involvement (Tyebjee, 1994). A negative relationship was however reported by Kirpalani and MacIntosh (1980).

Tyebjee (1994) also found a positive association between investments in information and technology systems and SMEs' market responsiveness.

Product Quality

Consistent with the evidence on technology, supportive findings have been made on the importance of *unique product attributes and quality*. Researchers such as Styles and Ambler (1994), Madsen (1989), Burton and Schlegelmilch (1987), Cavusgil and Nevin (1981), McGuinness and Little (1981), Michell (1979), Topritzhofer and Moser (1979), and Khan (1978) found the possession of unique or 'differentiated' products to be significantly associated with export success. Styles and Ambler (1997), Cavusgil and Naor (1987), Cavusgil (1984a), Malekzadeh and Nahavandi (1985), and Wiedersheim-Paul and Erland (1979) however found product quality to be of no effect. Louter et al. (1991) and (Kirpalani and MacIntosh, 1980) even reported a negative relationship between product uniqueness and export success!

Export sales can also be boosted by *sales service* (Cunningham and Spigel, 1971; Khan, 1978); and *after sales service* (Cunningham and Spigel, 1971; Garnier, 1982).

Product adaptation

Export performance can be enhanced by adapting existing products for foreign markets. Findings to that effect were severally reported by Shoham et al. (1995), Cavusgil and Zou (1994), Tyebjee, (1994), Gemunden, (1991), Burton and Schlegelmilch (1987), Kleinschmidt and Cooper (1985), McGuinness and Little (1981), Kirpalani and MacIntosh (1980), and Topritzhofer and Moser (1979). Sriram et al. (1995) U.S. study reported that for firms whose largest export markets were developing countries, 'product standardisation was ... negatively, *albeit* weakly associated with market share'.

A Brazilian study by Christensen et al. (1987) however came to opposite conclusions : exporters with standardised products are more successful. So did Munro and Beamish (1987), Amine and Cavusgil (1986), and Tookey (1964). Fenwick and Amine (1979) indeed found that product adaptation decreases the chances of export success, while Shoham (1996), Koh (1991), Bilkey (1982), and Khan (1978) found it to be of no effect. Cavusgil and Kirpalani (1993) offered that 'product adaptation on initial export entry is not a necessary component of success. However, subsequent adaptation contributes significantly to success'. A Greek study by Chryssochoidis (1996) which distinguished between foreign market dependent (FMD) exporters and domestic market dependent (DMD) exporters found that 'FMD exporters carried out adaptations to a greater extent, and developed more products than DMD exporters'. The SMEs studied by Hansen et al. (1994) were also found to be very flexible in adapting product and technologies for export markets.

Shoham and Albaum (1994) found a positive relationship between *general adaptation* and export performance. Their explanation was based on their *theory of friction*, defined as the constant friction between the firm and its local representatives in host markets. Such frictions are avoided by adapting overall strategy to suit local circumstances. Shoham et al. (1995) also concluded that 'firms need to use locally adapted marketing strategies especially for psychologically-distant markets'. Douglas' (1996) recent Peruvian study however reported that 'export sales performance was not associated to strategic issues such as adaptation of the marketing mix'.

Standardisation versus adaptation debate is clearly one of those 'no-win' issues in international marketing. After decades of controversy, a middle ground appears to have emerged in the form of the contingency perspective (Jain, 1989; Akaah, 1991; Wind, 1986). Empirical support for this perspective was reported by Cavusgil et al. (1993) study, which 'suggest that the degree of the various aspects of product adaptation and promotion adaptation are significantly affected by company, product/industry, and export market characteristics'.

Product lines

Narrow product lines have been found to be a significant factor in export success (Cavusgil and Zou, 1994; Kirpalani and MacIntosh, 1980). Opposite conclusions (exporters with multiple product lines are more successful) were however reached by Diamantopoulos and Inglis (1988) and Christensen et al. (1987).

Another relevant finding here was on the relationship between the length of a product's life cycle and export involvement. Tyebjee's (1994) conclusion was that firms whose products have long life cycles are more likely to have higher export involvement than those with products of shorter life spans.

Pricing

The balance of empirical evidence suggests the importance of pricing deals (Koh and Robicheaux, 1988; Malekzadeh and Nahavandi, 1985; Kaynak and Kothari, 1984; Bilkey, 1982; Piercy, 1981a, 1981b; Kirpalani and MacIntosh, 1980; Fenwick and Amine, 1979). Successful exporters arrange alternative price 'packages', using tag prices, discounts and credits (Kirpalani and MacIntosh, 1980) as well as use international competitive prices as a benchmark (Christensen et al., 1987; Khan, 1978). Cavusgil (1983) found pricing to be one[3] of the four basic variables for successful export ventures.

There are however studies which found no relationship between price competitiveness and export performance (Edmunds and Khoury, 1986; Bilkey, 1982, 1985; Garnier, 1982; Topritzofer and Moser, 1979; Cunningham and Spigel, 1971; Kirpalani and MacIntosh, 1980; Hirsch, 1971). Michell (1979) found that successful UK exporters gave relatively low importance to pricing factors such as 'lower price than competition' and 'special discounts'.

Price Adaptation

Some studies have found adaptation of pricing and contracts to be positively related to export performance (Shoham, 1996; Shoham et al., 1995; Kirpalani and MacIntosh, 1980). Researchers such as Oritz-Buonafina (1990), Tyebjee (1994), and Crick and Chaudhry (1995) did not however find any predictive effect.

[3] Others are basic company offering, contractual links with foreign distributors and agents, and promotion.

Promotion

Kirpalani and MacIntosh (1980, 1985) found that firms that perceived promotion in export market as important achieved higher levels of export sales than those that placed less emphasis on promotion. It was also found that foreign sales promotion and advertisement increase export sales (Kirpalani and MacIntosh, 1980; Topritzhofer and Moser, 1979; Tookey, 1964). Participation in trade fairs, seminars, congresses, symposia, and exhibitions however appear not to be of any influence (Topritzhofer and Moser, 1979).

Promotion Adaptation

Findings on the influence of product adaptation on export performance are clearly confusing. While Shoham (1996), Shoham et al. (1995), as well as Topritzhofer and Moser (1979) reported positive relationships, Cavusgil and Zou (1994) found a negative relationship between promotion adaptation and export performance. Sriram and Manu (1995) reported that for firms whose largest export markets were developed countries, advertising standardisation has 'a significant positive association with market share'. Tyebjee (1994) found the adaptation of advertisements and sales literature to have no predictive effect on the extent of export involvement.

Distribution

Emphases on distribution, delivery and service have been found to be positively related with export success (Gottko and Mcmahon, 1988; Sullivan and Bauerschmidt, 1987; Bello and Barksdale, 1986; Bilkey, 1985; Bodur and Cavusgil, 1985; Johnston and Czinkota, 1985; Cooper and Kleinschmidt, 1985; Kaynak and Kothari, 1984; Kaynak and Stevenson, 1982; Brooks and Rosson, 1982; Rosson and Ford, 1982; Cavusgil and Kaynak, 1982; Tesar, 1982; Brady and Bearden, 1980; McConnell, 1979; Topritzhofer and Moser, 1979).

Other studies have gone further to establish a positive relationship between distribution strategy and export performance (Bello and Williamson, 1985; Yaprak, 1985; Bilkey, 1982; Rosson and Ford, 1982; Gronhaug and Lorenzen, 1982; Rabino, 1980; Kirpalani and MacIntosh, 1980; Topritzhofer and Moser, 1979; Tookey, 1964). Specific elements identified include external distributor(s)' support (Bilkey,

1982) and timely delivery (Garnier, 1982; Topritzhofer and Moser, 1979; Khan, 1978). A study by Jones, Wheeler and Young (1992) into the UK machine tools industry suggests a positive association between relationship intensity and provision of engineering consultancy and back-up : compared to agents/distributors, 'sales subsidiaries and the category of distributors plus agents responded more positively on the issue of engineering back-up to the customer'.

Physical distribution was however found to be non-significant (Khan, 1978). A study by Kirpalani and MacIntosh (1980) did not, also, find the export channel to be a significant factor in export success.

Adaptation of Sales Force Management

This was found to be positively related to export sales, export profits, and change in profits (Shoham, 1996). The suggestion that conditions in each local market should guide the various elements of sales force management was shared by Schuster and Keith's (1993) three-country (Thailand, Singapore, and Japan) study, which identified the critical decision variables as '(1) government regulations/policies and (2) the company's relationship with its clients'. Shoham et al. (1995) reported that the need for adaptation of distribution increases with psychic distance; reflecting Sachdev et al. (1996) conclusion that 'in a marketplace characterised by high diversity, monitoring and exchange of information should serve as effective control approaches...Manufacturers may compete in foreign markets without completely integrating the international distribution function'. Wheeler, Jones and Young (1996), indeed, reported evidence from their study of the UK machine tools industry 'that a number of foreign parents which had established sales arms in the UK were returning to the use of independent agents/distributors'.

Findings from Sriram et al. (1995) study of U.S firms suggest a situational dimension to the relationship between export distribution method and performance. For firms exporting predominantly to developing countries, 'using a direct distribution method was negatively associated with market share'. The reverse was the case for their counterparts whose major export markets were developed countries.

Market research

There appears to be little support for the importance of formal market research as a success factor in export market (Styles and Ambler, 1994; Madsen, 1987). Madsen's (1989) empirical study found no relationship between 'a priori market research' and export performance, while Langeard et al. (1976) found a negative relationship between primary market research and export success of a small-sized firm. Other researchers, notably Cunningham and Spigel (1971), Khan (1978), and Hart et al. (1994) however reported some positive relationship. According to Hart et al. (1994), 'the spread of export activity, in terms of the number of geographic regions covered is associated with the importance of background information and the use of informal market research'. It has also been found that firms which execute their own export market research report higher export performance (Sood and Adams, 1984; Stening and McDougall, 1975). This was not found to be the case where research was conducted by some agency (Topritzhofer and Moser, 1979; Stening and McDougall, 1975).

Number of Export Markets

This is another issue which 'has produced more heat than light' (Young, 1990). While some studies have reported positive relationship between export market expansion strategy and export performance (Lee and Yang, 1990; Diamantopoulos and Inglis, 1988; Denis and Depelteau, 1985; Cooper and Kleinschmidt, 1985; Piercy, 1981b, 1981c; Hirsch and Lev, 1973), others found negative relationship (Sriram et al., 1995; Jung, 1984; Attiyeh and Wenner, 1979; BETRO Report, 1976). Yet others found no relationship (Douglas, 1996; Donthu and Kim, 1993; Piercy, 1981a). A U.S. study by Malone (1994) related the number of export markets to company size, and concluded that 'the number of export markets does increase slightly as company size increases'. Lee and Yang (1990) have attributed these apparent contradictions partly to differences in measures adopted in operationalising the relevant constructs.

Staffing

The number of employees engaged in exporting, their educational background and the firm's personnel training were found to be positively related with exporting success (Kirpalani and MacIntosh, 1980; Burton and Schlegelmilch, 1987; Beamish and Munro, 1987; Diamantopoulos and Inglis, 1985; Ong and Pearson, 1982; Topritzhofer and Moser, 1979). The level of their wages and salaries was however not found to be significant (Ogram, 1982).

Organisation Structure for Export

The company's own export department was found to be the optimal organisational structure for export success by Langeard et al. (1976), Bilkey (1982), Hunt et al. (1967), Stening and McDougall (1975), Tookey (1964), and Topritzhofer and Moser (1979); though not by Cunningham and Spigel (1971). Samiee et al. (1993) reported that high innovative exporters are more likely to have export-specific organisational arrangements. Bilkey's (1985) longitudinal study on the subject proved inconclusive.

3.45 Environment

3.451 Domestic Environment

Rao et al. (1990) concluded their report on the 'impact of domestic recession on export marketing behaviour' by inviting 'academic researchers to pay greater attention to the effect of other environmental variables on export marketing behaviour ... such as inflation, government economic and trade policies, interest rates, etc'. In a more recent cross-national study, Myers (1997) explored the critical influences on the pricing strategies used by U.S. and Mexican exporters. They concluded that 'these factors are in turn dependent upon the home country environment of the exporter'. These are in line with Miesenbock's (1988) observation that 'the home country of the firm also determines the performed export behaviour. The legal system may facilitate (e.g. tax advantages in exporting) or complicate (e.g. foreign exchange regulations) international business. The same holds for infrastructure (e.g. distribution facilities or impediments)...national educational system. International orientation may be influenced by mentality, etc...'.

Rao et al. (1989) found that 'the existing public and private export facilitating programmes ... (were) perceived to be ineffective in helping U.S. exporters'. This is consistent with the conclusions of other studies on export promotion programmes (Bell, 1994; Denis and Depelteau, 1985). According to Douglas (1996), Peruvian firms' export performance is still highly linked to the rather difficult external environmental factors like the economic and political situation.

Cooper et al. (1970) reported that 'on the whole, respondents generally believed that exports were not significantly affected by the level of domestic demand'. This contrasts with the findings of two separate studies by Rao et al. (1983; 1988) which positively associated intensification of export marketing efforts with recession-induced adversity in the home market.

3.452 Foreign (Export) Market Environment

Studies have found such environmental factors as foreign government-imposed barriers (Styles and Ambler, 1994; McGuinness and Little, 1981; Alexandrides, 1971; Bilkey and Tesar, 1977; Michell, 1979; Rabino, 1980) and poor infrastructure (transportation and communication systems) to be significant barriers to export market choice and success (Ford and Leonidou, 1991; Bilkey and Tesar, 1977; Green, 1982).

Michell (1979) confirmed that infrastructural issues, particularly government and political factors, become more important in less developed economies. Styles and Ambler (1994, 1997) found differences in the characteristics (infrastructure, government and political factors) of the various export markets studied, but concluded that performance in these export markets was not significantly affected by the quality of the market environment.

Keen competition in foreign markets also reduces the chances for successful export operations (Ford and Leonidou, 1991; Kaynak and Kothari, 1984a; Alexandrides, 1971).

3.5 BARRIERS AND PROBLEMS OF EXPORTING

This section reviews empirical evidence on the barriers and problems of exporting. These terms, which are used interchangeably in the literature, refer to obstacles that confront a firm at different stages in the internationalisation process, including the export initiation stage (Leonidou, 1995c; Cavusgil and Nevin, 1980, Bilkey and Tesar, 1977).

The nature of a firm's response to these obstacles depends broadly on such background factors as firm, decision maker, and environment characteristics (Cavusgil and Nevin, 1981b). More specifically, firms at different stages of internationalisation (or export adoption process) face problems of differing types and severity (Bell, 1997; Dichtl et al., 1990; Bilkey, 1978; Bilkey and Tesar, 1977). A recent three-nation study by Bell (1997), for example, reported that while 'finance-related problems often intensify with increased international exposure, ... marketing-related factors tend to decline as firms become more active in export markets'. Similar conclusions were reached by Vozikis and Mescon (1985) as well as Cavusgil (1980). According to the latter, firms in earlier stages of the internationalisation process are more concerned with effective marketing communication and sales efforts, while those at later stages emphasise customer service as a critical performance variable. Even firms at the same stage may perceive problems differently depending on the background characteristics referred to above (Leonidou, 1995c). Other specific influences on a firm's response to export barriers include organisational size (Ghauri and Kumar, 1989); export involvement (Kaleka and Katsikeas, 1995; Sharkey et al., 1989); international business experience (Madsen, 1989); and international market research orientation (Diamantopoulos et al., 1990).

Leonidou (1995c) has defined export barriers as 'all those attitudinal, structural, operational, and other constraints that hinder the firm's ability to initiate, develop, or sustain international operations'. Different classificatory schemes have been used in the literature with respect to export problems. These include external and internal (Cavusgil, 1984a); operational/resource-based, motivational, informational, and knowledge-based (Seringhaus and Rosson, 1990); external, operational, internal, and informational (Katsikeas and Morgan, 1994); domestic and foreign (Leonidou, 1993); and marketing, exporting procedures know-how, international business practices know-how, and financial and technical adaptation difficulty (Moini, 1997). In an extensive review of the export barrier empirical literature, Leonidou (1995c) combined his earlier framework (Leonidou, 1993) with Cavusgil's (1984a), into a 'two-dimensional export barrier schema' (Kaleka and Katsikeas, 1995), which distinguishes amongst four categories of problems : internal-domestic; internal-foreign; external-domestic; and external-foreign. The review here is organised around these four categories.

3.51 Internal-Domestic Problems

This category encompass obstacles emanating from within the firm, and relating to its home country environment. These include some of those difficulties referred to elsewhere as 'marketing barriers' (Moini, 1997), namely :

(i) Lack of personnel with requisite information and knowledge about export marketing (Yang et al., 1992; Barker and Kaynak, 1992; Eshghi, 1992; Ford and Leonidou, 1991; Tseng and Yu, 1991; Korth, 1991; Yaprak, 1985; Kaynak and Kothari, 1984b; Albaum, 1983; Rabino, 1980; Wiedersheim-Paul et al., 1978; Pavord and Bogart, 1975; Alexandrides, 1971). Myers (1997) reported that 'reliable information about the activities of competitors, both from the target market and third-country exporters, as well as consumers tastes, was a common worry of several managers' among the 16 US and Mexican firms studied. Other researchers which similarly concluded on the discouraging effect of poor knowledge of potential export markets to export activities include Kedia and Chhoker, 1986; Moini, 1991; Naidu and Rao, 1993; and Keng and Jiuan, 1988).

(ii) Lack of knowledge and expertise in handling such export market problems as foreign government regulations (Eshghi, 1992; O'Rourke, 1985; Kaynak and Kothari, 1984; Albaum, 1983; Rabino, 1980; Bilkey and Tesar, 1977; Pavord and Bogart, 1975).

(iii) Poor organisation and formalisation of firms' export department (Katsikeas and Morgan, 1994; Yang et al., 1992; Bauerschmidt et al., 1985.

(iv) Management emphasis on developing domestic market activities (Korth, 1991; Keng and Jiuan, 1989; Sharkey et al., 1989; Sullivan and Bauerschmidt, 1989) particularly large-sized domestic market (Ford and Leonidou, 1991; Kaynak and Kothari, 1984b; Rabino, 1980).

3.52 Internal-Foreign Problems

This category of problems relate mainly to firms' marketing strategy, but are experienced in the foreign (target) market environment. Typical obstacles here include :

(i) High transportation cost (Gripsrud, 1990; Sullivan and Bauerschmidt, 1989; Bauerschmidt et al., 1985).

(ii) Transportation-related difficulties (Samiee and Walters, 1990; Kaynak and Kothari, 1984; Yaprak, 1985). It has also been found that exporters tend to perceive distribution, service, delivery problems and costs as lesser obstacles to export than do non-exporters (Moini, 1997; Diamantopoulos and Inglis, 1988; Gottko and McMahon, 1988; Sullivan and Bauerschmidt, 1987; Bello and Barksdale, 1986; Brady and Bearden, 1979; Rosson and Ford, 1982; Alexandrides, 1971).

(iii) Difficulties in meeting product specifications of overseas customers (Kaleka and Katsikeas, 1995; Tseng and Yu, 1991; Gripsrud, 1990; Cheong and Chong, 1988; Tesar and Tarleton, 1982; Groke and Kreidle, 1967). For some firms, export market entry is inhibited if product modifications are required to meet foreign safety/health standards (Ford and Leonidou, 1991; Rabino, 1980). The US firms sampled by Namiki (1989) perceived differences in product specifications as a 'somewhat important' obstacle to entering the Japanese market. 'Adapting products for foreign markets' also featured among the six 'most important inhibiting factors perceived by participating firms' in Moini's (1997) Wisconsin study. Indeed, non-exporters in the sample were found to have perceived this barrier more strongly than exporters. As the last author remarked, 'adapting a product to foreign standards may require a large initial investment which many non-exporters lack'. Some other researchers however did not find any significant differences between exporters and non-exporters on perception of product specification requirements (Sullivan and Bauerschmidt, 1989; Pavord and Bogart, 1975).

(iv) Difficulties in providing repair and technical services to customers in foreign markets (Moini, 1997). Ursic and Czinkota (1991) found that firms with higher export ratios perceived more problems on the above factors than those with lower export ratios. Non-exporters, however, were reported by Moini (1997) to hold more negative perception of 'providing technical advice overseas' than their exporting counterparts. Tesar and Tarleton (1982), in their study, reported no significant differences between passive and aggressive exporters in Wisconsin and Virginia.

(v) Other marketing related factors which non-exporters perceive more negatively than exporters include 'pricing for foreign markets', advertising in foreign markets', and 'communicating with overseas clients' (Moini, 1997). Czinkota and Johnston (1982) reported that both small and medium-sized firms rank export-related communication difficulties first in terms of problems encountered when exporting.

(vi) Negative perceptions of risks involved in selling abroad (Kaleka and Katsikeas, 1995; Tseng and Yu, 1991; Gripsrud, 1990; Cheong and Chong, 1988; Axinn, 1988; Bauerschmidt et al., 1985; Tesar and Tarleton, 1982).

3.53 External-Domestic Problems

Problems in this category are associated with the firm's domestic environment, but are beyond an individual firm's control. Major manifestations would include :

(i) Complexity of paperwork involved in exporting (Barker and Kaynak, 1992; Bodur, 1986; Yaprak, 1985; Tesar and Tarleton, 1982; Rabino, 1980). Absence of requisite knowledge about export procedures and documentation and the vast amount of time and paperwork involved are among the most cited obstacles to exporting (Barker and Kaynak, 1992; O'Rourke, 1985; Ogram, 1982; Rabino, 1980). Ford and Leonidou (1991) concluded that 'firms ... perceiving foreign documentation as difficult and enormous ... are less likely to become exporters'. Kedia and Chhoker's (1986) Louisiana study found that non-exporters perceived the lack of knowledge about export procedures as the most important inhibiting factor. Moini (1997) reported that non-exporters in his Wisconsin sample perceived 'knowing export procedures' and 'shipping and distributing overseas' to be more of a barrier than exporters. Jain and Kapoor (1996) reported that majority of Indian firms surveyed saw 'substantial procedural formalities' as a barrier. Sharkey et al.

(1989) found that perceived export complexities, such as shipping complexities, uncertainty of shipping cost, and complexity of trade documentation are related to the level of export development. These researchers established significant differences between non-exporters, marginal exporters, and active exporters in respect of perceptions of procedural and technical complexity. Similar finding was made by Tesar and Tarleton (1982) in respect of passive and aggressive exporters among their Wisconsin and Virginia sample; and Bell (1997) with regard to occasional, frequent and aggressive exporters.

(ii) High cost of capital (Kaleka and Katsikeas, 1995; Tseng and Yu, 1991; Cheong and Cheng, 1988; Hook and Czinkota, 1988; Albaum, 1983) and inadequate capital (Ogram, 1982; Bilkey and Tesar, 1978) to finance exports. An in-depth study by Chryssochoidis (1996), of four highly successful Greek manufacturers reported that 'further (export market) development was delayed for several years because of lack of internal finance and prohibitive cost of outside borrowing'. Bell's (1997) comparative study of Finnish, Irish and Norwegian computer software SMEs also found exporting problems to be linked to financial issues, 'regardless of country of origin or export stance'. Researchers such as Yang et al. (1992), Naidu and Rao (1993), and Moini (1991) did not however find these finance problems as significant barriers to exporting. Sullivan and Bauerschmidt (1989) found that lack of capital for export expansion was not a significant barrier for American and European paper manufacturers. Similar conclusion was made by Naidu and Rao (1993) in respect of firms at different stages of internationalisation - a conclusion which however is unsupported by Moini's (1997) finding that non-exporters perceived 'financing exports' as more of a barrier than do exporters.

(iii) The lack of government assistance in overcoming export barriers (Kaleka and Katsikeas, 1995; Yaprak, 1985; Bauerschmidt et al., 1985; Albaum, 1983).

(iv) The lack of attractive export incentives provided by the government (Bauerschmidt et al., 1985; Kaynak and Kothari, 1984).

(v) Inadequate export promotion programmes sponsored by the government (Kaleka and Katsikeas, 1995; Katsikeas, 1994; Bodur, 1986; Albaum, 1983).

(vi) Infrastructural and institutional obstacles (Ford and Leonidou, 1991; Bilkey, 1978).

3.54 External-Foreign Problems

This category of problems are external to the firm and are experienced outside its home country. They include :

(i) Restrictions imposed by foreign government rules and regulations (Hook and Czinkota, 1988; Kaynak et al., 1987; Kaynak and Kothari, 1984; Pavord and Bogart, 1975). Inexperienced exporters, relative to regular exporters, perceived strict import quotas and confusing import regulations as much more important in hindering their entry into the Japanese market (Namiki, 1989). Kaynak and Kothari (1984) also reported that Nova Scotia and Texas exporters found governmental regulations to be their most important obstacle in world markets. Myers (1997) exploratory study found that Mexican firms perceive foreign exchange fluctuations, tariffs, and regulations as highly problematic in pricing their exports, unlike US firms. Another study by Moini (1992) reported that the lack of access to the European Union's standard-setting process was one of the biggest problems facing US exporters. Sullivan and Bauerschmidt's (1989) conclusion, based on their study of European and American paper industry was that Europeans perceived government export promotion or regulatory role as being less important than do Americans.

(ii) The lack of information about foreign markets (Leonidou, 1993; Tseng and Yu, 1991; Keng and Jiuan, 1989; Kedia and Chhokar, 1986; Albaum, 1983), and knowing foreign practices (Mayo, 1991; Tesar and Tarleton, 1982). Moini (1997) found that non-exporters in his Wisconsin study perceived 'obtaining information on prospects overseas' as more of a barrier than exporters. Seventy two per cent of non-exporters in Alexandrides' (1971) study indicated that information provision about possible export markets would be helpful in developing export sales.

(iii) Difficulties in making foreign market contacts (Kaleka and Katsikeas, 1995; Samiee and Walters, 1990; Keng and Jiuan, 1989; Yaprak, 1985; Pavord and

Bogart, 1975) and finding a reliable overseas distributor/representative (Moini, 1997; Namiki, 1989; Tesar and Tarleton, 1982; Rabino, 1980). Cavusgil (1984) found that the most pressing problem facing firms experimenting with exporting was working with foreign distributors. Shalom and Albaum's (1994) 'theory of conflict' embodies the constant friction between the firm and its local representatives in the host markets. Kaynak et al. (1987) also found that the main problem associated with exporting was selecting a reliable distributor.

(iv) Intensity of competition in export markets (Naidu and Rao, 1993; Leonidou, 1993; Gripsrud, 1990; Dichtl et al., 1990; Hook and Czinkota, 1988; Cheong and Chong, 1988; Christensen, da Rocha and Gertner, 1987; Kaynak and Kothari, 1984; Albaum, 1983).

(v) Language and cultural difficulties (Kaleka and Katsikeas, 1995; Eshghi, 1992; Barker and Kaynak, 1992; Mayo, 1991; Diamantopolous et al., 1990; Gripsrud, 1990; Kaynak et al., 1987; Yaprak, 1985; Bauerschmidt et al., 1985; Cavusgil, 1984a; Rabino, 1980; Pavord and Bogart, 1975). Mayo (1991) suggested that first-time exporters fail to enter into international trade partly owing to their inability to understand and adapt to foreign cultural and business practices. This however contrasts with the findings of other studies which reported no significant differences in language-related difficulties between exporters and non-exporters.

(vi) The high value of the domestic currency (Naidu and Rao, 1993; Yang et al., 1992; Rao, Erramilli, and Ganesh, 1990; Sharkey et al., 1989; Sullivan and Bauerschmidt, 1989; Kedia and Chhoker, 1986; Hester, 1985; Holden, 1985). Moini (1991) found that executives from exporting firms perceived this to be more of an obstacle to exporting than those from non-exporting firms. Another study by Moini (1997) however found a higher perception of 'foreign exchange risk' among non-exporters relative to exporters.

(vii) Getting payments (Tesar and Tarleton, 1982; Pavord and Bogart, 1975); and honouring letters of credit (Rabino, 1980). A recent comparative research by Bell (1997) cited 'delays in payment' as one of the finance-related problems increasingly experienced by the Finnish, Irish and Norwegian computer software exporters studied.

(viii) The lack of price competitiveness (Moini, 1997; Kaleka and Katsikeas, 1995; Leonidou, 1993; Tseng and Yu, 1991; Gripsrud, 1990; Dichtl et al., 1990; Piercy, 1981; Cavusgil and Nevin, 1981). A related factor, namely 'fierce competition in export markets' emerged as one of the four most important problems identified by Cypriot exporters studied by Kaleka and Katsikeas (1995).

3.6 CONCLUSIONS

One way of making sense of the vast and increasing body of export behaviour literature is to focus on those aspects which bear direct relevance to this present research : export stimulation; export initiation; and export barriers. Amidst the conflicting web of findings, a few conclusions can be reached in respect of the process through which firms are stimulated to initiate exporting, or constrained from doing so.

A necessary but insufficient condition for export start is a firm's exposure to attention-evoking factors or export stimuli. These, according to Albaum et al. (1994), can be categorised into four, namely Internal-Proactive; Internal-Reactive; External-Proactive; and External-Reactive. A review of this literature suggests that exporting is dominantly stimulated by such reactive stimulus factors as the receipt of unsolicited foreign orders, availability of excess stock, spare production capacity, and so on. This may not however be true of developing countries' firms, as the limited available evidence suggests more proactive export motivations. It is important to underline that the focus of this review is on initial export stimulation, and not on the motivations for on-going export activity amongst experienced exporters (Morgan and Katsikeas, 1997).

The nature of a firm's export stimulation, and indeed, its response to stimuli is dependent on three category of factors, namely decision maker characteristics, firm characteristics, and the environment.

An understanding of the critical decision maker characteristics is particularly crucial for SMEs, given the high incidence of a single decision maker among such firms. The balance of evidence suggests that firms are more likely to respond positively to export stimulation, hence initiate exporting, if their decision makers have international vision, orientation and connections; are experienced; have positive perceptions of export-related risks, profits, and growth; and exhibit such psychological characteristics as innovativeness, aggressiveness, dynamism, self-confidence, and so on. Decision maker characteristics on which conclusions could not be reached include age and education.

Positive export behaviour is also more likely in firms with committed and supportive management, favourable orientation towards planning and export-specific organisation. Such firms are, further, likely to exhibit export marketing competencies in terms of product quality/uniqueness, technical/R&D ability, export information search, channel links/relationships, and so on. The evidence on the relationship between firm's age/size and export behaviour has, however, remained inconclusive. Export start appears to require a minimum size threshold (Withey, 1980). Beyond that point, however, exporting is not positively correlated with firm's size *per se* – unless expressed in terms of such size-related advantages as R&D capabilities, managerial capacity, and so on (Reid, 1983; Ford and Leonidou, 1991).

Studies into environmental influences on export behaviour have overwhelmingly taken the (foreign) market attractiveness perspective. The weight of evidence here indicates that export behaviour is negatively affected when export markets are characterised by unfavourable government regulations, inadequate marketing infrastructure, difficult local distributors, and so on. Such environmental factors are generally found to *impede*, rather than *pull* firms into the affected foreign market(s). There have been findings from the few developed countries' studies on the domestic environment, which suggest that domestic market adversity, specifically recession, generally *push* firms toward exporting (Rao et al., 1983, 1988; 1990). The existence of a large domestic market is, in contrast, unfavourable to exporting (Cooper et al., 1970). Other domestic environmental problems reported in developing countries studies include political instability, government policies, including implementation, inadequate local infrastructure, and so on.

Exporting barriers and problems are reviewed in this chapter under four headings (Internal-Domestic; Internal-Foreign; External-Domestic; and External-Foreign), which reflect their origin as well as location of occurrence. The external-domestic and external-foreign categories comprise issues, exactly same or similar to those summarised under environmental influences above. Internal problems however include such firm-specific concerns as lack of knowledge about exporting and export markets, non-availability of staff with international vision and experience, absence of requisite competence and resources – quality products, technology, channel links, finance, and so on. It should be noted that, as in the export stimulation literature above, the stress is more on obstacles to export start, and less on on-going export problems experienced by mature exporters.

CHAPTER FOUR

ENTREPRENEURSHIP : A LITERATURE REVIEW

This chapter presents a focused review of the extensive literature on entrepreneurship. It overviews the general field of entrepreneurship, encapsulating issues of definitions, historical perspectives and fundamental dichotomies. Adequate attention is paid to such critical entrepreneurial influences as individual traits, firm, as well as environmental characteristics. The last segment of the chapter discusses the emerging topic of international entrepreneurship, with particular reference to its exporting dimension.

4.1 INTRODUCTION

One of the major problems facing the field of entrepreneurship research is the lack of a common set of agreed-upon frameworks and definitions. Many scholars have employed such terms as fragmentary and controversial to describe this vast and extensive literature (Cunningham and Lischeron, 1991; Kollermeier, 1992). Based on a ten-year (1975 –1984) review of the literature, Dainow (1986) has called for 'more systematic collection and analysis of data, and more varied methodologies to build a stronger empirical base'. Other scholars (e.g. Low and MacMillan, 1988) have joined in calling for theory-driven research that addresses issues of causality and facilitates empirical advances in entrepreneurship research. One other important observation is that most studies were performed in a relatively stable economic environment where, in addition, the necessary infrastructure for finance and professional advice was abundantly available (Kollermeier, 1992).

This chapter reviews the extant general literature on entrepreneurship, with a special focus on export entrepreneurship. Given the vast corpus of work on this broad topic, the review must of necessity be selective and focused. It shall be focused on those aspects of the literature that will improve the understanding of issues related to the correlates, characteristics and manifestations of entrepreneurship, particularly export entrepreneurship, both as individual and firm-level behaviour.

Stevenson and Jarillo (1989) have classified the plethora of studies on entrepreneurship into three main categories, namely :

(i) what happens when entrepreneurs act - the results of the actions of the entrepreneur .

(ii) why entrepreneurs act - reasons or influences behind the entrepreneurial act; psychological, behavioural, and socio-psychological approaches

(iii) how entrepreneurs act -- how entrepreneurs are able to achieve their aims; characteristics of entrepreneurial management.

This chapter shall dwell less on the results of the entrepreneur's action (i, above), and more on entrepreneurial influences (ii), and strategies and characteristics of entrepreneurial management (iii).

4.11 The Entrepreneur Defined

The word 'entrepreneur' is of French origin. Its antecedents, include 'entreprendre', meaning 'the bold willingness to undertake something' or 'to contest the established order'; 'aprendre-entre', that is, to reconnoitre a town in order to attack it from all sides. The entrepreneur has been characterised as : one attempting the 'ventura' : fate, quest of oneself through uncertainty; and whose punishment or reward could be the 'afortuna' : storm, risks or money (Verin, 1982); 'impetuous, jumping at the opportunities, looking for new challenges (Say, 1803).

The earliest writers on the entrepreneur namely, Richard Cantillon (1734), John-Stuart Mill (1848), and Joseph Schumpeter (1934) actually conceptualised the entrepreneur as the 'third man'. Jean-Bapiste Say (1803) also made the distinction between the entrepreneur and the businessman or the manager. According to Schumpeter (1939), innovation distinguishes the entrepreneur from the manager; risk-taking, however, characterises both endeavours.

The most popular conception of an entrepreneur in the United States and most of the Western world is as one who starts his own new, small business. The German word for entrepreneur, *unternehmer* literally means 'one who both owns and runs a business'; that is, an owner-manager, having both power and property (Drucker, 1985). This is evident in Weber's conceptualisation of the entrepreneur as the ultimate source of formal authority within the organisation.

A proliferation of definitions on the entrepreneur have emerged from the many disciplines which study it – economics, psychology, sociology, and so on. To most economists, entrepreneurs are 'individuals putting resources to work in more productive ways so as to constitute a challenge to the existing market structure' (Slatter et al., 1988). In psychology, entrepreneurship has largely been presented in terms of the possession of such traits as control, independence, and so on (Ket de Vries, 1977). Sociologists see the entrepreneur as someone who derives 'income from property and other personally owned assets used for productive purposes, i.e. both owns and controls productive resources, whether it be capital, labour or property' (Scase and Goffee, 1982). Social anthropologists agree with the sociologists' perspective above but broadens their definition of resources to include social resources such as social contacts and good political connections (Slatter et al., 1988). Julien (1989) considers these definitions as covering the following spectrum : (1) definitions referring to the distinguishing traits of the individual entrepreneur - self-confidence, risk-taking and good imagination; (2) definitions focusing on the actualisation of the entrepreneur's ideas or innovation, through successful mobilisation of resources, financial, human and material; and (3) those that emphasise on the motivational forces underlying the entrepreneur's activities (ambition, desire for economic independence) – motives, which themselves, are said to be influenced by the culture, the environment, and the business firm itself (Julien, 1989; Gasse, 1982).

According to Cunningham and Lischeron (1991), research activity in entrepreneurship seems to fall within six schools of thought namely (1) The 'Great

Person' School of Entrepreneurship; (2) The Psychological Characteristics School; (3) The Classical School; (4) The Management School; (5) The Leadership School; and (6) The Intrapreneurship School (see Figure 4.1 below).

4.12 Theoretical Roots of Entrepreneurship

The theoretical roots of entrepreneurship can be traced back to J B Say[1], who over 200 years ago first used the term 'entrepreneur' to anchor his view of the economy in which change (doing things differently rather than better) is normal and indeed healthy. Say's (1803) work was a radical break away from the classical economics tradition (from Adam Smith to Karl Marx), and even such mainstream schools as Keynesians, Friedmanites, and the Supply-siders, all of whom focus on optimizing existing resources and achieving equilibrium.

[1]There exist some conflict in the literature as to the originator of the coinage 'entrepreneur'. Richard Cantillion who equally has been credited with its origin, focused on the risk-bearer who buy at certain prices and sell at uncertain prices. J B Say was said to have furthered this perspective by integrating the concept of buying together with the factors of production. Schumpeter's view was most telling. He associated to the entrepreneur with the disruption of market equilibrium or circular flow, resulting in innovations, or 'new combinations'.

Entrepreneurial Model	Central Focus or Purpose	Assumption	Behaviours or Skills	Situation
'Great Person School'	The entrepreneur has an intuitive ability – a sixth sense – and traits and instinct he/she is born with	Without this 'inborn' intuition, the individual would be like the rest of us mortals who 'lack what it takes'	Intuition, vigour, energy, persistence, and self-esteem	Start-up
Psychological Characteristics School	Entrepreneurs have unique values, attitudes, and needs which drive them	People behave in accordance with their values; behaviour results from attempts to satisfy needs	Personal values, risk taking, need for achievement, and others	Start-up
Classical School	The central characteristic of entrepreneurial behaviour is innovation	The critical aspect of entrepreneurship is in the process of doing rather than owning	Innovation, creativity, and discovery	Start-up and early growth
Management School	Entrepreneurs are organisers of an economic venture; they are people who organise, own, manage, and assume the risk	Entrepreneurs can be developed or trained in the technical functions of management	Production planning, people organising, capitalisation, and budgeting	Early growth and maturity
Leadership School	Entrepreneurs are leaders of people; they have the ability to adapt their style to the needs of people	An entrepreneur cannot accomplish his/her goals alone, but depends on others	Motivating, directing, and leading	Early growth and maturity
Intrapreneurship School	Entrepreneurial skills can be useful in complex organisation; intrapreneurship is the development of independent units to create, market, and expand services	Organisations need to adapt to survive; entrepreneurial activity leads to organisational building and entrepreneurs becoming managers	Alertness to opportunities, maximising decisions	Maturity and change

Figure 4.1 : **Summary of Approaches for describing Entrepreneurship**
Source : Cunningham and Lischeron (1991), 'Defining Entrepreneurship'.

In traditional economic thought, the entrepreneur is lumped together with climate and weather, pestilence and war, government and politics, and technology, under the heading 'external forces', which though significant, neither feature in the economist's model nor his equations (Drucker, 1985). For many economists, the entrepreneur is essentially a psycho-sociological concept 'that should be studied only by these sciences (Kilby, 1971). Entrepreneurship, says Kirzner (1982) is 'fundamentally a phenomenon of disequilibrium'. Hence, a science like economics, devoted to equilibrium, or regularity (Fellner, 1983) has no business studying the entrepreneur, who embodies instability (Julien, 1989).

Gilder (1984) has argued that Karl Marx's theory of the dynamic and creative force of the bourgeoisie was more accurate than Adam Smith's concept of the economy, as a great invisibly guided machine in which capitalists are tools of the 'market'. Marx acknowledged the supreme productive genius of the bourgeoisie, and assigned to the capitalist phase a central, though transitory role in economic progress. He fell short, however, of doing for the entrepreneur what he did for technology. He characterised as 'politics' (property and power relationships) all the changes that take place in the economy beyond the optimisation of present resources (Drucker, 1985).

The first major economist to go back to Say was Joseph Schumpeter, whose 1911 classic, entitled 'The Theory of Economic Dynamics' assigned the entrepreneur the basic task of 'creative destruction' - disruption of market equilibrium or circular flow resulting thus in innovations or new combinations. In as sharp a break with traditional economics as Say before him, Schumpeter postulated that 'the dynamic disequilibrium brought about by the innovating entrepreneur, rather than equilibrium and optimization, is the norm of a healthy economy and the central reality for economic theory and economic practice' (Drucker, 1985).

New combinations, according to Schumpeter (1934) include :

* the introduction of a new good - that is one with which consumers are not yet familiar or a new quality of a good;
* the introduction of a new method of production - one not yet tested by experience or a new way of handling a commodity commercially;

* the opening of a new market - that is a market into which the particular branch of manufacturer, of the country in question has not yet previously entered, whether or not that market has existed before;
* the conquest of a new source of supply of raw materials or half-manufactured goods;
* the carrying out of the new organisation of any industry, like the creation of a monopoly position or the breaking up of a monopoly position.

A number of authors have followed the Schumpeterian tradition, *albeit* with varying conclusions. While Cole (1968) affirms that the entrepreneur's disruption of market equilibrium advances the economy to quantitatively higher levels, Kirzner (1979) contends that the entrepreneur actually works towards the accomplishment, in real life, of the (theoretical) equilibrium, through the superior use of information or knowledge of market imperfectionss – a view shared by Leibenstein (1968) who credits the entrepreneur with the destruction of pockets of inefficiency in the system. It has also been argued that the economic impact of entrepreneurship is felt essentially in its mobilisation for development purposes of resources and abilities that are hidden, scattered, or badly utilised (Hirschmann, 1988), and through the actual creation of jobs (Birch, 1979, 1987).

Entrepreneurship is essentially the engine that drives the economy of most nations (Gorman et al., 1997). It is a major factor both in creating economic wealth and advancing societal quality of life (Morris and Lewis, 1991, 1993). The occurrence of higher levels of entrepreneurial intensity has been associated with economic growth and development as well as the nature and scope of the marketing function. The adoption of entrepreneurial marketing styles has been found to result in better performance in both large (Covin and Slevin, 1988) and small firms[2] (Chaston, 1997), and by extension, the movement of the firm through the organisational life cycle (Adizes, 1978; Griener, 1972). Entrepreneurship facilitates this movement to the extent that it fosters competition among organisations (private, public and non-

[2]Improved overall performance results not just from the adoption of entrepreneurial marketing styles but the implementation of a more flexible, organic structures (Chaston, 1997; Covin and Slevin, 1988).

profit), and emphasises innovative approaches to solving organisational and societal problems.

Entrepreneurship plays a key role here, as it produces an opportunistic approach to environmental change and thus a steady stream of new products, services and processes. At the societal, organisational and family-unit levels, environments that are conducive to creativity, independence, autonomy, achievement, self-responsibility and assumption of calculated risks are likely to induce entrepreneurial behaviour. Entrepreneurship is more than a response to the environment. It represents a source of institutionalised social change, where firms initiate changes in technology, marketing or organisation, and strive to maintain the lead in changes over competitors. Hence, as the degree of entrepreneurial effort intensifies, so too does the rate of environmental change (Morris and Lewis, 1995).

4.13 Basic Dichotomies in Entrepreneurship Research

There appears to be some polarisation in the literature in terms of whether individuals or organisations should constitute the primary unit of analysis in entrepreneurship. As most researchers have observed, the knowledge in this field remains fragmented (Kollermeier, 1992; Cunningham and Lischeron, 1991). An agreed-upon set of definitions and a general framework is missing. Instead, partly contradictory concepts are utilized, such as trait versus behaviourial, uni- versus multi-dimensional, or static versus process approaches. This mirrors the more fundamental debate on whether entrepreneurship :

(1) is a personality trait, possessed and exhibited by a special breed of individuals, or a behavioural process that can be learned and diffused in an organisation setting (see Table 4.2);

(2) is a preserve of individual start-ups (new, small businesses), or a feature that can be exhibited by all manner of organisations, including large, established ones;

(3) should be *focused* or *dispersed* in an organisation.

4.131 Personality Traits Versus Behavioural Process

Advocates of the individual perspective contend that there would be no entrepreneurial organisations without entrepreneurial individuals, as the latter, usually few and rare, actually undertake the real entrepreneurial functions, whether acting in their own small start-ups, or as part of large, established organisations. Research efforts should therefore be focused on the individual, with a view to identifying the psychological traits whose possession enhance the likelihood of entrepreneurship, particularly successful entrepreneurship. The underlying assumption here, according to these researchers (Carland et al., 1984, for instance), is that entrepreneurs and their organisations share similar characteristics.

To be sure, much of the popular literature on entrepreneurship is replete with the heroic accounts of unique individuals who overcome excruciating difficulties to successfully start their own new, entrepreneurial businesses (Gilder, 1984; Morris and Lewis, 1995; Collins and Moore, 1964). As Schendal (1990) rightly observed, entrepreneurship has 'a certain gallantry associated with it, a buccaneering independence, often associated with pioneering, risk-taking, and perseverance demonstrated by a decided underdog against... (seemingly insurmountable) odds'.

Dissatisfaction with this mystification and romanticisation of entrepreneurs (Leibenstein, 1968) has given rise to an increasing adoption of the process view of entrepreneurship, with the organisation as the epicentre of entrepreneurial analysis. Bygrave and Hofer (1991), for example, stated that 'it may be useful to shift our focus from the characteristics and functions of the entrepreneur and the myriad definitions of what constitutes an entrepreneur, and to focus, instead, on the nature and characteristics of the entrepreneurial process' (see Figure 4.2).

Entrepreneur Focus	*Entrepreneurial Process Focus*
Who becomes entrepreneurs?	What's involved in perceiving effectively?
Why do people become entrepreneurs?	What are the key tasks in successfully establishing new organisations?
What are the characteristics of successful entrepreneurs?	How are these tasks different from those involved in successfully managing ongoing organisations?
What are the characteristics of unsuccessful entrepreneurs?	What are the entrepreneur's unique contributions to this process?

Figure 4.2 : **Defining Issues of the Trait and Process Perspectives**
Source : Bygrave and Hofer (1991), 'Theorising About Entrepreneurship'.

This approach accepts the key, decisive role of the individual entrepreneurs (Morris and Lewis, 1995), but insists that entrepreneurs are made, not born : every individual has the potential to develop and manifest entrepreneurial behaviour (Drucker, 1985; Ronen, 1988; Silver, 1987), in organisations of all sizes and types. What is important therefore is to focus, not the individual, but the activities or behaviour of the entrepreneur (Gartner, 1989; Covin and Slevin, 1982) in : bringing about 'new combinations' (Schumpeter, 1934); creating new organisations (Vespar, 1982); devising 'a new way for the corporation to use or expand its resources' (Kanter, 1982); using resources beyond the individual's direct control' (Kirzner, 1973); achieving strategic renewal (Stevenson and Jarillo, 1990); taking 'a clear departure from existing practices' (Damanpour, 1991); changing the rules of competition in the industry (Stopford and Baden-Fuller, 1985); and altering the relationships between organisations and their environments (Burgelman, 1983a; Stevenson and Jarillo, 1990).

As Morris and Lewis (1995) observed, the process requires both an entrepreneurial event (the conceptualisation and implementation of the new venture) and an entrepreneurial agent (an individual or group that assumes personal responsibility for bringing the event to fruition). It also has attitudinal and behavioural components (Bird, 1988), which are expressed by three key dimensions : innovation, risk-taking, and proactiveness (Covin and Slevin, 1989, 1991; Morris and Paul, 1987; and Miller, 1983; Miller and Friesen, 1982; Naman and Slevin, 1993).

These three components of entrepreneurship are argued by Miller (1983) to comprise a basic, unidimensional strategic orientation. Innovation[3] refers to the seeking of creative, unusual solutions to problems and needs. This dimension includes product innovations, development of new markets, and new processes and technologies for carrying out organisational functions. Risk taking involves the willingness to commit significant resources to opportunities which have reasonable chance of costly failure. Proactiveness is defined in terms of the firm's propensity to take all necessary measures to bring an entrepreneurial concept to fruition (Morris and Lewis, 1995).

A cursory look at the two perspectives above would show that there are no major irreconcilable differences between them. Indeed, the process viewpoint could, with little flexibility, be made to accommodate the individual perspective, by according enhanced research emphasis to the understanding of 'entrepreneurial agents' (Morris and Lewis, 1995) or 'change masters' (Kanter, 1985) in all types of organisations : large, established corporations, new, small businesses, or individual start-ups.

Given the emphasis of this study on flexibility, it adopts the all-inclusive perspective described above, as sufficiently captured by such definitions of entrepreneurship as :

> **a process by which individuals, either on their own, or inside organisations pursue opportunities without regard to the resources which they currently control (Stevenson, Roberts, and Grousbeck, 1989).**
>
> **the process of creating value by bringing together a unique package of resources to exploit an opportunity (Morris and Lewis, 1995).**

the proactive assumption of financial, psychological, and social risk in an effort to create value and growth with the expectation that residual rewards or costs will accrue to the persons making that effort (McDougall and Oviatt, 1997; Hisrich and Peters, 1995).

4.132 Small Business versus Entrepreneurial Business

Controversy also often arise as to whether entrepreneurship is a preserve of small, new businesses. This perhaps stems from the widespread association of the term entrepreneur, among English speakers[4], with a person who starts a new, small business (e.g. Brytting, 1990); as well as the equally widespread, but incomplete view of entrepreneurship as the creation of new businesses (Vespar, 1982; Gartner, 1989).

Indeed, the idea that the entrepreneurial founder of an organisation is a different type of person from the manager, who is required at subsequent stages is evident in the works of Schumpeter (1931), Chandler (1962), Greiner (1972), Thain (1969), and Smith and Miner (1983). According to Schumpeter (1931), an entrepreneur '... loses this characteristic, when he (then) continues to manage the founded enterprise systematically'. Miner (1990) explained that the specific point in time and size when control shifts depends on the level of task motivation (e.g. 'hands-on control) of the entrepreneurial founder. When this desired level of motivation is no longer met, a new leadership with a higher task motivation will be required for further growth.

It has indeed been suggested that performance would suffer if the entrepreneur continues to lead the venture beyond the start-up phase (Flamholtz, 1986; Tashakori,

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[3] Innovativeness is the degree to which an individual is relatively earlier in adopting new ideas than the other members of his system (Rogers and Shoemaker, 1971).

[4]This differs with the situation in Germany where the entrepreneur is associated with power and property. Indeed, the German word for entrepreneur, *unternehmer* literally means 'one who both owns and runs a business'; that is, an owner-manager (Drucker, 1985). The earliest writers on the entrepreneur, namely Richard Cantillon (1734), John-Stuart Mill (1848), and Joseph Schumpeter (1934) actually conceptualised the entrepreneur as the 'third man'. Jean-Bapiste Say (1803) characterised the entrepreneur as 'impetuous, jumping at the opportunities, looking for new challenges..., that we must distinguish from the businessman or the manager, careful, thoughtful, reckoning, examining the possibilities according to his resources'.

1980). This is particularly the case with organisations whose entrepreneurial-leaders are high on technical expertise but low on management experience (Rubenson and Gupta, 1990; O'Farrell and Hitchens, 1988; McKenna and Oritt, 1981).

Entrepreneurship is neither limited to, nor synonymous with small, new businesses. The domain of entrepreneurship extends beyond the independent new venture creation process (Covin and Slevin, 1991; Low and MacMillan, 1988; Wortman, 1987). As Drucker (1985) noted, 'an enterprise must have special characteristics beyond being new and small in order to be considered entrepreneurial. Indeed, entrepreneurs are a minority among new businesses'. While observing that the 'entrepreneur's environment is normally a young small independent business, controlling a small part of the market', Julien (1989) stated nevertheless that 'entrepreneurship can sometimes be seen in an older small business (for instance when a new leader comes in) or in a large business. Ronen (1988) has suggested a distinction between new entrepreneurial businesses and their non-entrepreneurial counterparts : he refers to the founders of the former as 'entreprisers', and the act of launching a new non-entrepreneurial business as 'enterprising'. This echoes the distinction earlier made by Carland et al. (1984) between entrepreneurs, non-entrepreneurs, and small business owners. Roure and Keely (1990) have introduced the term 'high potential new venture', to distinguish those (entrepreneurial) creations intended for substantial growth from the vast majority of ventures whose founders lack any significant growth willingness (Miner, 1990; Davidsson, 1989).

It is relevant to observe that restricting entrepreneurship to small and new businesses means ignoring the significant and varied manifestations of entrepreneurship in on-going organisations, referred to as 'corporate entrepreneurship'.

Corporate entrepreneurship, to be sure, also involves new venture creation, but that alone does not fully define it. As observed by Guth and Ginsberg (1990), 'corporate entrepreneurship involves the notion of the birth of new businesses within on-going businesses, and beyond that involves the transformation of stagnant, on-going businesses in need of revival or transformation'. This is consistent with Burgelman's

(1984) view of corporate entrepreneurship as 'extending the firm's domain of competence and corresponding opportunity set through internally generated new resource combinations'.

The common thread running through the various manifestations of corporate entrepreneurship is the carrying out of Schumpeterian 'new combination of resources'. With respect to strategic renewal, this would include 'actions such as refocusing a business competitively, making major changes in marketing or distribution, redirecting product development, and reshaping operations...and making acquisitions resulting in new combinations of resources for businesses within the acquiring firm' (Guth and Ginsberg, 1990).

According to Stopford and Baden-Fuller (1985), corporate entrepreneurship embodies three distinct phenomena and processes :

(1) the birth of new businesses within existing organisation, that is, internal innovation or venturing ;
(2) the transformation of organisations through renewal of the key ideas on which they are built, that is, strategic renewal; and
(3) the changing, by an enterprise, of the rules of competition in its industry.

It should be stated that corporate entrepreneurship, or more appropriately entrepreneurship as a firm-level behaviour, is relevant to this present study, given its focus on the process through which new export ventures are created within existing manufacturing enterprises. Cognisance is taken of the fact that corporate entrepreneurship is largely a phenomenon of the large, established firms, but as Covin and Slevin (1991) noted, the relevant organisational elements 'may also be applicable in varying degrees to many smaller firms' – an observation confirmed by Schafer's (1990) successful application of the Covin and Slevin's (1991) entrepreneurial measurement scale in his study of small firms' usage of scanning services. Care has been taken in this present study to identify and adapt the relevant variables originating from the firm-level entrepreneurship research.

4.133 Focused Versus Dispersed Corporate Entrepreneurship

To what extent should entrepreneurial practices (which as noted above involve a clear departure from existing practices) be concentrated or diffused in an organisation?

Two distinct models are suggested in the literature, namely focused corporate entrepreneurship and dispersed corporate entrepreneurship (Birkinshaw, 1996).

Focused Corporate Entrepreneurship (or corporate venturing) : This assumes a fundamental difference between entrepreneurship and management with respect to the organizational modes which each requires for effective functioning (Burns and Stalker, 1961; Galbraith, 1982; Kanter, 1985). A fairly common manifestation of this focused approach is the New Venture Division, which typically aims at identifying and nurturing new business opportunities for the organisation (Burgelman, 1983a; Kuratko et al., 1990; Sykes, 1986). Its major characteristics include semi-autonomy; little formal structure, integration across traditional functional areas, availability of 'patient money', and management support for risk-taking and creativity (Birkinshaw, 1996; Galbraith, 1982; Kanter, 1985; Kuratko et al., 1990; Quinn, 1985; and Sathe, 1985).

Dispersed Corporate Entrepreneurship (or intrapreneurship) : This model assumes that every individual has the capacity for both managerial and entrepreneurial behaviour more or less simultaneously (Birkinshaw, 1996). Instead of hiving off separate groups or divisions to be entrepreneurial, while the rest are left to pursue the on-going managerial tasks (Galbraith, (1982), the dispersed approach sees the development of an organization-wide entrepreneurial culture as a better route to corporate entrepreneurship (Covin and Slevin, 1991; Ghoshal and Bartlett, 1994; Stopford and Baden-Fuller, 1994). The challenge for corporate management, according to Ghoshal and Bartlett, is to instil in its employees the personal involvement and commitment that drives entrepreneurship.

The debate as to which is the better of the two approaches to corporate entrepreneurship is still unresolved. Advocates of the dispersed model point to its enhanced, organisation-wide capacity to sense a greater diversity of entrepreneurial opportunities, relative to the focused approach in which such capability is concentrated in the new venture division (Birkinshaw, 1996); while its critics point to the tendency for managerial responsibilities to crowd out (Hedlund and Ridderstrale, 1992; Kanter, 1986), or even hinder (Drucker, 1985) entrepreneurial ones, as they are more clearly defined, with attendant immediate rewards.

It needs to be pointed out that the classificatory scheme above is not the only one that has been suggested for corporate entrepreneurship. There exists a scheme by Schollhammer (1982), which identifies five broad types of internal entrepreneurship, namely administrative, opportunistic, imitative, acquisitive, and incubative, while another classification by Vesper (1984) include new strategic direction, initiative from below, and autonomous business creation.

There is, expectedly, a considerable overlap among these different schemes of classification. Take incubative entrepreneurship for example. It 'refers to the creation of semi-autonomous units within the existing organisation for the purpose of sensing external and internal innovative developments, screening and assessing new venture opportunities, and initiating and nurturing new venture developments' (Kuratko et al., 1990). It is therefore analogous to the New Venture Division discussed earlier, as well as Vespar's 'initiative from below', which means innovative undertaking on the part of employees.

Given the exploratory nature of this research, considerable flexibility will be exercised in the search for manifestation of entrepreneurship in organisations. The dominantly small to medium sized nature of Nigerian manufacturing firms suggests that not much sophistication should be expected in terms of organisational arrangements for entrepreneurship. In essence, the present study will be quite open in the search for organisation-related evidence of firm-level entrepreneurship.

4.2 MODELS OF ENTREPRENEURSHIP

4.21 <u>Individual Traits Theory</u>

Few would disagree with the view that the individual is a very important element in the analysis of entrepreneurship. This is because they undertake the actual entrepreneurial functions, whether acting in their own small start-ups, or as part of large, established organisations. Differences arise however as to whether these are a special breed of individuals that are possessed of certain traits, or a behavioural process which every individual has the potential to exhibit.

Empirical studies along this psychological paradigm have proliferated. Examples include studies on entrepreneurial traits and characteristics (McClelland, 1961, 1987; Collins and More, 1964, Brockhaus, 1980, 1982; Brockhaus and Horwitz, 1986; Sexton and Bowman-Upton, 1990); psychological characteristics of entrepreneurs across different countries (Welsch et al., 1987); characteristics of entrepreneurs relative to their non-entrepreneurial colleagues (Hochner and Ganrose, 1985; Carland et al., 1984); characteristics of female entrepreneurs and their non-entrepreneurial counterparts (Rowan and Hisrich, 1986); value profiles of male and female entrepreneurs (Solomon and Fernald, 1988); characteristics of Hispanic entrepreneurs (Aranda et al., 1985; Borjas, 1985; Hodgetts, 1981; Kizilbash, 1976); comparison of path to entrepreneurship (Cooper and Dunkelberg, 1986); adequacy of different types of entrepreneurs along the different stages in the development of the firm (Smith and Miner, 1983); and different kinds of firms set up by different kinds of entrepreneurs (Webstar, 1977; Gartner, 1983).

Various background and psychological characteristics have been used to explain entrepreneurship. Among the identified demographic characteristics are *social (family) background* (Welsch et al., 1987; Stanworth and Curran, 1976; Storey, 1982), *education* (Welsch et al., 1987; 1972; Scott, 1976; Cooper, 1970; Stanworth and Curran, 1976), *age* (Welsch et al., 1987; Hunt and Collins, 1983; Smith, 1976; Cooper, 1973), *experience* (Welsch et al., 1987), and *number of employees* (Welsch et al., 1987).

Solomon and Fernald (1988) have identified the more commonly examined psychological variables as including *need for achievement* (McClelland, 1961*); risk taking propensity* (Covin and Slevin, 1991; Welsch et al., 1987; Miller, 1983; Brockhaus, 1980; *locus of (quest for) control* (Brockhaus, 1975; Welsch et al., 1987. Other frequently mentioned traits include *desire for power, dislike for routine* (McClelland, 1961); *openness to innovation, self-esteem, Machiavellianism* (Welsch et al., 1987); *creativity, daring, aggressiveness* (William, 1979*); desire for independence* (Slatter et al., 1988; Collins and Moore, 1964); *'vertical perception'* or *self-awareness* (Schorage, 1965). Slatter et al. (1988) reported that 'the most significant reason stated for starting-up was the desire for independence, followed by the wish to improve one's financial position'.

The inconclusive, even confusing nature of empirical findings on these entrepreneur-related psychological (motivational) variables (Chell, 1985; Ket de Vries, 1977) have rendered attempts at developing a psychological profile of the entrepreneur only marginally successful (Solomon and Fernald, 1988; Gartner, 1985). This has not been helped by the significant degree of variation among entrepreneurial types.

4.211 Types of Entrepreneur

Four *basic stereotypes of the entrepreneur* have been identified in the literature, namely the Classical Entrepreneur, the Craftsman, the Opportunist, and the R&D Entrepreneur (Slatter et al., 1988).

The *Classical entrepreneur*, which embodies the economist perspective, is a 'risk-taking, profit-maximising man, independent, competitive, materialistic and single-minded in his pursuit of wealth' (Deeks, 1973). He functions as an innovator – changes the structure of markets through the introduction of something new (Schumpeter, 1931; Drucker, 1985); risk-taker – shoulders the full risk of failure in expectation of rewards (Knight, 1940); and co-ordinator – guides the enterprise through its formative stages (Schumpeter, 1931).

The *Craftsman entrepreneur*, first identified by Smith (1967), has a blue collar background and limited education (Bolton Report, 1971; Stanworth and Curran, 1981), but considerable technical success at work. This entrepreneur type is likely to adopt a hands-on approach to business, be paternalistic towards employees, be motivated more by desire for independence and control, than financial gain or growth (Deeks, 1973; Scase and Goffee, 1982).

The *Opportunist entrepreneur*, also originated by Smith (1967) is an exact opposite of the Craftsman stereotype. He is likely to have a middle-class background, sound education (Scott, 1976; Cooper, 1973), managerial experience, social mobility, and hands-off approach to business. It has been contended that this entrepreneur type, with such characteristics as imagination, hardwork, charisma, resourcefulness, are suitable for high-growth businesses (Weinshall, 1983). Their managerial experience also means that they are likely to have started their business at middle age (Slatter et al., 1988), and may have, indeed, been spurred on by a mid-life crisis (Scott, 1976; Schein, 1978).

The *R & D Entrepreneur* essentially creates a venture based on some special knowledge or skills acquired through high-level education or research (laboratory) experience (Slatter et al., 1988). Such entrepreneurs are usually younger than other entrepreneur types, and are likely to be trained in science and engineering, particularly in a high-tech discipline (Layles, 1974).

4.212 Personal Life Experiences

Much research effort in recent years has focused on the more relevant research issue of 'why' the entrepreneur develop key defining characteristics (Greenfield et al., 1979; Delacroix and Carroll, 1983). In other words, what personal life experiences lead to the development of the entrepreneurial personality ?

Family Background/Experiences

Research suggests that family background/experiences, exposure to role models, previous job experiences and educational experiences have an influence on the development of the entrepreneur.

Studies have underlined the importance of the entrepreneur's family unit (background) in instilling the need for achievement (McClelland, 1961), the need for independence and control of an unstructured environment (Ket de Vries, 1977), and patterning later modes of behaviour (Collins and Moore, 1964). The aspects of family background which seem to affect entrepreneurial behaviour include parental relationships, order of birth, family income and immigrant status. Parents instil an early sense of independence and desire for control in the future entrepreneur (Bird, 1989; Hisrich and Brush, 1984). Several researchers have found that many entrepreneurs experience relatively negative relationships with their fathers (e.g Zaleanik and Kets de Vries, 1985). This usually instils in the entrepreneur a high need for independence and achievement, avoidance of authoritarian relationships and loss of control, culminating in developing entrepreneurial ventures. Evidence also suggests that entrepreneurs are often first-born children from poorer families or the children of immigrants (Collins and Moore, 1964; Gilder, 1984).

Social Background

It has been suggested that differences in social, ethnic and religious background may explain why some groups are under/over represented among entrepreneurs (Slatter et al., 1988; Stanworth and Curran, 1976). According to Storey (1982), individuals from higher social classes believe that their own actions can influence events while those from lower classes are characterised by uncertainty over events.

Successful Role Models

Another important determinant of entrepreneurial behaviour is the individual's exposure to successful role models (Kent, 1986; Eisenhardt and Forbes, 1984;

Scherer et al., 1989; Bird, 1989; Vesper, 1980). Studies have shown that many entrepreneurs have parents who were self-employed (Hisrich and Brush, 1984; Ronstadt, 1984; Shapero and Sokol, 1982; Slatter et al., 1988). However, role models may also be other family members, teachers, business associates or social acquaintances. Such individuals demonstrate to the prospective entrepreneur that risk-taking, tolerance for ambiguity, proactivity and innovation lead to independence and self-control. This, in turn, leads to the development of values and attitudes that are conducive to entrepreneurial behaviour.

Previous work experience

Previous work experience is another important personal life experience that shapes the entrepreneur. Jones-Evans' (1996) study of U.K. high-technology firms concluded that 'the previous competencies gained by the entrepreneur seem to be fairly influential'. Brockhaus (1980) found that job dissatisfaction 'pushes' entrepreneurs out of the organisation and towards the development of an entrepreneurial venture, and that the greater the job dissatisfaction, the more likely it was that the entrepreneur would be successful. This relates to what has been referred to as mid-career crisis during which employees, usually in large corporations, reassess their priorities and often end up starting their own business (Slatter et al., 1988; Hunt and Collins, 1983; Scott, 1976; Cooper, 1973).

Education

Educational experiences also influence entrepreneurship. Brockhaus and Nord (1979) found that entrepreneurs had a lower level of education than did managers. This lower educational level could lead entrepreneurs to feel limited in the traditional organisational managerial path. Further, the traditional educational approaches which are relied on at the primary and secondary levels may actually stifle entrepreneurship. By fostering conformity, stressing standardisation and penalizing creative and/or novel approaches to problem solving, educators serve to discourage the development of an entrepreneurial orientation in young people (Ronstadt, 1984;

Bloom, 1988; Shapero, 1980; Sykes, 1988). Additionally, business schools and management consultants tend to perpetuate the resistance to entrepreneurship through their emphasis on structured organisational processes and decision making (Hisrich, 1988; Shapero, 1985).

There are however studies which postulated that better educated entrepreneurs would pose a more aggressive threat to large companies in the future (Slatter et al., 1988; Scott, 1976; Cooper, 1970; Stanworth and Curran, 1975).

Slatter et al. (1988) have concluded that these traits are 'necessary but not sufficient conditions for entrepreneurship : successful entrepreneurs have to have these qualities, but possession of them does not necessarily make a successful entrepreneur. They have also been criticised as lacking in predictive power, as they concentrate their analysis on a fixed state of existence (Brockhaus, 1982; Gartner, 1985, 1989; Macain and Smith, 1981; Ronen, 1988). According to these critics, more insight about entrepreneurship would be gained by focusing on the activities rather than the personality of entrepreneurs. This provides a justification for the behavioural model of entrepreneurship to which the review next turns.

4.22 The Behavioural or Process School

The idea of entrepreneurship as creative destruction is essentially behavioural. It involves the identification of market opportunity and the creation of combination of resources to pursue it (Silver, 1987; Kirzner, 1973; Schumpeter, 1934); and is consistent with Bygrave and Hofer's (1991) view of the entrepreneurial process as 'involving all the functions, activities, and actions associated with the perceiving of opportunities and the creation of organisations to pursue them'. A number of Harvard scholars (Kao, 1989; Stevenson, Roberts, and Grousbeck, 1989; and Timmons, 1990) have proposed a process model of entrepreneurship as a managerial behavioural phenomenon. This is embodied in their definition of entrepreneurship as a process by which individuals, either on their own, or inside organisations pursue opportunities without regard to the resources they currently control (Stevenson, Roberts, and Grousbeck, 1989).

Vespar (1982) has described entrepreneurship as a process by which new organisations come into being - one perspective on which Kollermeier (1992) found the least disagreement in the literature. Gartner's (1985) clarification is in order here : the organisation is the primary level of analysis, and the entrepreneur is studied with respect to the activities which he performs in order to enable the creation of this organisation. New organisations, in the view of such authors as Burgelman (1983); Kuratko et al. (1990); Sykes (1986); Galbraith (1982); Kanter (1985); Quinn (1985); Sathe (1985); Penrose (1959); Kirzner (1973); and Vespar (1985) are analogous to new business ventures within existing organisations. This, thus, accommodates the phenomenon of corporate entrepreneurship, specifically the genre referred by Schollhammer (1982) as incubative entrepreneurship.

Other studies which have focused on the activities of the entrepreneur in line with the process approach include Ronen (1988); Bird and Jelinek (1988); Brytting (1990); Diomande (1990); Mitton (1989); Venketramen et al. (1990); and Duchesneau and Gartner (1985), whose essentially process-oriented work contain variables from the behavioural and trait approaches.

There are also authors who while not adopting the process perspective, have extended the dimension of firm's behaviour and strategy to include environmental variables, such as industry structure, government agencies, and availability of venture capital (Goto et al., 1990; Keeley and Roure, 1990; Roure and Keeley, 1990; Smallbone, 1990).

4.221 Characteristics of Entrepreneurial Management

The focus of this study on the level and determinants of export entrepreneurship among manufacturing firms clearly raises the issue of assessing entrepreneurship, or in Kuratko et al. (1990) terms, 'diagnosing the degree of entrepreneurial culture in an organisation'. In other words, what firm-level characteristics are associated with positive entrepreneurial behaviour?

One such characteristic appears to be management quality and support. Corporate entrepreneurship has been found to be influenced by strategic leaders. Kanter (1983) reported that the management style of top managers affect the level of performance of new corporate ventures. Burgelman (1983b) equally found that higher level managers' support of entrepreneurial ideas, as well as middle managers' effectiveness at building coalitions among peers, affect the degree of success in their implementation. Firm-level entrepreneurship is also said to be influenced by organisational form/conduct (Hitt et al. 1989; Hisrich and Peters, 1984; Sathe, 1985). An extensive review of the relevant empirical literature by Kuratko et al. (1990) identified the most consistent entrepreneurial determinants as including :

(1) Management Support, that is, the willingness of managers to facilitate entrepreneurial projects. Firm-level entrepreneurship has been found to be positively related with the willingness of managers to facilitate entrepreneurial projects (Hisrich and Peters, 1986; Sykes, 1986; Sounder, 1981; Sykes and Block, 1989; Macmillan et al., 1986; Quinn, 1985) through various means, including promoting risk taking behaviour (Macmillan et al., 1986; Sathe, 1985; Sykes, 1986; Burgelman, 1983; Quinn, 1985; Kanter, 1985; Bird, 1988; and Sykes and Block, 1989).

(2) Organisational Structure (Sounder, 1981; Sathe, 1985; Hisrich and Peters, 1986; Bird, 1988; Sykes and Block, 1989). Corporate entrepreneurship literature suggests two distinct approaches namely, the focused approach (e.g

new venture division), which assumes a fundamental difference between entrepreneurship and management with respect to the organizational modes which each requires for effective functioning (Burns and Stalker, 1961; Galbraith, 1982; Kanter, 1985); and the dispersed approach, which implies the development of an organization-wide entrepreneurial culture (Covin and Slevin, 1991; Ghoshal and Bartlett, 1994; Stopford and Baden-Fuller, 1994). The debate as to which is the better of the two approaches to corporate entrepreneurship is still unresolved.

Advocates of the dispersed model point to its enhanced, organisation-wide capacity to sense a greater diversity of entrepreneurial opportunities, relative to the focused approach in which such capability is concentrated in the new venture division (Birkinshaw, 1996). Its critics however point to the tendency for managerial responsibilities to crowd out (Hedlund and Ridderstrale, 1992; Kanter, 1986), or even hinder (Drucker, 1985) entrepreneurial ones, as they are more clearly defined, with attendant immediate rewards. This is unlike the case with a new venture division, whose defining characteristics (semi-autonomy; little formal structure, integration across traditional functional areas, availability of 'patient money', and management support for risk-taking and creativity - Birkinshaw, 1996; Galbraith, 1982; Kanter, 1985; Kuratko et al., 1990; Quinn, 1985; and Sathe, 1985) facilitate its task of identifying and nurturing new business opportunities for the organisation (Burgelman, 1983a; Kuratko et al., 1990; Sykes, 1986).

(3) The appropriate use of rewards : Corporate entrepreneurship scholars (Fry, 1983; Sathe, 1985; Block and Ornati, 1987; Scanlan, 1981; Sounder, 1981; and Kanter, 1981; Von Hippel, 1977; Sykes, 1986; Hisrich and Peters, 1986; Katz and Gartner, 1988; Kanter, 1985; Sykes and Block, 1989) have found this category of factors to be critically related with positive entrepreneurial behaviour.

(4) Resource (including time) availability (Sathe, 1985; Von Hippel, 1977; Sounder, 1981; Sykes, 1986; Hisrich and Peters, 1986; Katz and Gartner, 1988; Kanter, 1985; Sykes and Block, 1989).

(5) Risk-taking (Macmillan et al., 1986; Sathe, 1985; Sykes, 1986; Burgelman, 1983; Quinn, 1985; Kanter, 1985; Bird, 1988; and Sykes and Block, 1989).

Based on their own empirical study, Kuratko et al. (1990) have proposed a consolidation of these five 'consistent' factors into three, namely management support for entrepreneurship, organisation structure, and rewards and resource availability. The other two elements, risk-taking and time availability are respectively integrated into top management support factor and rewards and resource availability factor.

4.23 The Socio-psychological School

There is also the socio-psychological model of entrepreneurship which sees entrepreneurship as dependent on personal motivation, which in turn is dependent on environmental characteristics. McClelland's (1961) pioneering work in this area has been carried forward by Greenfield et al. (1979); Delacroix and Carrol (1983); and Pennings (1982a, 1982b). According to Chell (1985), an entrepreneur is defined by a combination of interacting situational and personal variables. His strategies can be better understood by examining (i) the circumstances or environments under which the entrepreneur functions most effectively; (ii) the personal variables associated with positive entrepreneurial endeavour; (iii) the extent to which the interaction between personal and environmental variables are decisive; (iv) the types of roles which the entrepreneur adopts, including the skills required for so doing; (v) the extent to which these differences between entrepreneurs affect enterprise size and growth; and (vi) the extent to which the relevant personal variables are affected by differences across industries.

According to Stevenson and Jarillo (1990), this perspective can be justified on the following grounds : (i) it is individuals who carry out entrepreneurial activities; (ii) their characteristics matter; (iii) external variables matter, as different environments are more or less conducive to entrepreneurship, and to new venture success.

Stanworth et al. (1990) concluded that sociological models seem to have a higher explanatory power than psychological models. The major criticisms however have been the lack of causal link between particular psychological and sociological traits and complex behaviour such as entrepreneurship (Cooper et al., 1988), the identification of entrepreneurship with small business management (Carland et al., 1984), and the failure to differentiate clearly between individuals and organisations (Stevenson and Jarillo, 1990).

4.3 ENVIRONMENT AND ENTREPRENEURSHIP

The recognition of the influence of environmental factors on entrepreneurship is implicit in the socio-psychological school discussed above. Several researchers have traced some of the variations in entrepreneurial success and behaviour, among persons, industries, nations, and geographic regions to the environmental context in which entrepreneurship occurs (Hoselitz, 1960; Drucker, 1985; Hughes, 1986; Wilken, 1979; Baklnoff and Brannon, 1984; Hewlett and Weinert, 1982). The impact of the environment on small business performance (Covin and Slevin, 1991; Bruno and Tyebjee, 1982; Bygrave, 1989) has also been covered in entrepreneurship literature.

The external environment has been studied using four main constructs, namely munificence, hostility, volatility, and complexity (Shane and Kolvereid, 1995). *Munificence* refers to the richness of the market for new ventures, usually indicated by the potential market demand and opportunities and market receptivity for innovations. *Volatility* measures the rate of change in the environment, as expressed by variations in needs of customers and competitor relations. *Complexity* refers to the number of different factors which the entrepreneur must face, while *Hostility* describes the extent of competition as indicated by the strength of competitors present in a market (Mullins and Cardozo, 1992; Shane and Kolvereid, 1995).

The hostility level of the environment has been the focus of many studies, which make a distinction between hostile and benign environments (Covin and Slevin, 1989; Covin and Covin 1990; Khandwalla, 1977). Hostile environments, according to Yeoh and Jeong (1995), are characterised by precarious industry settings, intense competition, harsh, overwhelming business climates, and the relative lack of exploitable opportunities. Benign or non-hostile environments, on the other hand, provide a safe setting for business operations due to their overall level of munificence and richness in investment and marketing opportunities (Covin and Slevin, 1989).

Researchers on the environment-new venture performance interface have generally used either of these two approaches – population ecology and contingency theory (Romanelli, 1989). Proponents of the population ecology model contend that new ventures performance is dependent upon the characteristics of the environment (Aldrich, 1979), and not the strategies of managers (Tsai et al., 1991). The contingency theorists are however less emphatic. They view firm performance as dependent on the interaction between strategy and environment (Miles and Snow, 1978; Prescott, 1983; Child, 1974), arguing that entrepreneurs consciously select strategies which optimise the characteristics of a given environment. A recent cross-national[1] empirical study by Shane and Kolvereid (1995) found support for the population ecology hypothesis but not for the strategy/environment fit perspective. Their conclusion was that 'firm performance was highest in the national environment perceived to be the least favourable'. Morris and Lewis (1995) also argued for the primacy of environmental influences on entrepreneurship. Their exact words : 'the tendency towards innovation, risk-taking, and proactivity is not so much innate to people or to society, nor is it a random or chance event. Rather it is determined by environmental conditions operating at a number of levels'.

[1] The study used samples from Britain, Norway and New Zealand.

The foregoing discussion has clearly demonstrated the importance of conducive entrepreneurial environment to all manner of firms. There is undoubtedly an added edge to this problem in respect of firms 'in emerging market economies and developing countries because of the low level of entrepreneurial activities and several environmental hostilities operating in these countries' (Gnyawaii and Fogel, 1994; El-Namiki, 1988; Segura, 1988). Also, relative to larger firms, SMEs have a greater need for conducive environment as they may lack the resources and political clout necessary to control the environment in which they operate (Gynawaii and Fogel, 1994; Pfeffer and Salancik, 1978).

A three-category framework[2] for discussing these environmental determinants has been suggested by Morris and Lewis (1995) thus : (1) the environmental infrastructure which characterises a society; (2) the degree of environmental turbulence present in a society; and (3) the personal life experiences of a society's members. The discussion here is organised around the first two categories, given that 'personal life experiences' have been considered under 'Individual Traits theory'.

4.31 Environmental Infrastructure

This comprises the economic, political, legal, financial, logistical and social structures which characterise a society (Morris and Lewis, 1995). Positive entrepreneurial attitudes and entrepreneurial behaviours have been associated with certain structural characteristics of the environment (Birch, 1987; Kent, 1986).

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[2] Gnyawaii and Fogel (1994) also grouped 'the available literature on entrepreneurial environments into three broad streams : (a) general environmental conditions for entrepreneurship; (b) descriptive studies of the environmental conditions of a particular country or region; and (c) the role of public policy in shaping the entrepreneurial environments'.

Culture

Several researchers have reported on the influence of socio-cultural structures on innovation and entrepreneurship. Rothwell and Wisseman (1986) have posited that the three factors critical to the innovative process (willingness to face uncertainties and take balanced risks, timeliness and readiness to accept change, and a dynamic long term orientation) are all directly related to the cultural characteristics of the society. According to Herbig and McCarty (1993), 'a society's culture may affect the inquisitiveness of its members, their tolerance for new ideas and hence discovery and innovation'. A negative association has been established between uncertainty avoidance and tolerance for new ideas and technology (Hofstede, 1984); and between status consciousness (power distance) and innovativeness. Highly individualistic, as opposed to collectivist, societies are likely to encourage risk taking, proactivity and innovation. The same is equally true of social systems that facilitate the development of networks (Morris and Lewis, 1995). The balance of empirical evidence is, indeed, in support of culture, particularly specific attributes of the national culture, as an important influence on a society's innovative capacity (Herbig and McCarty, 1993). Table 4.3 below presents these positive cultural attributes.

Economic Structure

Higher entrepreneurial intensity has been linked to such factors as the availability of free, competitive markets, pools of capital, private ownership, strong profit incentives, limited taxation, and limited role for government (Morris and Lewis, 1995), large domestic market, and positive economic and tax incentives (Herbig and McCarty, 1993; Dana, 1990).

Positive Values	Negative Values
Individualism (inward looking)	Collectivist (outward)
Risk taking	Risk avoiders
Non-statist, egalitarian	Status/power seekers
Open, non-ethnocentric	Not open, ethnocentric
Highly achievement driven	Low achievement
Protestant/Confucian heritage	Catholic/Hindu/Moslem heritage
Linear time dominates	Circular or Procedural
Heterogeneous group	Homogeneous societies
Gender neutral or equal societies	Sexist societies

Figure 4.3 : **Cultural Values related to Radical Innovation**
Source : Herbig and McCarty (1993), 'The Innovation Matrix'.

Political System

Entrepreneurship also appears to flourish in societies that guarantee a relatively high degree of political freedom. It is fostered by a political system 'built around freedom of choice, individual rights, democratic rule and a series of checks and balances among the executive, legislative and judicial branches of government' (Schumpeter, 1950; Friedman, 1982). Herbig and McCarty (1993) have argued that 'over-regulation creates a climate inimical to innovation', adding that 'the greater the authority of the state, the more blockage of ideas that occur ... innovations are not likely to occur in any society that espouses central planning and even less so in politically totalitarian states.'

Legal Structures

Entrepreneurial activities are enhanced by legal structures that 'recognise the corporate form of existence, permit limited liability, ensure contract enforcement and patent protection, allow liberal treatment of bankruptcy, but impose strong restrictions on monopolistic (restraint of trade) practices' (Morris and Lewis, 1995).

Financial Systems

Entrepreneurial capacity is also boosted by financial systems that are characterised by institutional autonomy, competition among sources of capital, competitive interest rates, stable currencies, partial reserve requirements, well-backed deposit insurance and large private investment pools (Birch, 1981; Brophy, 1982). Such systems make competitively-priced investment funds accessible to entrepreneurs, as well as avail them of 'safety nets' against currency fluctuations and other business disasters.

Logistical Arrangement

Entrepreneurship can also be promoted or hindered by the state of logistical infrastructure. This includes road network, waterways, airport, communication system, the extent of distribution channel integration (Morris and Lewis, 1995), the availability of laboratories, institutions, and a well educated, housed and satisfied population (Herbig and McCarty, 1993). Development in each of these areas appears to have a positive effect on the ability of entrepreneurs to identify and serve customers needs quickly as well as capitalise on new methods and technologies (Morris and Lewis, 1995). As Herbig and McCarty (1993) observed, environment with 'established and intact' infrastructures are more conducive to innovation.

4.32 Environmental Turbulence

Research evidence suggests that environmental turbulence and change are positively associated with entrepreneurship (Eisenhardt and Forbes, 1984; Case, 1989; Hayes and Abernathy, 1980; Jain, 1983; Stevenson and Gumpert, 1985), societal entrepreneurship (Gilder, 1984; Kaplan, 1987), and product and technological innovations (Myers and Marguis, 1969; Cooper, 1979).

Turbulence can emanate from the technological, economic, customer, competitor, legal/regulatory, resource and socio-cultural environment (Morris and Lewis, 1995), and usually operationalised by such constructs as dynamism or volatility, hostility, and heterogeneity. Considerable research evidence exists which suggests positive relationships between entrepreneurial intensity and environmental dynamism, hostility and heterogeneity (Covin and Slevin, 1979; Miller, 1983; Miller and Friesen, 1982). The explanation for these findings is that change, be it technological or demographic, competence-building or competence-enhancing, often throws up opportunities which can be exploited through entrepreneurial behaviours (Brittain and Freeman, 1980; Tushman and Anderson, 1986). It should be observed that these opportunities are not always there for the taking. Innovation and entrepreneurship do occur, however, because change may place a firm in a situation where the only alternative to innovation is business failure (Morris and Lewis, 1995).

4.4 INTERNATIONAL ENTREPRENEURSHIP

International entrepreneurship has been defined as 'new and innovative activities that have the goal of value creation and growth in business organisations across national borders' (McDougall and Oviatt, 1997). It embraces value creation and growth activities that span national borders, cross-border comparisons of domestic business activities, and cross-border comparisons of entrepreneurs, but excludes such activities when they are undertaken by non-profit, government or large established organisations (corporate entrepreneurship). Giamartino et al. (1993) survey of entrepreneurship scholars came up with several conceptualisations of international entrepreneurship, here listed in descending order of importance : research on ventures that became international under the founder's tenure; research on ventures that begin as international; teaching comparative issues and topics; teaching cases about international start-ups; comparative research; and teaching cases from other countries.

One area that has generated increased research attention in recent times is the emergence of international start-ups (McDougall and Oviatt, 1994; Oviatt and McDougall, 1995) or born globals (Cavusgil, 1994; Madsen and Servais, 1997). The consistent position emerging from this research stream is that international entrepreneurship is highly furthered, and in some cases accerelated[3], by multiple relationships and resource-laden networks or cooperative alliances (Coviello and Munro, 1992, 1995, 1997; Hara and Kanai, 1994; Howard, 1990; Shan, 1990; Tallman and Shenker, 1990).

The *generic* drivers of this phenomenon have been identified as including the internationalisation of financial services; increased number of internationally experienced and mobile managers; changes in technology, communication and transportation infrastructure; global dispersion of unique skills; global nature of demand in many markets; the need to spread the vast and burgeoning R&D costs through global sales (Oviatt and McDougall, 1995); decreasing government protectionist policies and the lack of geographically protected market niches (McDougall and Oviatt, 1997).

Based on an empirical study of global start-ups, the above authors concluded that global start-ups are characterised by the existence of global vision among the leaders from inception; the presence of internationally experienced managers; existence of strong and supportive international business networks; the possession of a distinctively valuable product or service; the presence of a unique, intangible asset;

[3] As is the case with 'International New Ventures' or 'born globals'.

close linkages between product and service extensions; and close organisational coordination worldwide (Oviatt and McDougall, 1995).

In a recent review article, McDougall and Oviatt (1997) have employed a seven category topic guide in discussing international entrepreneurship research, thus : Cooperative Alliances; Economic Development Initiatives; Entrepreneur Characteristics and Motivations; Exporting and Other Entry Modes; New Ventures and IPOs; Transitioning Economies; and Venture Financing. Of all these facets of international entrepreneurship[4] research, the exporting field has been the focus of most research attention (McDougall and Oviatt, 1997; Coviello and Munro, 1995), and is the most mature[5] of all the categories. It is also the aspect of international entrepreneurship which is of particular interest to this present study.

4.41 Export Entrepreneurship

Export entrepreneurship describes the strategic orientation of firms that are characterised by proactive, innovative, and risk accepting pursuit of export market opportunities. Such a posture reflects the adoption of an entrepreneurial orientation (Covin and Slevin, 1991), as opposed to a conservative orientation, in an exporting context.

Yeoh and Jeong (1995) have rightly noted the relationship between entrepreneurial-conservative dichotomy[6] with some of the dichotomies developed in the exporting

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[4] This encompasses what Coviello and Munro (1995) refer to as 'international market development initiatives of entrepreneurial firms'.

[5] McDougall and Oviatt (1997) rightly observed that diminishing marginal returns appear to have set in since the nineties.

[6] This conservative entrepreneurial taxonomy, as observed by Yeoh and Jeong (1995) is largely consistent with earlier taxonomies developed in the management and organisation theory literature. For example, entrepreneurial firms are strategically similar to 'prospector' firms (Miles and Snow, 1978), and entrepreneurial organisations' (Mintzberg, 1973). And conservative firms are analogous to 'defender' firms (Miles and Snow, 1978), and adapters (Mintzberg, 1973). Similar to the taxonomies developed by Miles and Snow (1978) and Mintzberg (1973), the conservative entrepreneurial dimension has also been shown to be a useful framework for understanding overall firm-level behaviour in the context of the inter-relationships among strategic, organisational, and

literature : active/reactive (Piercy, 1981); aggressive/passive (da Rocha et al., 1990; Tesar and Tarleton, 1982); proactive/reactive (Johnson and Czinkota, 1982); active/passive (Eshghi, 1992); and innate and adoptive (Ganisky, 1989). These, taken together, can be interpreted to mean that entrepreneurial exporting firms are active, aggressive and proactive, with conservative exporting firms being reactive, passive and adoptive (see Figure 4.4).

4.5 ENTREPRENEURSHIP AND EXPORT PERFORMANCE

Available literature do not suggest any firm conclusion on the relationship between entrepreneurship and export performance. This is because whilst the studies outlined in Figure 4.5 below show the relevance of the entrepreneurship construct for exporting, no previous exporting study has examined all three dimensions in their entirety within the context of export performance. As Yeoh and Jeong (1995) observed, 'most of the prior studies on exporting have limited their enquiry to simple direct investigations between each of the three dimensions and export performance'. Positive relationships have, for example, been found between export performance and technological innovativeness (Cooper, and Kleinschmidt, 1985; Beamish et al., 1993; McGuinness and Little, 1981); management's attitude toward risk taking (Cavusgil, 1984); and an aggressive, proactive posture towards exporting (Denis and Depelteau, 1985).

Yeoh and Jeong (1995) have argued that the relationship between entrepreneurial orientation and export performance may not be a direct one after all. Their contingency model built around Covin and Slevin's (1988) earlier work postulates that the positive association between entrepreneurial orientation and export performance is moderated by the former's fit with such other contextual variables as organisational and environmental factors.

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environmental constructs (Miller and Friesen, 1982; Covin, 1991; Miles and Snow, 1978; Mintzberg, 1973; and Karagozoglu and Brown, 1988).

Authors	Key Findings
Piercy (1981)	Aggressive exporters view exporting as a main source of growth for the company while reactive exporters wait for unsolicited orders or only export when excess capacity cannot be absorbed by the domestic market. Aggressive exporters place greater emphasis on product quality, design and a market-based pricing strategy
Tesar and Tarleton (1982)	Aggressive exporters actively seek their first order, while passive exporters tend to receive their first order unexpectedly from foreign buyers without any particular effort. Passive exporters also have fewer years of experience in the exporting activity
Johnston and Czinkota (1985)	Aggressive (proactive) exporters tend to acquire more information about foreign markets, possess greater managerial desire to export, products tend to be more unique, and have greater marketing or technological advantage
Ganisky (1989)	Innate (aggressive) exporting firms are new ventures established for the purpose of serving overseas markets. They have a polycentric orientation and view foreign market opportunities as being more attractive than those of the local market. In contrast, adoptive (passive) exporters tend to be ethnocentric, are more committed to the firm's domestic opportunities, and allocate fewer resources to exporting than required
da Rocha *et al.* (1990)	Aggressive exporters tend to have more direct contact with their overseas buyers, export involvement of the CEO, greater emphasis on product quality, market diversification, sophisticated planning techniques and quality control activities
Eshghi (1992)	Passive exporting firms tend to be dominated by managers with a negative attitude towards exporting. These firms are not likely to be strongly committed to export markets because their participation in exporting was accidental rather than a deliberate decision process; and the decision to export was purely reactive (e.g., declining sales in the domestic market)
Samiee *et al.* (1993)	High innovative exporters relative to their low innovative counterparts have a greater likelihood of establishing export-specific organisation, undertaking export activity on an ongoing basis, using more sources of export information, and relying significantly more on its internal sales personnel for export market contact.

Figure 4.4 : **Entrepreneurial Taxonomies in Exporting Research**

Source : Yeoh and Jeong (1995)/The Researcher

(1) ***Innovativeness***

Compared to conservative exporting firms, entrepreneurial exporting firms :

- emphasise customer service and support for overseas customers (Ginsberg and Venkatraman, 1985; Beamish et al., 1993)
- are characterised by a heavy emphasis on R&D (McGuinness and Little, 1981; Carlsson and Hansen, 1982; Cavusgil and Nevin, 1981)
- are likely to emphasise development of new products (Namiki, 1989, Carlsson and Hansen, 1982)
- expand export volume through market spreading (Reid, 1987; Beamish et al., 1993; Turnbull, 1987; Diamantopoulos and Inglis, 1988)
- supply innovative, high-technology products to overseas market (Namiki, 1989, Beamish et al., 1993, Suzman and Wortzel, 1984)

(2) **Proactiveness**

Compared to conservative exporting firms, entrepreneurial exporting firms :

- actively search for new opportunities in additional country markets (Cavusgil, 1984)
- implement formal export research in a systematic fashion (Walters, 1993, Cavusgil, 1984)
- undertake export planning activities (Ayal and Raban, 1987; Cavusgil and Nevin, 1981; Denis and Depelteau, 1985; Stevenson and Gumpert, 1985; Burton and Schlegelmilch, 1987; Seringhaus and Rosson, 1990)
- devote significant amount of resources to information gathering activities (Ayal and Raban, 1987, Diamantopoulos and Inglis, 1988)
- take advantage of resources provided by various external sources (Cooper et al., 1970; Denis and Depelteau, 1985; Karafakioglu, 1986; Samiee and Walters, 1991)
- are less likely to rely on unsolicited export orders (Eshghi, 1992; Suzman and Wortzel, 1984; Kaynak, 1992)
- are motivated to export for 'proactive reasons' (e.g., market share, profits, planning, expansion) (Koh, 1981; Eshghi, 1992; Lee and Brasch, 1978)

(3) **Risk taking**

Compared to conservative exporting firms, entrepreneurial exporting firms :

- perceive competition in export markets as less risky (Tesar and Tarleton, 1982; Christensen et al., 1987)
- exhibit a stronger international market orientation (Cooper and Kleinschmidt, 1985; Namiki, 1989; Kleinschmidt and Cooper, 1984; Dichtl et al., 1986; Dichtl et al., 1990)
- tend to perceive government rules and regulations as less of an obstacle to exporting (Rabino, 1980)
- are likely to view their commitment to, and investment in exporting activities as comparable to a domestic counterpart in terms of riskiness (Tesar and Tarleton, 1982; Ganitsky, 1989; Roux, 1987)
- tend to view opportunities in overseas markets as attractive and profitable as those in the domestic market (Cooper and Kleinschmidt, 1985; Tesar and Tarleton, 1982; Dichtl et al., 1990; Axinn, 1988; Kaynak and Stevenson, 1982; Louter et al., 1991)
- tend to perceive the distribution, service, delivery problems and costs as less of an obstacle to exporting (Diamantopoulos and Inglis, 1988; Lee and Brasch, 1978)

Figure 4.5 : **Empirical Findings on Dimensions of Export Entrepreneurship.**

Source : Yeoh and Jeong (1995).

4.51 Entrepreneurial Orientation and External Environment

There exists a wealth of empirical evidence which support the adoption of an entrepreneurial orientation as an appropriate strategic response for a firm faced with increasing environmental uncertainty (Yeoh and Jeong, 1995; Webstar, 1981; Miles and Arnold, 1991; Morris and Paul, 1987). This is particularly the case for firms operating in the international markets.

Previous exporting studies suggest that better performing firms usually modify various aspects of their operations in response to the level of environmental dynamism (Kaynak and Kuan, 1993). These may take the form of changes to export volumes (Cooper et al., 1970), target markets (Green and Allaway, 1985), product offerings (Cavusgil and Naidu, 1993), or other marketing mix variables (Rao et al., 1983).

Firm level entrepreneurship are more likely to be found in situations characterised by environmental dynamism (Miller et al., 1988) and uncertainty (Karagozoglu and Brown, 1988). Covin and Slevin (1989) concluded that while an entrepreneurial strategic orientation leads to better performance in hostile environments, a more conservative strategic orientation appears to promote performance among small firms in benign environments. Yeoh and Jeong (1995) summarised the literature evidence thus :

> an entrepreneurial orientation may be particularly beneficial to small exporting firms in hostile environments. Since these environments present fewer opportunities and are more competitive than static environments, exporting firms in hostile environments will attempt to shift their competitive efforts by aggressively trying to gain or maintain competitive advantage in their overseas markets .... As increasing foreign competition creates a more hostile environment for small and medium-sized firms, they will be forced to be more innovative and aggressive in their exporting endeavours. In benign environments, on the other

hand, adopting an entrepreneurial orientation may lead to lower performance. In such environments, exporting firms tend to face a much greater level of munificence and, consequently, are not typically forced to engage in uncertain, resource-consuming endeavours to maintain their viability in their export ventures. Thus, an entrepreneurial orientation does not necessarily lead to superior performance in benign environments.

4.6 CHAPTER SUMMARY

Though largely neglected in mainstream economic theory, the place of the innovating, risk-bearing entrepreneur has for long been assured within the evolutionary school of economic thought – composed, notably, of Cantillon, Jean Bapiste Say, Joseph Schumpeter, and Kirzner. The entrepreneurship perspective of exporting adopted in this present research is, to be sure, rooted in Schumpeter's (1934) classic definition of 'new combinations', or innovations, as including new market entry – a theme the newly emerging literature on international entrepreneurship (Zahra, 1993; Thorelli, 1987; MacDougall, 1989; MacDougall and Oviatt, 1994) is clearly pursuing; and which, to a lesser extent, is implicit in such previous exporting taxonomies as active versus reactive (Piercy, 1981), innate versus adaptive (Ganisky, 1989), aggressive versus passive (Tesar and Tarleton, 1982), and high versus low innovative exporters (Samiee et al., 1993).

A number of literature streams can be isolated in the field of entrepreneurship. The first of these comprises studies which view the entrepreneur as the primary unit of analysis, hence focus on the personality traits and life experiences that enhance the likelihood of entrepreneurial behaviour. Empirical evidence here are, for the most part, controversial owing largely to methodological shortcomings. It would appear however that positive entrepreneurial behaviour is more likely to be associated with such personality characteristics as innovativeness, achievement-orientation, quest for independence/control, risk-tendency, aggressiveness, self-esteem, *etc*, as well as such personal life experiences as exposure to successful role models, international exposure, including personal contact networks.

The next school of thought conceptualises of entrepreneurship as a behavioural process that can be learned and exhibited in a firm setting. Researchers here adopt the firm as their basic unit of analysis. Entrepreneurial behaviour, according to this research stream, correlates with such firm-level practices as top management support, including the provision of material resources, time, incentives and rewards; encouragement of risk-taking behaviour; and flexible organisational arrangements. There are some scholars (Duchesneau and Gartner, 1985, for example), who see no irreconcilable difference between the individual traits and behavioural process perspectives. This approach, which is shared by this researcher, integrates individual traits and process-oriented variables in the study of entrepreneurship. The message is that the traits perspective can with little flexibility be accommodated in firm-level entrepreneurship research – by incorporating the identification of entrepreneurial personalities, who after all, remain a firm's surest bet to *intrapreneurial* achievements.

There also exists another school of thought, referred to as the socio-psychological school. This school agrees with the traits perspective, but supplements it in one important respect : explicit recognition of the influence of the environment on entrepreneurship. As Stevenson and Jarillo (1990) noted, it is individuals who carry out entrepreneurial activities; their characteristics matter; and external variables matter, as different environments are more or less conducive to entrepreneurship, and to new venture success. This perspective is particularly relevant in developing countries studies, given the higher incidence in such countries, of environmental hostilities - which their dominantly small-sized and resource-starved firms could do little about (Gnyawaii and Fogel, 1994; Owualah, 1988).

The entrepreneur's environment can be viewed in terms of environmental infrastructure and environmental turbulence. It is also measured along four dimensions, namely, munificence, hostility, complexity, and volatility. Researchers on the environment-entrepreneurship interface broadly adopt either of two approaches. The first, the population ecology perspective, views environmental characteristics (infrastructure, munificence, turbulence, *etc*) as being of decisive importance in new venture performance (Morris and Lewis, 1995; Aldrich, 1979). The next approach, the contingency perspective, adopts a less deterministic view of the environment. It contends that entrepreneurs can consciously select strategies which optimise the characteristics of a given environment. Entrepreneurial performance, therefore, is dependent on the interaction between strategy and environment (Miles and Snow, 1978). Research evidence, for example, suggests a contingent fit between an entrepreneurial strategic posture and hostile environment. Conservative strategic posture would, however, be needed to achieve better performance in benign environments (Covin and Slevin, 1989; Yeoh and Jeong, 1995).

CHAPTER FIVE

NIGERIA : AN OPERATING ENVIRONMENT FOR ACTUAL AND POTENTIAL EXPORTERS

This chapter examines the Nigerian economy as an operating environment for manufacturing firms – actual and potential exporters. After a brief review of the country's recent economic history (including its structural adjustment experiences), attention was directed at the state of the environment. Issues covered include physical infrastructure, macro-economic policy framework, political climate, level of technology, export markets profile, export marketing institutions, and so on.

5.1 THE NIGERIAN ECONOMY

Nigeria has an economy that is unarguably one of the largest in Africa, and a domestic market second[1] perhaps, only to South Africa's (Financial Times, 1995; 1998). These coupled with its vast human[2] and material[3] resource endowments had assured its claim as Africa's giant - a claim which its economic experiences since the early 1980s have perennially put in question.

Nigeria economic fate appears to be tied to developments in the international oil market, its principal export. Its best years, therefore, were the early 1970s through the turn of the 1980s, when the oil price boom took it to dizzying heights, from foreign exchange earnings of 1.3 billion naira in 1971, to 5.2 billion in 1973, peaking at 13.2 billion naira[4] in 1980. It came tumbling down, in 1982, with the crash in international oil market prices, and has, in spite of policy changes, been unable to either arrest or reverse the slide down the economic abyss.

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[1] According to FT (1998), 'only two sub-Saharan (Africa) economies fit into the 'strategic market' category ... but both of the region's largest economies – South Africa and Nigeria – continue to under-perform'.

[2] 101.9m people, of about 300 ethnic nationalities.

[3] Africa's largest oil producer; world's largest flarer of natural gas, of which it has the largest Africa's reserves; world's largest producer of yam and cassava tubers; richly endowed in many important cash crops (rubber, cocoa, and so on) and minerals (coal, tin, kaolin, magnesium, uranium, and so on).

[4] From its introduction in 1973 through the first part of the 1980s, the naira was exchanging at nearly double the US dollar.

	Total Exports (US$)	Non-oil Exports *(US$)*	Naira/US $ Rate
1980	25,938.9	1,014	0.5469
1981	18,214.3	566.4	0.6052
1982	12,192.0	301.9	0.6731
1983	9,995.2	401.4	0.7506
1984	11,845.7	322.5	0.7672
1985	13,134.0	557.1	0.8924
1986	5,149.5	318.7	1.7323
1987	7,649.2	542.2	3.9691
1988	6,875.0	607.8	4.5367
1989	7,871.0	401.1	7.3651
1990	13,164.9	390.5	8.038
1991	12,264	472.0	9.099
1992	11,886.2	244.4	17.30
1993	9,945.5	229	22.07
1994	9,366.32	243	22.00
1995	10,635.8	280.3	70.36

Figure 5.1 : **Foreign Exchange Earnings from Merchandise Exports (in million US $)**
Source : Fashola (1994), 'Strategy for National Survival Under Mono-Product Economic Base, with emphasis on Nigeria'.
Economist Intelligence Unit (1995), Country Profile : Nigeria 1995-96.
CBN Annual Report and Statement of Accounts for the Year, 1996.

Forced by the sharpness of the drop in foreign exchange earnings during the early 1980s[5], as can be seen in Figure 5.1 above, the Nigerian government, in 1986, embarked on an IMF-sponsored *Structural Adjustment Programme.* This was aimed at, among other things, boosting exports, especially non-oil (more particularly value-added, manufactured and semi-manufactured) products.

The constituent policies were embodied in the (i) Export (Incentives and Miscellaneous) Decree No. 11 of July 1986, which spelt out generous fiscal and financial incentives[6], under such sub-headings as currency retention scheme, export development fund, duty draw back (suspension) scheme, pioneer status, capital assets depreciation allowance, tax relief on interest income, export financing facilities, export credit guarantee and insurance scheme, and export grant fund; (ii) Foreign Exchange Market Decree No 23 of September 1986, which introduced the foreign exchange market, deregulated the exchange rate of the national currency, the Naira; (iii) Customs and Excise Decree of 1988, which removed excise duties from exports and abolished issuance of import and export licences; and (iv) Industrial Policy of

[5]This also brought home to it the fragility of its mono-product economy.
[6] See Appendix 7 for details.

Nigeria, 1989, which sought to boost the investment climate by reducing government participation in the economy, through privatisation and commercialisation, and opening up some areas hitherto closed, fully or partially, to foreign investment.

Other specific measures taken include the reorganisation of the Nigerian Export Promotion Council (NEPC); setting up of commercial attachee positions in Nigerian missions abroad; abolition of the commodity board system, and consequent introduction of private sector participation in the exportation of scheduled commodities, establishment of the Nigerian Export Credit Guarantee and Insurance Corporation, and designation of Calabar port as an export processing zone.

In spite of the above-outlined measures, the contribution of manufactures and semi-manufactures to Nigeria's export earnings has remained insignificant (see Figure 5.2 below), leaving oil exports the responsibility of over 95% of annual foreign exchange earnings. And with oil prices unable to regain its pre-1981 levels, Nigeria's economy has found itself buckling under the weight of excessive external debt burden, put at US$35b (The Asian WSJ*, 1998), and 'on which arrears (have) continued to climb' (FT, 1998).

Year	*% Contribution*
1980	0.3
1981	0.1
1982	0.6
1983	0.4
1984	0.6
1985	0.6
1986	0.2
1987	0.3
1988	0.2
1989	0.3
1990	0.3
1991	0.5
1992	0.2
1993	0.2
1994	0.4
1995	0.4

Figure 5.2 : **Export of Manufactures and Semi-Manufactures as a Percentage of Total Exports.**

Source : Central Bank of Nigeria Annual Report and Statement of Accounts, Several Years.

* The Asian Wall Street Journal. Note however that Nigerian Government puts the total debt burden at US$27b.

As can be seen from the figure above, the contribution of manufactured and semi-manufactured exports to Nigeria's annual foreign exchange earnings has been fluctuating within 0.2 and 0.5%, even during the export promotion era.

A look at the statistics for industrial production in Figure 5.3 below reflect a worse trend. A recent Wall Street Journal (1998) report puts industrial capacity utilisation in 1996 at 32.5% - a rise from the 29.3% figure for 1995. Even this minimal growth was reversed in 1997, as the manufacturing sector declined by 0.72% relative to its 1996 level.

Year	Index of Output	Capacity Utilisation
1981	175	73
1982	190	64
1983	132	49
1984	96	42
1985	100	37
1986	78	39
1987	131	40
1988	135	42
1989	154	43
1990	163	40
1991	178	42
1992	170	38
1993	145	36
1994	133	28
1995	136	29
1996	140	33

Figure 5.3 : **Trend in Industrial Production in Nigeria.**
Sources : Financial Times, 1995; The Asian WSJ, 1998.

Concerns have been expressed about the inability of the Nigerian economy to respond to export-oriented policies which have served other developing economies, mostly in East Asia and Latin America well. One issue which has attracted a lot of blame is the domestic environment. This discussion next examines the marketing environment under which Nigerian manufacturing firms operate. But first, a look at the Nigerian textiles industry.

5.2 A FOCUS ON NIGERIA'S TEXTILES INDUSTRY

No industry mirrors the impact of surrounding marketing environment, institutions, and infrastructure on Nigeria's attempt at export-led industrialisation as much as the textiles industry.

Soon after the introduction of the export promotion programme, the performance of this sector became significantly improved. The Manufacturers Association of Nigeria (MAN, 1995) reported that synthetic fabrics output rose 18 fold between 1985 and 1992, *albeit* from a tiny base. Cotton textiles production also grew substantially between 1986 and 1992 (see Figure 5.4 below). Textiles exporters to the US market were so active that they overshot the quota permitted the country under the bilateral multi-fibre agreement, and were threatened with a ban (Ogunmola, 1990 - see Figure 5.5 below), particularly on the absolute values of textiles exports.

Year	Cotton Textiles	Synthetic fabrics
1985	100	100
1986	37.9	196.1
1987	120.6	1125.7
1988	123.6	1318.6
1989	104.0	1309.3
1990	118.0	1501.6
1991	147.5	1921.1
1992	151.1	1891.6
1993	106.4	1229.0
1994	92.1	1023.0
1995	92.8	825.5

Figure 5.4 : **Index of Textiles Production : 1985 = 100**

Source : Central Bank of Nigeria Annual Report and Statement of Accounts, 1991 and 1995.

Year	Value (millions of naira)	% of Total Exports
1989	128.0	0.2
1990	172.0	0.2
1991	329.0	0.3
1992	297.7	0.1
1993	201.1	0.1
1994	140.0	0.1
1995	1419.6	0.2

Figure 5.5 : **Textile Exports as a Percentage of Total Exports**

Source : Central Bank of Nigeria Annual Report and Statement of Accounts, 1991 and 1995.

This same industry has however declined rather precipitously since 1992, becoming in the words of the MAN (1995), 'an emaciated mirror of its former self', with some mills already having closed shop, while another ten are heavily distressed. Production of synthetic fibres and cotton textiles has decreased by 50% and 33% respectively over the period 1991-1994. Textile exports, as can be seen from Figure 5.5 above, have fallen by over 200% during the corresponding period. The apparent rise reflected in the 1995 export figure is owed more to the depreciation of the naira against the dollar than to any significant improvement in textile exports. One of the reasons cited was the shortage of locally grown cotton, as the industry demand of 600,000 bales for full capacity utilisation was met only a quarter of the way (African Economic Digest, 1995). Other factors include the overvaluation of the naira exchange rate, and devaluation of the CFA Franc in January 1994 (Financial Times, 1995); lack of modern production processes, machinery and equipment, as well as absence of wholesale outlets in major markets, and inconsistency in export promotion policies (Nigerian News, 1995).

5.3 NIGERIA'S MARKETING ENVIRONMENT

5.31 Political Environment (Stability and Role of Government)

The importance of the political environment in the practice of management in developing countries has been widely acknowledged in the literature (Sawyerr, 1993). Few countries, indeed, illustrate this as much as Nigeria, whose export promotion programme has operated under a persistent cloud of political uncertainty (military interventions and failed democratic experiments) and economic instability. The country's 'political instability index' is considered by Western investors and diplomats, including the US Department of State (1998) as too high (EIU, 1995; African Business, 1995; Olasope, 1995; Smith, 1989). As observed by Ibeh et al. (1995), deep cleavages along ethnic, religious, political lines, and even within the military who have ruled the country for 28 out of its 38 years of independence have pushed the prospects of political stability further away. It is clearly no surprise that Sawyerr's (1993) comparative study of Nigerian and US executives reported the former as perceiving significantly higher uncertainty from the political sector of their environment relative to the latter executives.

The record of Nigeria's government in economic management in general, and export-oriented policies in particular has also been found appalling. Most observers, including the Manufacturers Association of Nigeria (MAN, 1996) have deplored the inconsistencies in policy making (Nigerian News, 1995; Financial Times, 1995, 1998; First Bank of Nigeria, 1995), or what the African Economic Digest (1995) referred to as 'adjustment hide and seek'. Three examples would suffice : (i) shortly after the government threw the gate open for exports, one company invested heavily in preparing for the US market. The project was in its final stages when the government banned the exportation of that particular product (Ogunmola, 1990); (ii) in 1993, Nigeria's gravy privatisation train finally reached the banking industry, and the government gave up its control of the big four banks. Two years later (1995), it started buying back equity, with a view to repossessing control of these banks (African Business, 1995); (iii) after seven years of operating a market-determined exchange rate, the Nigerian government in its 1994 budget reverted back to exchange rate regulation, only to reverse itself partly in the 1995 budget. African Economic Digest (AED, 1995) said this, of the 1995 budget :

> the new budget offered no progress in other equally important areas. It maintains negative real interest rates, and an overvalued official exchange rate, emphasised public investment at the expense of maintenance, called for suspension of privatisation programme, and reaffirmed the past failed policy of commercialisation for key public enterprises.

The 1998 budget would appear to have reversed, yet again, the government's suspension of the privatisation programme. This has not got underway however six months into the budget year. Furthermore, the overvalued official exchange rate, referred to above, is still being operated. As a recent FT (1998) report pointed out, successive Nigerian governments have been unwilling to embrace the 'far-reaching economic reforms and political accommodation' on which economic renaissance depends. It is not surprising, given this type of environment, that the Nigeria's export promotion programme has failed to yield expected benefits. Even the Central Bank of Nigeria (CBN, 1995), the government's monetary authority, attributed the country's failure to execute various export promotional projects, in 1994, to 'political instability and the pegging of the naira exchange rate and interest rates at below market values'.

There appears to be signs, however, that Nigeria's political environment may be improving. The new General who assumed power, following the June 8, 1998 death of the former military ruler has promised to return the nation to democratic government, and has significantly brightened the prospects for political stability in this West-African nation.

5.32 Economic Environment (Policy Framework)

Earlier discussions on Nigeria's Structural Adjustment package and government's economic management record have hopefully thrown light on the policy framework and economic environment under which Nigerian manufacturing exporters operate. This researcher had, in an earlier work, examined Nigeria's export policy framework, and found its blend of import substitution and export-oriented strategies appropriate to the country's economic circumstances. The paper also found nothing wrong with the coverage, reach, and adequacy of her export policies, but strongly faulted the level of performance in policy implementation (Ibeh, 1996). This appears to reflect the position of most other interested scholars :

> On paper, Nigeria has a comprehensive and formidable package of policy measures for promoting non-oil exports (Fajana, 1994), but their effect has been minimal due to frequent policy and political changes, lack of coordination, corrupt practices and administrative inertia (Ezenwe, 1994).

Few years down the line, not much (if one takes away the policy somersaults of 1994, 1995 and 1998, including the closure of the commercial desks in all Nigerian missions abroad) has happened to warrant a revision of the views expressed above. The policy framework and incentives still appear rosy, even if poorly sequenced (First Bank of Nigeria, 1995). The implementation, however, has continued to lag far behind. Take export financing facilities for example. The Nigerian Export-Import Bank (NEXIM) is still committed to providing these facilities, through commercial and merchant banks, as well as administer African Development Bank's (ADB) Export Stimulation Loans (ESL) to Nigerian small and medium scale manufacturing exporters. However, only one (the Stocking Facility) out of the three major export financing facilities it operates recorded improved funding during 1994. Disbursement under the Rediscounting and Refinancing Facility (RRF) declined, while that of the Foreign Input Facility (FIF) stopped completely following the exhaustion of its fund (CBN, 1995). The RRF, however, witnessed improved funding in 1995, with 'all other export financing facilities ... underfunded' (CBN, 1996).

The same gap in professed policy intention and observed reality characterise much of the economic environment under which Nigeria's export promotion programme operates. As the CBN (1995) also reported, apart from the Duty Drawback Scheme, and Export Expansion Grant Fund, under which 7.3 and 27.7 million naira respectively were disbursed, 'the implementation of the remaining incentives suffered some setbacks'. Though improvements were recorded in 1995, the implementation of the export incentive package has continued to experience inadequate funding (CBN, 1996).

5.33 Socio-cultural Environment

Evidence on the socio-cultural aspects of the marketing environment under which Nigeria's export promotion programme operates appears inconclusive. On the debit side are 'the culture of heavy reliance on personal ties in doing business' (AED, 1995), or what has been referred to as 'patriarchal care-taking' (Gebert and Steinkemp, 1991), 'scarcity of technical and managerial skills' (FT, 1995), and low levels of productivity by agricultural and manufacturing sectors (FBN, 1995). A study by Gebert and Steinkemp (1991) reported that 82% of Nigerian entrepreneurs remarked on their employees' lack of task-related maturity – qualifications, motivation, and reliability (see also Akeredolu-Ale, 1975).

It has to be observed however that the number of firms which respond to export promotion measures have continued to increase annually : from 48 in 1984, to 58 in 1985, to 2587 in 1987, and over 6000 in 1989 (Awoga, 1990). Newly registered exporters for 1993, 1994, and 1995 were 1827, 1360, and 2966 respectively (CBN, 1995, 1996). The difficulty in using the above statistics as an indicator of increasing export entrepreneurship is that most of these registered exporters were not manufacturers, but primary commodities dealers.

5.34 Technological Environment

Among the numerous factors mitigating against the competitiveness of Nigeria's manufacturing exporters is the existence of largely run-down and obsolete industrial plant and technological capability (Financial Times, 1995). As noted earlier, the textiles industry lacks modern production processes, machinery, and equipment. These, obviously, must be limiting its capacity to benefit from the export promotion programme.

5.35 Market Attractiveness as Indicated by the Level of Investments Inflow

It would appear from the trend and level of foreign investment activities in Nigeria that investors perceive it to be increasingly unattractive. As observed by the EIU (1995), 'foreign direct investment has been negligible in recent years'. Its statement to the effect that 'a number of foreign companies were actively divesting as a result of the heightened political uncertainties' has been corroborated by the Nigeria's Security and Exchange Commission (SEC)'s finding that 'between 1990 and 1994, foreign shareholders started off-shore and on-shore divestment of part or all of their holdings in over 100 companies due to poor investment climate in the country' (AED, 1995). Another report by the Financial Times (1995) said that the number of

British interests in Nigeria have halved over the last ten years, while French's have dropped by 25%. Among the British firms that have divested include Barclays in 1989 and Standard Chartered, which reduced its holding in the First Bank from 39% to 9.9%.

Olasope (1995) reported the assessment of Nigeria's investment climate by the US Department of State thus :

> Nigeria's basic infrastructure is extensive, but inadequate...inadequacies range from crumbling roads and bridges to erratic telephone services, endemic shortage of water, fuel, and electricity. Added to these problems and fear of personal safety and security, political uncertainty and deteriorating economy, widespread corruption and fraud, which detract from the Nigerian Government's professed interest in attracting foreign investors'.

Although this professed intention has been reinforced by the promulgation in July 1995 of an Investment Promotion Decree (which guaranteed foreign investment against nationalisation and expropriation by government, while freeing up all sectors for foreign investment), African Business (1995) fears that government's decision to buy back equity in four major privatised banks may scupper its chances of winning back confidence, and attracting investment.

Nigeria's investment climate has also not been helped by fraudulent business practices which, according to the International Maritime Bureau, 'tarnish Nigeria's commercial reputation and hinders its ability to develop further legitimate commercial links with potential trading partners' (AED, 1995). Financial Times (1995) also reported that 'international banks have become reluctant to do business with their Nigerian counterparts'. According to the report, many Nigerian banks are finding that their correspondent banking partners, including America's Amex, Bankers Trust, and Citicorp, are tightening, if not terminating their relationships. Add these to the shake-out among Nigerian banks, two-third of which are estimated by the CBN to be distressed[7] or technically insolvent, and the true picture of the environment under which Nigerian manufacturing exporters (including textiles firms) operate begins to emerge.

[7] Twenty-six out of the 120 banks in Nigeria were liquidated in January 1998, with another 23 officially classified as distressed. The Lagos rating agency, Agusto & Co., expects that only about 40 banks would meet the new minimum paid up capital requirement specified by the CBN (FT, 1998).

5.4 EXPORT MARKETING INSTITUTIONS IN NIGERIA

5.41 National Export Marketing Institutions

As earlier noted, one of the specific export promotion measures taken by the Nigerian government in 1986 was the re-organisation of the Nigerian Export Promotion Council (NEPC). The effect of this was evident in the activities of this foremost marketing institution in administering the available package of export incentives, sensitising the export community through relevant publications, seminars, and other export fora, sponsoring Nigerian companies to international trade fairs and exhibitions, and generally spearheading the nation's effort towards export development (CBN, 1996; Nnolim and Ibeh, 1993).

The NEPC's activities, thus, amount to the provision of what Owualah (1988) referred to as hardware and software economic infrastructure[8]. Considerable as these activities are, there has persisted this identified absence of marketing orientation, and inability to give export marketing leadership to such other support agencies as the NEXIM, Department of Customs and Excise, Nigerian Ports Authority, and overseas commercial desks, as well as such private sector organisations as the MAN, Association of Nigerian Exporters (ANE), and Nigerian Association of Chambers of Commerce, Mines, and Agriculture (Nnolim and Ibeh, 1993).

The situation at the NEPC is not helped by the fluctuating levels of government support and infrastructural inadequacies. Two recent examples are in order here : (i) in 1994, the government closed down all commercial desks in Nigerian missions abroad, thus depriving the NEPC of valuable marketing and promotional links with actual and potential export markets – A CBN (1996) report blamed this closure for the falling export inquiries received by the NEPC[9]; (ii) between June and August 1995, this researcher repeatedly tried without success to get in touch, by telephone, with the both NEPC national headquarters at Abuja and zonal office in Lagos. All he got from both offices was a recorded message to the effect that the telephone lines were temporary unavailable - in two different cities, about 1000 miles apart!

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[8] Owualah (1988) defined economic infrastructure as 'a tangible or intangible economic policy measure initiated by an outside body (usually the public sector) which impacts on the ability of a small business to undertake productive economic activities'. Hardware economic infrastructure includes financial, fiscal and assets leasing incentives, while software economic infrastructure comprise training and information provision.

[9] Export inquiries received by the NEPC fell from 1200 in 1994 to 900 in 1995.

Another major national export-related institution in Nigeria is the NEXIM, established by a 1988 Decree, but which commenced operations in June 1991. This institution inherited two export financing facilities (the RRF and FIF) upon inception, from the CBN, to which it has added a third (the Stocking Facility). Its activities however have, as noted earlier, been constrained by shortage of funds.

There is no doubt that the general inadequacy of the 'economic infrastructure' (particularly hardware infrastructure) available to Nigerian manufacturing firms has contributed to the country's poor non-oil export performance. Owualah's (1989) comparative study of Nigeria and Japan found striking contrasts between the two nations, not just in economic development, 'but also in the levels of the socio-economic infrastructure enjoyed by their small-scale firms'. An earlier study by this same author had profiled various governments' provision of economic infrastructure, and reported a reduction in the quantum of infrastructures provided for SMEs as one moves from the Developed-Advanced Countries, Newly Industrialising Countries, to Less Developed Countries. Nigeria's economic infrastructure, incidentally, was found to be the least adequate among the nine countries studied (Owualah, 1988).

5.42 Private Sector Export Marketing Institutions

There clearly do not exist in Nigeria major export marketing institutions, in the mould of the Japanese general trading companies. Even multinational marketing networks are lacking, except in the oil sector where the bulk of private foreign investments are concentrated (FT, 1998). A Nigerian News (1995) report, indeed, pointed out that one of the problems of the textile industry is the absence of Nigerian-owned wholesale outlets dealing on the country's textiles and garments in major markets abroad. That the Nigerian business community appear unable to redress the situation is evident in a call credited to the managing director of a major paint manufacturing company in Nigeria, for the government to set up an export marketing company to buy up all quality exportable products from manufacturers, and sell abroad (Ogunmola, 1990).

There, of course, exist other private sector organisations devoted to export promotion (like ANE), as well as others with considerable exporting interest (e.g. MAN and NACCIMA). These voluntary associations however, cannot be a substitute for profit-oriented export marketing institutions.

It needs be stated here that the number of exporters registered with the NEPC have continued to rise year after year : from 48 in 1984, to 58 in 1985, to 2578 in 1987, and over 6000 in 1989 (Awoga, 1990). The number of new exporters registered in 1993 was 1827, while only 314 renewed their registration certificates. The corresponding figures for 1994 and 1995 were 1360 and 234, and 2966 and 549 respectively (CBN, 1995). Two worrying trends could however observed : (i) most of these registered exporters deal on primary commodities; and (ii) only a very negligible percentage bother to renew their registration, even a year after, suggesting that they either did not enjoy their exporting experience or are occasional exporters.

5.5 NIGERIA'S EXPORT MARKETING INFRASTRUCTURE

5.51 Marketing Logistics Infrastructure

One of the issues which does not seem to escape the attention of all researchers, writers or commentators on Nigeria's marketing environment or investment climate is the inadequacy and deterioration of existing marketing logistics infrastructure - transportation and communication facilities, electricity and water supply, and so on. Snippets of information on this must have filtered across in the course of preceding discussions, notably in the views credited to the US Department of State (1995, 1998). It would not do to cite every source where similar observations have appeared, except to refer to a few pointers to sufficiently convey the message.

Nigeria is said to be on 'the slow lane of information superhighway'. It did not get connected to the INTERNET until 1997, and penetration has remained low. Also, the poor state of facilities (obsolete dockside equipment leading to temporary congestion) and security, as well as high tariffs were reported to have driven Nigerian importers to increasingly use the neighbouring Republic of Benin ports. The railway network put at 3,500 km. was reported to have been reduced to a minimum owing to little investment; while the telephone and telex services have deteriorated in quality and reliability of service (AED, 1995; EIU, 1995).

Another AED (1995) report on 'Nigeria's inadequate infrastructural and marketing facilities' referred to plans by the government to build 4 additional power stations, with a combined generating capacity of 5340 mega watts to bring total generating capacity to 11,290 mega watts. Further evidence of Nigerian government realisation of the enormity of the problem is contained in the raising of US$35m bridge loan for the rehabilitation of NEPA's 3 units at Egbin Thermal Station, which generates 40% of the country's electricity requirements (FBN, 1995). In the telecommunications sector, there is an ongoing World Bank-assisted programme, to upgrade both the domestic and international telephone networks, as well as plans by the Nigerian Telecommunications (NITEL) plc to double the existing capacity to 400,000 direct exchange lines over the next few years. It is envisaged that these would increase the country's telephone density to 0.8 (EIU, 1995).

More significant, however, is the announced privatisation programmes for the state-owned Nigerian Telecommunications (NITEL) and National Electric Power Authority (NEPA). As reported in The Asian Wall Street Journal (1998), 'the telecommunications sector in Nigeria has been gradually deregulated, opening the way for a cluster of foreign and local joint venture operators'.

5.52 Export Processing Zones

Plans to establish export processing zones (EPZ) have always featured highly in Nigeria's export promotion programme. None of the 3 designated zones, however, had become operational as of June 1998. The closest is the Calabar EPZ, commissioned in 1992, whose facilities are still being put together. It is perhaps instructive to note that one of the additional export incentives in the 1998 budget is the granting of an accelerated (first year) 100% capital allowance claim to any export processing factory in a bonded export zone, on its qualifying building and plant expenditure (The Asian WSJ, 1998).

5.6 NIGERIA'S EXPORT MARKETS PROFILE

There does not appear to be any discernible pattern or focus in the selection of export markets by Nigerian manufacturing exporters, including those in the textiles industry - a task not made any easier by the relatively small export base. One major market for Nigerian textiles and garments has been the US market, although textiles exports have similarly been destined for the European and African markets. Given the restrictions in developed countries' markets, as embodied in the multi-fibre agreements, and the exacting standards required of imports into the EU markets, it is not surprising that that Nigerian manufacturing firms are heeding the advice to emphasise the ECOWAS and African markets (Nwakanma, 1986; Ogwo, 1989; Nnolim and Ibeh, 1993). Some have, unfortunately, taken the illegal route, as evident in the widespread reports of unofficial, across-the-border trade or smuggling (Ezenwe, 1994). Manufacturing exports appear to have reversed the pattern set in the direction of oil exports, which by 1995 was as follows : Americas (53%); Western Europe (31%); Asia (12%); and Africa , 5% (CBN, 1996).

5.7 CHAPTER SUMMARY

This chapter has shown that much of the marketing environment and export-related infrastructure which support Nigeria's export promotion programme are seriously defective. A combination of unstable political climate, inconsistent and poorly implemented policy framework, and low technology base has rendered Nigeria's domestic environment highly unconducive for meaningful growth of manufactured exports. This has also made the investment climate grossly unattractive, for sorely needed inward investments.

Export marketing institutions also, are yet to develop or emerge at the level sufficient to neutralise the shortcomings of the operating environment and infrastructure. The dearth of sizeable foreign direct investments, outside of the oil sector, has ensured that neither general trading companies along the lines of the Japanese Sogo Shoshas, nor major multinational international networks are available to propel the export of manufactures, and show the way to the largely ill-equipped and inexperienced local export entrepreneurs.

Given this scenario, it is not surprising that the performance of Nigeria's manufacturing exporters under the export promotion programme, has remained weak.

CHAPTER SIX

RESEARCH DESIGN AND METHODOLOGY

This chapter addresses the relevant methodological issues pertaining to this present research. After a brief statement on research philosophy and design, substantive discussions are undertaken of the actual process which this research embodies. Specific topics covered include selection of product areas and sample; design, pre-test and validation of the questionnaire; and data analysis. The chapter ends with a brief summary, but not before the study's propositions had been re-stated, and its major limitations highlighted.

6.0 RESEARCH PHILOSOPHY

Every researcher in the management sciences is faced with the fundamental philosophical issue of deciding whether to (a) adopt the positivist orientation, and pursue quantitative research paradigm; or (b) embrace the phenomenological school of thought, hence do qualitative research; or (c) selectively combine - *triangulate* - the best of both approaches, as deemed appropriate for a particular piece of research.

Positivism holds that meaningful knowledge about the real (external) world should be gained through observations and measurements, conducted by objective rather than subjective methods (Easterby-Smith et al., 1991). This empiricist methodology, according to Kamath et al. (1987) 'emphasizes prediction and control and places the scientist in a spectator-observer role with minimal preconceived biases'. Comte's (1853) often-quoted statement that 'all great intellects have repeated, since Bacon's time that there can be no real knowledge but that which is based on observed facts', succinctly captures the positivist's viewpoint, as well as underlie the depth and weight of its support base.

The practical implications of positivism for the researcher include : keeping a distance from what is being observed (*independence*); allowing objective criteria, rather than personal beliefs and interests, to guide the choice of what is studied, and how (*value-freedom*); seeking to identify causal explanations and fundamental laws behind regularities in human social behaviour (causality); starting with initial hypotheses, and subjecting same to deductive tests, using collected observations (*hypothetico-*

deductive); breaking down concepts such that facts can be measured quantitatively (*operationalisation*); reducing problems to their simplest possible elements to enhance understanding *(reductionism)*; making samples large enough to enable generalisation about observed regularities in human social behaviour (*generalisation*); and seeking comparisons across samples - *cross-sectional analysis* (Easter-by Smith et al., 1991; Ardnt, 1985; Kamath et al., 1987).

Phenomenology, on the other hand, sees reality as socially constructed and not objectively or externally determined. Based on the premise that human actions arise out of the meanings people attach to their experiences, phenomenologists focus on understanding why people have different experiences. The key to explaining human behaviour, in their view, lies within the individual, and not some external causes or fundamental laws. The researcher's fundamental task therefore is uncovering meanings, not gathering facts and measuring how often certain patterns occur. Other practical research implications of phenomenology include : the researcher's *involvement* in what is being observed; development of ideas and theories based on *post hoc* analysis of collected data (*induction*); examination of the full complexity of the data (*systems* view); use of *multiple methods* to establish different views of the phenomena; and intensive investigation of small samples, over time (*longitudinal analysis*).

Figure 6.1, overleaf, shows the key features of the positivist and phenomenological paradigms.

Consistent with the resolve to keep this review brief, the long, continuing debate over the relative merits of these two philosophies is avoided here, except to the extent that is necessary to explain the recourse made, in this present research, to triangulation.

Triangulation, as conceived by its navigation and surveying originators, refers to the use of multiple, but independent measures. It now applies to the mixing of research approaches and methods. Triangulation can occur at four different levels, namely, theoretical, data, investigator, and methodological. As Savage and Black (1995) observed the popular notion of triangulating across methods explicitly compares and contrasts the results of different ways of knowing.

	Positivist paradigm	Phenomenology paradigm
Basic beliefs :	The world is external and objective Observer is independent Science is value-free	The world is socially constructed and objective Observer is part of what observed Science is driven by human interests
Researcher should :	focus on facts look for causality and fundamental laws reduce phenomena to simplest elements formulate hypotheses and then test them	focus on meanings try to understand what is happening look at the totality of each situation develop ideas through induction from data
Preferred methods include :	operationalising concepts so that they can be measured taking large samples	using multiple methods to establish different views of phenomena small samples investigated in depth or over time

Figure 6.1 : **Positivist versus Phenomenological Paradigms**
Source : Easterby-Smith et al. (1991), Management Research.

The resort to methodological triangulation (use of both quantitative and qualitative methods) in this research can be explained on both theoretical and pragmatic grounds.

The theoretical justification derives from the increasing realisation in both the exporting and small firm internationalisation literature of the need for 'methodological pluralism ... to replace the over-reliance on positivist paradigms of the past' (Bell and Young, 1998). It is believed that the potential contribution of comparing data from the survey (a quantitative technique) with a few depth interviews (qualitative technique) would be unmatched by the gains of methodological purity, or what some perceive as technique fixation. These potential contributions may take the form of enriched, multi-faceted understanding of reality (Savage and Black, 1995), or 'the development or new, richer explanations of exporting behaviour' (Kamath et al., 1987). As the latter authors observed, paradigmatic pluralism or eclecticism may provide for greater creativity, innovation, and may lead to more stimulating and fruitful generation of ideas and theoretical insights in the exporting field. These authors have, indeed, identified the dominant use of a logical-empiricist methodology as one of the major problems bedeviling export research[1]. This is because it renders export research susceptible to such inherent, well known problems as those of induction, measurement errors, and theory dependence on observation (Anderson, 1983; Popper, 1959; Kamath et al., 1985; 1987) – problems which 'may account for the proliferation of divergent results in the literature'.

The pragmatic consideration underlying the use of methodological triangulation resides in the imperative to accommodate those aspects of this present study which do not lend themselves to the quantitative method. This researcher, to be sure, holds great regard for the quantitative paradigm, given its higher assurance of objectivity, reliability, validity, literature base, rich predictive value, *etc.* Such features of this study as a relatively small target population, incomplete sample frame and poor communication infrastructure, however, make total compliance to the paradigm impossible. Take the issue of relevant population size for an instance. The very limited number of Nigerian firms which met the pre-specified inclusion criteria (226), meant that a reasonably large sample can only be obtained by contacting all the 226 firms (Parasuraman, 1991). The resulting *census*, strictly considered, falls outside the definition of probability sampling; thus, disallowing the estimation of sampling error and confidence intervals.

It should be observed, however, that while the above process of respondents recruitment reflects a census, the 42% response rate achieved means that only a sample of the study population was eventually surveyed (Parasuraman, 1991). These surveyed firms, it must be noted, emerged through an objective process, clearly independent of the personal judgement or preferences of this researcher - every single firm which met the pre-specified inclusion criteria was contacted. Although it was not possible to estimate sampling error, consistently strong evidence was obtained,

[1]Other problems identified by these researchers include the view of exporting and domestic marketing as 'strategic solitudes' and the insufficient attempt to situate the findings within identified theoretical frameworks.

through various statistical measures, about the normality of the sampling distribution[2] (see Appendices 2-5).

It should, additionally, be noted that pure versions of either positivism or phenomenology hardly exist in practical management research. Selective combination of methods, both within and across paradigms, is becoming the rule rather than the exception, the philosophical incompatibility inherent in so doing (Easterby-Smith et al., 1991) notwithstanding. Savage and Black's (1995) conclusion based on a review of the methodological dimensions of entrepreneurship research is instructive :

> '...authors bridge subjective and objective orientations. Indeed, most of the authors bridged two or more epistemological and teleological categories through their methodological choices'.

6.1 RESEARCH DESIGN

Export and entrepreneurial behaviour have separately been the focus of a vast number of empirical studies. None of these studies, however, had studied both phenomena jointly. None also had focused on Nigeria, or similar less performing developing countries, where aspects of the domestic environment may constitute serious disincentive to export venturing. In attempting therefore to understand Nigerian manufacturing firms (actual and potential exporters), particularly their orientation regarding export entrepreneurship and environmental disincentives, this study cannot but be exploratory.

The export-entrepreneurial orientation construct which is central to this research has not been used elsewhere. Given the absence of empirical work sufficiently similar to be replicated[3], this research was designed to generate maximum insight into the phenomena under study, from all useful sources and methods. The extensive forays which have been made into the export behaviour and entrepreneurship literature, and

[2] This, coupled with the availability of metric (interval or ratio-scaled) data, provides the statistical basis for the use of such multivariate techniques as Cluster Analysis and Factor Analysis, in this present research.

[3] A defining feature of descriptive research design (Churchill, 1996).

the flexibility with which depth interviews were triangulated into the formal survey design should therefore be understood from this perspective.

From an epistemological point of view, the field methods chosen (the structured close-ended questionnaire and unstructured face-to-face interviews) are those based on inquiring[4] as a way of knowing. By interacting and soliciting information from sample elements, both methods are said to elicit the respondents' cognitions (Savage and Black, 1995).

6.2 RESEARCH METHODOLOGY

This section elaborates on the brief overview of this research's approach as presented in section 1.3. Having reviewed the relevant literature on initial internationalisation; export stimulation, initiation and success; entrepreneurship, including export entrepreneurship; and Nigeria's manufactured export sector and operating environment; a multi-stage approach (see Figure 6.2) was adopted for the empirical research.

[4] One of the three main branches of Wolcott's (1992) epistemological tree. The others are experiencing and examining.

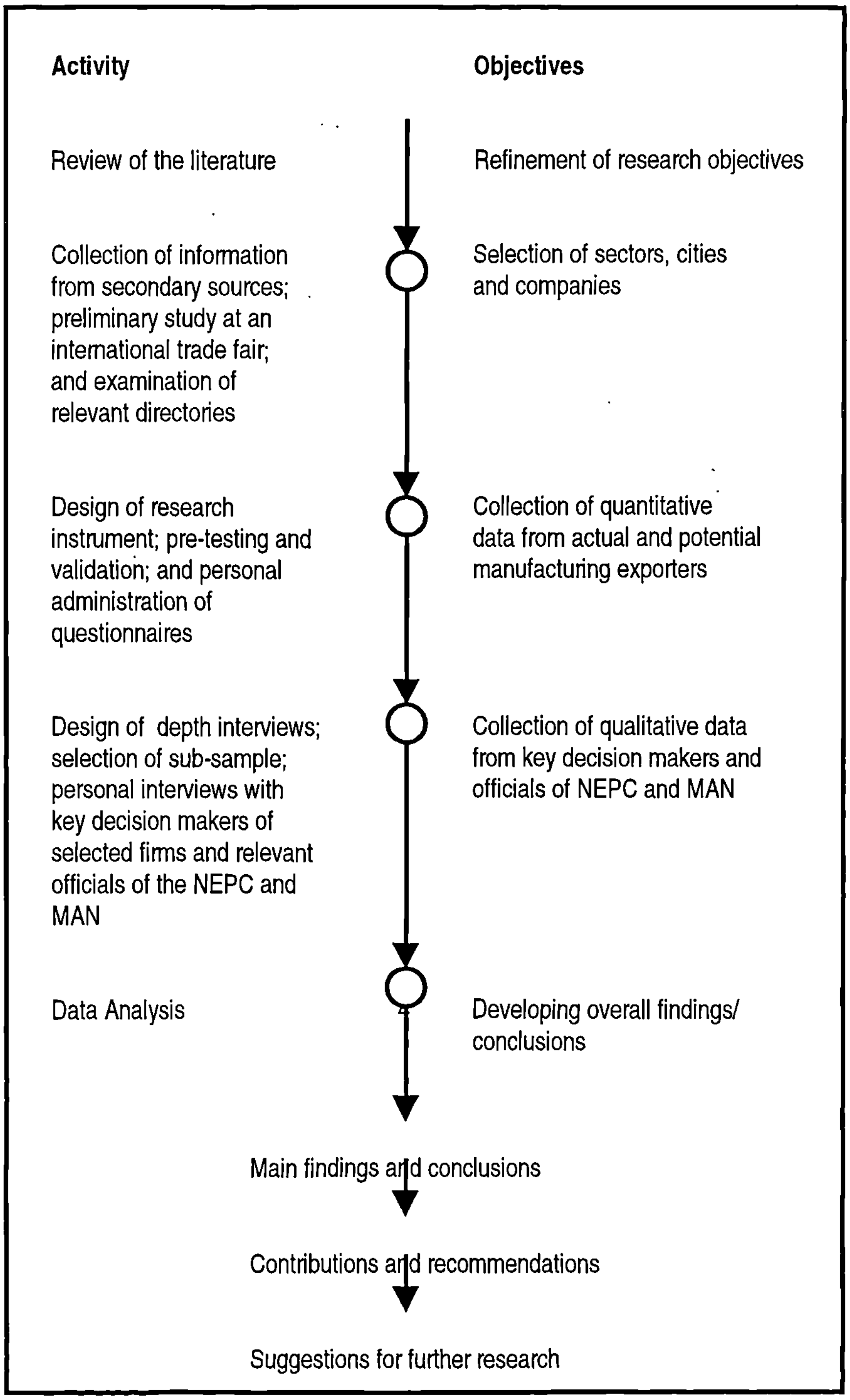

Figure 6.2 : **The Research Process**

Source : The Researcher

6.21 Selection of Product Areas and Sample

This initial empirical phase involved the selection of appropriate product areas and the study sample. Details of the criteria underlying the choices made are provided below.

6.211 Criteria for Product Selection

The choice of the targeted product areas (textiles and wearing apparels, footwear and leather, food and beverages, plastics and wood products) was informed by considerations outlined in Figure 6.3 below.

(i)	These are essentially labour-intensive product areas in which Nigerian firms, as suggested by trade theory, are supposed to have some competitive advantage in the international market (Wells, 1972);
(ii)	They largely fall under the light manufactures/consumer goods category, which previous developing countries' studies suggest are better platforms for export initiation (Leonidou, 1995; Bodur, 1986; Bodur and Cavusgil, 1986; Dominguez and Sequeira, 1993; Katsikeas and Morgan, 1993; Anderson and Tansuhaj, 1990; Wortzel and Wortzel, 1981);
(iii)	They are in the current list of exportable products published by the Nigerian Export Promotion Council (NEPC, 1995);
(iv)	They enjoy a reasonably high level of domestic capacity utilisation and local value addition (MAN, 1995);
(v)	Available statistics show that the limited non-oil export market presence maintained by Nigeria comes almost totally from these product areas (CBN, 1995; Ezenwe, 1994).

Figure 6.3 : **Criteria for Product Areas Selected**
Source : The Researcher

6.212 Criteria for Sample Selection

The relevant population were Nigerian firms which met the following specifications : (i) engaged in manufacturing and/or exporting activities within the specified product areas; (ii) listed in the most recent editions of either the Nigerian Exporters directory or Manufacturers Association of Nigeria's directory; (iii) located in one of three major Nigerian industrial cities, namely Lagos, Kano, and Aba; (iv) have a minimum annual turnover of five million naira (N5m), and 50 employees; or (v) represent an unexpected success story.

The decision to limit the population to three major industrial cities[5] spread across the major geo-political regions of the country, namely, Lagos (South-west), Kano (North), and Aba (South-east) was aimed at managing the logistics problems envisaged in conducting a Nigerian-wide survey. This means that only manufacturing firms whose operational headquarters are located in any of these towns constitute the population for this study.

The specification of a combined minimum size criteria (five million naira[6] annual revenue and 50 employees) served to produce a fair balance in terms of having a sizeable sample population, while assuring the export viability (prospects) of individual sample units. The employee size threshold of 50[7] is considered appropriate given the labour-intensive characteristic of both the country of study and the product areas selected.

Two relevant publications provide the frame for this study. These are the Nigerian Industrial Directory, published by the Manufacturers Association of Nigeria (MAN), and the Nigerian Exporters Directory, published by the Nigerian Export Promotion Council (NEPC). The most current editions of these documents[8] were used in each case, and these are 1994 for the MAN's and 1995 for the NEPC's.

The decision to develop the sample frame from both directories[9] served to ensure the coverage of the population of interest : MAN's directory and NEPC's directory

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[5]These three cities, indeed, are home to more than 75% of Nigerian manufacturing enterprises.
[6]Equivalent to about £41,665.
[7] This is without prejudice to Withey's (1980) specification of a minimum size threshold of 20 employees for determining export viability.
[8] As of the time of the study in 1996.
[9]Although drawing up sample frames from directories embodies limitations arising from incompleteness, staleness, inflexibility (Churchill, 1996; Kinnear and Taylor, 1996) and so on, it had

respectively provided the listings of manufacturing firms and manufacturing exporters involved in relevant product areas. Double-counting was avoided by ignoring listings in the MAN's directory which also appeared in the NEPC's directory. This sample frame was verified at the NEPC and MAN's headquarters (at Abuja and Lagos respectively) and errors or omissions were rectified.

The total number of firms which met the above, pre-specified criteria was 226, made up of 146 from the MAN's directory and 80 from NEPC's directory. Owing to the relatively small size of this study population, the decision was taken to sample all the 226 firms[10].

	NEPC			MAN			
	LAGOS	KANO	ABA	LAGOS	KANO	ABA	TOTAL
Textile	25	2	1	30	10	6	74
Plastic	7	-	-	56	13	5	81
Leather	2	11	-	9	1	3	26
Food	18	-	1	5	2	-	26
Wood	9	1	-	7	1	1	19
TOTAL	61	14	2	107	27	15	**226**

Table 6.1 : **Sample Frame**
Source : The Researcher

6.22 Questionnaire Design

The focus of the questionnaire was to generate the necessary information from the firms and their key decision makers in respect of the pre-specified objectives and propositions adopted for the study. Central to this was the task of eliciting data on the operational variables of export-entrepreneurial orientation construct, including its three sub-scales – attitude to export risks (*risk orientation*), developing exporting (*innovativeness*), and proactive motivations for exporting (*proactiveness*). Data were thus sought on firms' attitudes to exporting and export stimuli; perceptions on

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to be resorted to in this study owing to lack of a better alternative in Nigeria. It certainly did not help that this researcher's base at the time of this study was Glasgow.

[10]Studies which used this approach include Leonidou (1995b), Katsikeas and Morgan (1993), Barker and Kaynak (1992), Seifert and Ford (1988), Louter et al. (1991), Dominguez and Sequeira (1993), Reid (1982), Cavusgil and Zou (1994), Styles and Ambler (1994), Ogbuehi (1990), Bodur and Cavusgil (1985), Kaynak and Stevenson (1982).

environmental disincentives; their demographic and management characteristics; levels of export activity; and the characteristics of individual[11] decision makers.

The questionnaire was divided into three sections. Questions in Sections A and C were directed at all respondents while Section B contained questions pertinent to exporters only (see Figure 6.4).

Section A first sought to profile firms on export-entrepreneurship level. Specific interval-scaled[12] questions probed the likely influence of cost, risk, and profit considerations, domestic environmental factors, and proactive and reactive stimuli on firms' decision to venture into exporting. Additional questions explored firms' awareness of export information and available services as well as their relative strengths/weaknesses over a range of firm competencies. A further set of *ten specific indicators* (operational variables) of export-related *innovativeness, proactiveness,* and *risk-orientation* (sub-scales) provided the platform on which firms were clustered into high and low levels of export-entrepreneurial orientation (P1).

The later part of section A sought data on firm demographics and other characteristics, including such firm-level entrepreneurship indicators as management support, planning orientation, organisation structure for special/new ventures, treatment of venture champions, resource and rewards availability, and so on. The ratio-scaled data obtained on the demographic variables were employed in a *discriminant* analysis procedure to develop a profile of high export-entrepreneurial firms, as well as test some of the propositions (see P2a-f) advanced in this study. Further profiling of high export-entrepreneurial firms was undertaken using the *Likert* and nominal-scaled data generated on the relevant indicators of firm-level entrepreneurial behaviour and competitive competencies. The one-way analysis of variance (ANOVA) procedure was employed for all the *Likert*-scaled data, while the nominal-scaled data were subjected to *Chi-square* tests.

The two last questions in section A sought ratio-scaled data on firms' export sales. The low response to these, and additional exporter-specific questions (in section B),

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[11]This dual focus on firm and individual characteristics is consistent with the holistic view of entrepreneurship taken by this study (see Section 1.21).

[12] A Likert scale permitted the use of the more powerful statistical methods designed for interval data (Labovitz, 1970). This presumption is not without its critics (e.g. Hildebrand et al., 1977), but it has been argued that when such scales appear in the form of equal-appearing segments and solicit attitudinal responses, the values reported can be considered interval in nature (Nunnally, 1978).

however, constrained the classification of firms into high and low involvement exporters. The profiling was thus focused on exporters and non-exporters, using data generated on firm demographics, characteristics, and competencies.

Section C on the background and personality characteristics of key (individual) decision makers sought to provide data for assessing how entrepreneurial an individual decision maker was. A chi-square test was subsequently employed to examine whether the number of entrepreneurial decision makers *observed* in high export-entrepreneurial firms was significantly higher than the number that would have been *expected* by chance.

In designing this instrument, care was taken to ensure respondent's convenience and ease of completion. Over 80% of the questions therefore required tick responses, as the alternatives would have been outlined and numerically-coded. This was particularly helpful in respect of the attitudes and opinion questions. On a general note however, it facilitated statistical analysis via the SPSS+PC software.

6.23 Pre-testing and Validating the Questionnaire

A series of measures were taken to test and validate the above-mentioned data collection instrument. First, the views and comments of three experienced academic researchers[13] in the area were sought on earlier drafts of the questionnaire. Of particular significance was their assistance in verifying the **content validity** of the set of indicators used in operationalising such relevant constructs as firm's export-entrepreneurial orientation and individual's (decision maker) entrepreneurial orientation.

Next, an improved draft was shown to research officials at the Centre for Management Development (CMD), Nigerian Export Promotion Council (NEPC), and Manufacturers Association of Nigeria (MAN). Comments and observations from these bodies ensured that issues of real concern in Nigerian entrepreneurial (management) development, export promotion, and manufactured exports respectively were sufficiently covered in the questionnaire. This clearly reinforced the study's **content validity**.

[13]Not including this researcher's supervisor.

The last step taken was to pre-test the questionnaire on two firms - one exporting and one non-exporting. The number of pre-tests had to be limited to two owing to the very limited amount of time (8 weeks) which the researcher had to spend in Nigeria.

SECTION A : Firms' Attitudes and Characteristics (Q1-Q19)

Firms Attitudes (Q1-Q6)

- export vs. domestic market
- environmental factors **(P9)**
- export stimulation factors **(P10)**
- export information **(P6)**

Firms' Characteristics (Q7-Q19)

- competitive competencies **(P5)**
- firm demographics
- top management xtics. **(P2a-f)**
- export-entrepreneurial orientation indicators **(PI)**
- management xtics. **(P4a-d)**
- sales/export revenue **(P11)**

SECTION B : (Q20-Q25)
Export Activity Level

- export experience **(P12a)**
- first export market **(P12c)**
- major export markets **(P12d)**
- market service modes **(P12e)**
- average export order size **(P12b)**
- future export intentions **(P12f)**

SECTION C (Q26-Q33)
Individual Characteristics

- length of service
- prior business experience **(P3e)**
- family background **(P3c)**
- international experience **(P3f)**
- educational level **(P3a)**
- international orientation **(P3b)**
- psychological xtics. **(P3)**
- age **(P3d)**

Figure 6.4 : **Structure of the Questionnaire**

It should be noted that the pre-tests revealed no major problems regarding the content validity or structure of the questionnaire. The initial concern raised about the length[14] of the questionnaire soon evaporated when the respondents observed the ease with which document could be completed[15]. It was also found that in spite of the clear affirmative statement in the covering letter (see Appendix 1, lines 12-13) the non-exporting respondents still wondered whether they should complete the earlier portion of the questionnaire, which sought opinions on possible export stimuli/disincentives. These observations were taken into consideration in the training of the field assistants who joined this researcher in personally administering the questionnaire.

6.24 Administering the Instrument

Properly pilot-tested questionnaires were *targeted* at 226 sample firms. The word targeted is used here because not all the 226 firms selected based on the sample frame were found. Thirty-eight of those sample firms were not found because of such reasons as wrong address, re-location, business failure, and so on.

Questionnaires were thus administered on 188 sample firms *effectively*[16] in the months of September and October 1996. In order to improve on the poor response rates which largely characterise research in developing countries, this study rejected the highly unreliable postal survey (Harzing, 1997) in favour of the more personal 'drop and pick' technique[17] (Kinnear and Taylor, 1996). Nine well-trained field assistants[18] and three field supervisors[19] joined the researcher in this data collection exercise.

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[14]Twelve pages including the covering letter. For non-exporters, it comes down to 10 pages as 'exporters only' questions took 2 pages.

[15]Between 30 minutes and an hour was needed to complete the questionnaire.

[16]The word *effectively* is used here because further efforts made during the remainder of 1996 (after the researcher had left Nigeria) to elicit responses from non-cooperating firms yielded no fruits. These efforts were channeled through the Administrative Secretary MAN Export Group.

[17] This, however, embodies a limitation, as discussed in section 6.4

[18]The field assistants, eight of whom had a minimum of honours degree in a business discipline were trained over two sessions lasting three hours each. The only non-graduate field assistant worked for some years prior to becoming a Business student at Bayero University, Kano.

[19]Of the 3 field supervisors, one was an Assistant Director with the CMD, another was a Management lecturer at Abia State University, Uturu, Nigeria, while the other was a graduate entrepreneur based in Kano, Nigeria. Each, respectively, monitored the field assistants in Lagos, Aba, and Kano.

A minimum of four visits were paid to every sample firm. Each was assured of the researcher's (or field assistant's) readiness to personally assist with the actual completion of the questionnaire. In the event, many of them accepted the implied offer. They went through the questionnaire with the researcher (or field assistant), providing answers which were duly ticked (or entered) by the researcher (or field assistant). A crucial advantage of this approach, of course, was that it enabled the researcher (or field assistant) to further explain or clarify questions where the respondent so desired. Some respondents also proffered significant additional comments which were meticulously noted. Personal questionnaire administration, in this sense, yielded the best of the questionnaire and interview methods.

It would be right also to say that this data collection approach substantially improved the response rate recorded by this study, because while it accounted for over 75% of the returned questionnaires, the alternative (self-completion) approach produced less than 25%.

This study adopted the *key informant technique* in eliciting responses from the sampled firms. Only one of the relevant officers (Managing Director/CEO; General Manager; Marketing Manager; Export Manager; in that order) was targeted in each firm (Katsikeas and Morgan, 1993; Joynt, 1982). Conscious of the limitations of the key informant technique (Katsikeas and Morgan, 1993; Butaney and Wortzel, 1988; Philips, 1981), second responses were collected from some five randomly selected firms. And an analysis of the five pairs of responses (using paired sample t-test) did not reveal any significant differences, particularly with respect to the major issues of the study.

6.25 Response Rate

Of the 188 firms that were personally contacted, 112 returned their completed questionnaires. This gives an overall response rate of 59.6%. Subsequent editing and screening exercise resulted in the rejection[20] of some 34 returned questionnaires, thus bringing the number of useable questionnaires down to 78 - an effective response rate of 41.5%. This compares favourably with the response rates reported in previous export studies, particularly those from developing countries - Anderson and

[20]Reasons for this rejection include proliferation of unanswered questions, clear lack of internal consistency, and questionnaire completion by a non-designated staff.

	Returned Questionnaires	Used Questionnaires
Managing Director/CEO	27	23
General Manager	18	14
Marketing/Sales Manager	35	30
Export Manager	12	11
Other Managers	12	0
Non-managerial Staff	8	0
Total	112	78

Figure 6.4a : **Questionnaire Respondents by Positions**

Tansuhaj (1990) study of the Philippines furniture industry, for instance, obtained 29 useable questionnaires, a 23% response rate. It also improved upon the 38% and 32.5% response rates reported in earlier studies involving Nigerian business executives by Okoroafo and Torkornoo (1995) and Mitchell and Agenmonmen (1984) respectively.

6.26 Selecting Firms for In-depth Interviews

The selection of firms contacted for in-depth interviews took place at the end of week 5 of questionnaire administration[21], by which time some 85 completed questionnaires[22] had been collected from respondents. Though actual data analysis could not take place, owing, obviously, to time constraints, a close examination of the returned questionnaires was undertaken to obtain a *feel* of the data as well as the quality of responses. Some 18 returned questionnaires were disregarded at this stage as visual inspection revealed clear internal inconsistencies and high degree of incompleteness. Similar fate befell another 5 questionnaires which were not completed by staff of requisite seniority and competence.

The remaining 62 useable questionnaires were subjected to a quota sampling procedure, in which export *involvement* (exporter vs. non-exporter) and product areas served as stratification variables. This produced a sub-sample of 16 firms made up of 9 non-exporting and 7 exporting firms. Among the 9 non-exporters were 3

[21]This had to be so because this researcher did not have the funding to undertake a second field visit to Nigeria.

[22]That is, 85 out of a total of 112 completed questionnaires eventually returned.

plastic firms, 3 textile firms, and 1 each from furniture, food and leather industries. The exporters' sub-sample consisted of 2 each from the plastics and textiles, and 1 each from furniture, food and leather industries.

The number of firms actually interviewed however was 9, as the cooperation of the other interview targets could not be secured before the researcher left Nigeria at the end of the field visit. The nine above included four textile firms, one of which was exporting; two plastic exporting firms; two firms in the food industry, one of which was formerly exporting; and one non-exporting furniture company.

6.261 Additional Interviews

Two additional interviews were conducted with appropriate officials of the NEPC and MAN[23]. Both interviews took place at the national head quarters of the NEPC and MAN at Abuja and Lagos respectively, and they brought the total number of in-depth interviews conducted in this study to eleven.

6.262 Design of In-depth Interviews

The background preparation for each firm interview consisted of an examination of the completed questionnaire returned by the particular company as well as other relevant company literature (Kincaid and Bright, 1957). The depth interviews therefore sought enriched understanding of certain critical issues identified from these earlier sources. Employed in the exercise was an interview guide comprising such topics as export initiation decision, the Nigerian exporter's environment, the firm's activities and future prospects, and the characteristics of the decision maker.

The interview with NEPC's officials was designed around the secondary data gathered on the performance of its export promotion and development role as well as observations (mostly complaints) made by respondents during earlier stages of primary data collection. More specific topics discussed include the poor record of implementation of export promotion package, the whys and wherefores of the low manufactured exports level, including issues of entrepreneurial capacity and domestic environment, and current and future export promotion initiatives. With the MAN's

[23]The MAN's official interviewed was the Administrative Secretary of its Export Group. The NEPC interview was with both the Director and Assistant Director of Research. An interview with the Association of Nigerian Exporters could not hold because the Association was inactive.

official, discussion revolved around the problems of the manufacturing sector, particularly those industries of interest to this research, MAN's role and experiences in promoting exports, matters relating to entrepreneurial capacity and the domestic environment, and future prospects of manufactured exports from Nigeria.

The actual interview sessions were made as unstructured as possible, with the topics guide merely serving to prompt and/or steer discussions as deemed necessary. The average duration of each interview was 45-60 minutes. Sufficient care was taken to ensure that the procedures adopted all through the interview conformed as much as possible with best practices (Churchill, 1996). The fairly high standard of spoken English among the interviewees obviated any real difficulties, either in terms of communication or the quality of data obtained. Recorded notes[24] of the interviews were subsequently transcribed and relevant quotes used to illustrate and support the findings (see Chapter 7).

A variety of data reduction and content analysis techniques were employed to analyse information from depth interviews (Savage and Black, 1995; Tesch, 1990). Given the varied make-up of the target firms (high and low export-entrepreneurial firms; exporters and non-exporters; various product areas), an issue-by-issue presentation was favoured against an in-depth case study approach. Multi-case designs (Miles and Huberman, 1994; Savage and Black, 1995) also served to assure that findings were 'not merely a result of one idiosyncratic setting' (Hart, 1989). The use made of case vignettes from firms of different types/industries in illustrating key issues clearly demonstrated the above.

6.27 Data Analysis

In order to find answers to the specific propositions adopted for this study, collected data were subjected to appropriate statistical tests. The particular software employed in this process was the SPSS+PC.

The central proposition of this study is that firms can be distinguished based on their export-entrepreneurial orientation, along a continuum ranging from high to low (P1).

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[24] The interviews were not tape-recorded because of the well-known reluctance of most managers toward tape-recorded interviews. This is true of most developing countries' managers (Crick and Chaudhry, 1995; Kramer, 1987).

Cluster analysis was used to identify distinct clusters of firms, reflecting varying levels of export-entrepreneurial orientation. This is the appropriate statistical tool here given the need to identify how responding firms relate to/differ from one another, based on a simultaneous analysis of several interdependent variables (Hair et al., 1992; Churchill, 1996).

Export-entrepreneurial orientation construct[25] was defined as a composite measure embodying *innovativeness*, *proactiveness* and *risk taking* behaviour – three widely accepted and validated sub-scales of entrepreneurial orientation (Covin and Slevin, 1988; Yeoh and Jeong, 1995; Morris and Lewis, 1995). Its operationalisation took the form of a battery of 10 statements (variables)[26] which probed respondents' assessments of their firms, along the above 3 dimensions, on a five-point *Likert* scale. These variables were selected based on their relevance to the objectives of the cluster analysis as well as theoretical considerations[27] (Hair et al., 1992).

The approach taken was to combine the hierarchical and non-hierarchical methods (Hair et al., 1992; Churchill, 1996), with a view to enhancing the stability and validity of the identified clusters. This procedure produced two sufficiently stable clusters (high export-entrepreneurial firms and low export-entrepreneurial firms) considered amenable to reasonable interpretation.

Further *validation* of the cluster solution was provided by a **discriminant analysis procedure** which identified those top management characteristics (see P2a-f) that discriminate between high export-entrepreneurial firms and low export-entrepreneurial firms, thus providing a profile of the former.

Discriminant analysis was preferred to linear regression method here because the dependent variable (level of export-entrepreneurial orientation) was nominal in nature. Also, the *stepwise procedure* was adopted because it was considered better suited than *simultaneous discriminant analysis*, for studies in which a large number of independent variables were involved (Das, 1993; Hair et al., 1992). An added

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[25]This instrument demonstrated its **construct validity** in a number of ways : significant coefficient alpha for the construct (.78) as well as its three subscales; and fairly significant item-to-total correlations for all but one of the individual items.

[26]See Question 12 in Appendix 1

[27]This process ensured the **content validity** of the export-entrepreneurial orientation construct.

benefit was its ability to rank-order the variables in terms of their discriminating power.

For the purposes of this analysis therefore, the two-cluster export-entrepreneurial orientation variable was taken as the dependent variable, while ten ratio-scaled demographic characteristics (see question 10, Appendix 1) were the independent variables. In view of the total sample size for this analysis (less than 100), the decision was taken not to split it into analysis and holdout samples. Adopted rather was the compromise procedure[28] identified by Hair et al. (1992) of deriving the function on the entire sample and then using the function to classify the same group on which the function was developed. As noted earlier, the stepwise computational procedure was chosen over the simultaneous method to take advantage of its potential to rank-order variables. It starts with all the variables excluded from the model and selects the variable that maximises the *Mehalanobis distance*[29] between the groups. This combination of the *Stepwise* and *Mehalanobis procedure* (preferred to the *Fisher's method*) ensured maximum use of information on predictor variability - particularly critical given the large number of independent variables (Hair et al., 1992). The last decision at this derivation stage was to specify the use of sample proportions (relative size of the two clusters[30]) as prior probabilities for classification purposes.

The resulting discriminant function (see Table 7.5) was validated by a classification matrix, which showed the predictive accuracy of the function to be high relative to chance. Further confirmation was provided by the *Press Q Statistic* and *T-test* both of which tested the obtained classification matrix for significance.

It should be pointed out that only ten ratio-scaled independent (top management) variables were involved in the *discriminant analysis* above. These, clearly, did not include the whole range of firm characteristics and competitive competencies on which high export-entrepreneurial and low export-entrepreneurial firms are expected to differ. Indeed, such variables as management support, planning orientation, organisation structure, resource availability, and competitive competencies could not be included because they were measured in *Likert* and nominal scales.

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[28]It is recognised that 'this procedure results in an upward bias in the predictive accuracy of the function but is certainly better than not testing the function at all (Hair et al., 1992).

[29]This analysis adopted a minimum (distance) F value of 1.00, as used in Hair et al. (1992).

[30]The two clusters were of equal size in this analysis, obviously because cases with missing values were eliminated listwise

In order, therefore, to test whether these additional variables (P4a-d) significantly differ between firms of different export-entrepreneurial orientations, **one way analysis of variance (ANOVA) and chi-square tests** were employed. These analytical tools[31] are respectively appropriate for analysing interval and nominal data. Being non-parametric tests, they also make minimal assumptions about the underlying distributions of data[32].

Given the centrality of the domestic environment in this study, an attempt was made to see whether firms at high and low levels of export-entrepreneurial orientation perceive[33] environmental concerns differently (P9). The idea was to further profile high export-entrepreneurial firms in terms of their perceptions of the domestic environment, and in so doing assess the extent to which these perceptions moderate the relationship between export-entrepreneurial orientation and export initiation. A **one-way analysis of variance** procedure was employed in analysing interval scores provided by the above classes of respondents over a range of domestic environmental variables.

Export market entry is a focal issue in this study, hence the proposition that high export-entrepreneurial firms enter the export market more than those with low export-entrepreneurial orientation (P11). This was subjected to **a chi-square goodness of fit test**, best suited for the nominal nature of the measured variable (export market entry/non-entry). The number of (export entry) cases *expected* in each category was calculated and compared with the *observed* number actually falling into the category (Churchill, 1996; Kinnear and Taylor, 1996); the null hypothesis of

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[31] Either of these tools was employed in testing all the remaining propositions in this study, which sought significant differences between two categories of firms or individuals (decision makers). Where the independent variables were measured on interval scale, the one way ANOVA tests are used. For nominal scale-measured independent variables however, the chi-square tests become applicable.

[32] This is without prejudice to earlier reported evidence of the normality of this study's sampling distribution (see Appendices 2-5).

[33] The environment variable was defined as the firm's country of operation (Nigeria), and questions were designed to obtain firms' perceptions on specific aspects of this environment within which they operate. Although there exists research evidence about differences between actual and perceived environment (Tosi et al., 1973), this study follows the lead of Shane and Kolvereid (1995) on focusing on perceptions. Tsai et al. (1991) had noted that ' (while) objective conditions are important because they determine the quality of the opportunity ... perceptions are also important because they are the basis of entrepreneurial action'.

course being that there is no difference between the expected and observed number of export entry cases.

The working model, as set out in Chapter 1.1 contains two categories of factors (Firm and Individual) antecedent to export-entrepreneurial orientation. Having set out above, the outline of firm-level analyses, it is germane to redirect the analytical focus to decision makers' personality orientation.

The relevant proposition here states that decision makers can be distinguished based on entrepreneurial orientation (P3). Given the similarity between this proposition and the earlier one on firm-level entrepreneurship (P1), **the cluster analysis procedure** was used to identify distinct clusters of decision makers reflecting divergent personality characteristics.

Decision maker's entrepreneurial orientation construct was defined as a multi-trait measure embodying drive for independence/control, originality, risk acceptance, and leadership ability. It was operationalised with an array of eleven partly disguised, perceptual test-type statements (variables)[34], woven around the above dimensions. Simultaneous analysis of *Likert* scale responses to these statements, through a *cluster analysis procedure*, provided indication of a decision maker's personality type.

Some elaboration of the methodological choices made here may be necessary, particularly in view of the controversy (Deakins, 1996; Miesenbock, 1988) and criticisms (Gartner, 1985; Hornaday, 1982) that have dogged the measurement of entrepreneur's psychological and personality traits. These criticisms have focused on 'the theories and methods used in identifying those characteristics' (Robinson, 1991), particularly the insufficient attention to validity and reliability measures (psychometric properties), and interrelated contextual variables (Bradley, 1990). Reservations have also been expressed about the precision (or lack of it) with which the 'entrepreneurs' population and the personality characteristics are defined.

Cognizance was taken of these concerns in operationalising and measuring decision makers' entrepreneurial orientation in this present research. The four operational dimensions (*drive for independence/control; flair for original thinking; positive risk orientation; and leadership ability*) of entrepreneurial personality construct used in this research reflect the key personality traits on which considerable agreement exist among researchers (see reviews by Crant, 1996; Deakins, 1996; Robinson, 1991). They are also in line with the five sub-scales of the *highly rated* Miner Sentence Completion Scale-Form T[35] (MCSC-Form T) : self-achievement, avoiding risk, feedback of results, personal innovation, and planning for the future (Miner, 1982, 1986; Bradley, 1990). The foregoing assures the **content validity** of the operational measures used in this research.

The instrument also demonstrated **construct validity** with a highly significant coefficient alpha (0.92); and fairly significant item-to-total correlations for all the individual items. It must have been helpful also that a **clustering procedure**, which *simultaneously* analyses interval data was employed instead of *univariate* measures used in some previous research.

Further validation of the resultant cluster solution was sought through profiling the entrepreneurial decision maker on a number of demographic characteristics (P3). The idea was to ensure a fuller definition of decision makers' entrepreneurial orientation, incorporating not only personality characteristics but demographic and contextual variables – education, age, prior work/business experience[36], etc. (Bell, 1994). Chi-square tests were used here, as the independent variables were all measured on the nominal scale.

The last major issue for which collected data were analysed was the nature of export initiation in developing countries. This study's position was that given the

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[34] See Appendix 1, question 32.

[35] The MSCS-Form T or such other widely used comprehensive personality tests as the EPPS and PRF-E were not specifically used in this study because of the difficulty envisaged in administering them among Nigerian entrepreneurs. The Edwards Personal Preference Schedule, for example, has a 225-item inventory, while the Personality Research Form has 352-item inventory. It may be added that some of these personality tests, originating as they were from other disciplines, lack the situational specificity relevant for meaningful entrepreneurship measurement (Robinson, 1991; Sexton, 1987).

[36] Robinson (1991) criticised the use of demograhics to predict entrepreneurship on grounds of their static nature and their use as surrogates for personality characteristics. He however made one exception : 'demographic data describing past entrepreneurial behaviour, (because) past behaviours are often the best predictors of future behaviour'.

preponderance of environmental disincentives in developing countries, export initiation cannot but be proactively motivated (P10). The task here therefore was to show how proactive considerations weighed among factors that stimulated Nigerian firms into starting exporting.

This was done in two ways :

1. **Factor analysis** technique was employed to *explore*[37] the fundamental dimensions (or composite factors) underlying the 24 variables drawn from the export stimulation literature on which *Likert*-scaled responses had been collected.
2. **Paired sample T tests** were employed to determine whether significant differences exist between means derived from paired categories[38] of export stimulating factors (proactive-internal versus reactive-internal; proactive-external versus reactive-external). The mean (response) scores for these categories of variables were also presented graphically.

6.271 Exporter –Non-exporter Dichotomy

Another way in which data generated in this study were analysed was to use, as some earlier studies had done, the exporter-non exporter dichotomy, and examine the range of characteristics on which exporting firms significantly differ from non-exporting firms. The two analytical instruments employed here were the **analysis of variance** and the **chi-square tests**; the eventual choice guided by whether the relevant independent variables were measured in *Likert* or nominal scale.

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[37]Note that factor analysis was not used in a confirmatory sense in this study because a factor structure of sufficient specificity (Floyd and Widaman, 1995) - precise number of factors or the variables that make up a factor (Hair et al., 1992) was not proposed. This research was not interested in testing Albaum et al. model; merely to see whether 'proactive' motivations dominate the set of composite dimensions which underlie export initiation among Nigerian firms. Or as indicated in (2) below level, whether proactive variables had significantly higher means than reactive variables.
[38]Categories as identified by Albaum et al. (1994).

6.3 PROPOSITIONS

The propositions adopted for this present study were set out in Chapter 1. They are however reproduced in Figure 6.5, to enhance this document's ease of understanding.

The use of propositions (rather than hypotheses) in this study is consistent with the pragmatic philosophy underlying this present research. Hypotheses, generally, are part of the tool-kit of the logical-empiricist paradigm, defined by such other rigid assumptions as researcher's independence, value freedom, and so on. As earlier discussed, this approach has yet failed to produce conclusive evidence on the relationship between key firm characteristics and export behaviour (Bell, 1994; Kamath et al., 1987) clearly owing to the highly behavioural nature of the issues involved. This may explain the recourse to propositions in such earlier mentioned works as Kohli and Jaworski's (1990) seminal theory-building contribution on the 'market orientation construct', Yeoh and Jeong's (1995) contingency framework, and Covin and Slevin (1988) firm-level entrepreneurship model.

It was not practical to insist upon the researcher's distance (i.e. non-involvement) for example, in a situation such as this (exploratory) study's, where the additional insight derivable from depth interviews was deemed invaluable; neither could strict adherence to probability sampling be achieved in the absence of a reasonably sized target population. There were also issues surrounding some of the constructs/measurement scales used, as well as the strictness with which some predictor variables were specified.

The foregoing explain why propositions have been employed in this exploratory study : to take advantage of the flexibility which they afford the researcher to strike a fair balance between the ideals of positivism and the realities of behavioural research in a developing country's environment. The idea here was to achieve *valid, reliable* results even if statistical niceties were compromised in the process.

PROPOSITION	ANALYTICAL TECHNIQUE
Proposition 1 That firms can be differentiated based on export-entrepreneurial orientation. Relative to firms with low export-entrepreneurial orientation, high export-entrepreneurial firms are likely to (a) be more innovative developing exporting (b) have more proactive export motivations (c) less averse to export market risks	Cluster Analysis In-depth interview
Proposition 2 That high export-entrepreneurial firms are likely to differ from their low export-entrepreneurial counterparts in respect of such top management demographic characteristics as age, level of education, international orientation, international ethnic ties, previous business experience, and family background	Discriminant Analysis In-depth interview
Proposition 3 Individual decision makers can be distinguished based on personality characteristics. Relative to non-entrepreneurial personality types, entrepreneurial decision makers are likely to (a) have more drive for independence/control (b) have more flair for original thinking (c) have more positive attitude to risk (d) have more leadership ability	Cluster Analysis In-depth interview
Proposition 3B Entrepreneurial decision makers are likely to differ from their non-entrepreneurial counterparts on such demographic characteristics as age, length of service, prior work/business experience, international orientation, personal contact network, family background, and foreign language skills	Chi-square Analysis In-depth interview
Proposition 3C Entrepreneurial personality types are more likely to be found in high export-entrepreneurial firms than in low export-entrepreneurial firms	Chi-square Analysis In-depth interview
Proposition 4 That high export-entrepreneurial firms are likely to perform better than their low export-entrepreneurial counterparts in respect of such firm characteristics as management support, planning orientation, resource and rewards availability, and organisation structure	K-W Anova Chi-square Analysis In-depth interview
Proposition 5 High export-entrepreneurial firms are likely to have more favourable perceptions of their competitive competencies than low export-entrepreneurial firms	K-W Anova In-depth interview
Proposition 6 High export-entrepreneurial firms are likely to have make more use of export information sources than their low export-entrepreneurial counterparts	K-W Anova In-depth interview

<u>**Proposition 7**</u> High export-entrepreneurial firms are more likely to benefit from government export facilities than low export-entrepreneurial firms	K-W Anova In-depth interview
<u>**Proposition 8**</u> High export-entrepreneurial firms are likely to have more favourable perceptions of government export facilities than low export-entrepreneurial firms	K-W Anova In-depth interview
<u>**Proposition 9**</u> High export-entrepreneurial firms are likely to have less negative perceptions of their domestic environment than low export-entrepreneurial firms	K-W Anova In-depth interview
<u>**Proposition 10**</u> High export-entrepreneurial firms are more likely to enter the export market than low export-entrepreneurial firms	Chi-square Analysis In-depth interview
<u>**Proposition 11**</u> The export initiation decision of firms from a developing country is more likely to be influenced by proactive factors than reactive ones	Factor Analysis Paired Sample T-test
<u>**Proposition 12**</u> High export-entrepreneurial firms are likely to perform better than their low export-entrepreneurial counterparts in respect of such (export performance) indicators as export-sales ratio, export experience, average size of export order, number of current export markets, status in major market zones, and future market targets	Chi-square Analysis In-depth interview

Table 6.5 : **Propositions of the Present Study**

6.4 LIMITATIONS OF THE STUDY

This empirical research embodies some limitations in the light of which its findings and conclusions should be considered.

First is the relatively small number of the study population (226). This limits the study's scope for pure probabilistic sampling, thus, making it impossible for estimates of sampling error and confidence intervals to be obtained. The recourse to a census process (contacting all qualified firms) introduces certain limitations also. It, for example, renders this research susceptible to such non-sampling errors that may emanate from exposure to survey-tired, 'professional respondents' (Parasuraman, 1991).

Another likely source of non-sampling error is the 'drop and pick' technique employed in primary data (questionnaire) collection. This method, as would be recalled, involves personal delivery (and in some cases, administration) of the questionnaire by the researcher/field assistant. Although it contributed greatly to the response rate obtained, its susceptibility to human error is considerable.

The next set of limitations are imposed by the absence of a *dedicated* field work budget. More resources would have allowed more time to be spent on the field visit. In the event, the eight-week period spent in Nigeria proved less than sufficient. Indeed, some in-depth interview targets had to be abandoned as the dates (appointments) they offered fell outside the researcher's scheduled date of departure from Nigeria. More resources would also have facilitated the researcher's movement across the different industrial cities in Nigeria covered by the study; and within the city of Lagos, Nigeria's chaotic industrial hub, where the bulk of the data were gathered. The researcher's resort to the public transport system[39] unfortunately served to whittle away the limited time period available. The researcher was forced on two separate occasions to actually pass the night on the road owing to the breakdown of the coach on which he was travelling.

But the most telling (limiting) effect of the finance gap was in preventing a second field trip to Nigeria. This study would have benefited immensely from a second field work conducted in Nigeria, after the survey data had been analysed and the export-entrepreneurial (orientation) level of responding firms known. This would have enabled the collection of richer, qualitative data on the high versus low export-entrepreneurial firm dichotomy. Not knowing the export-entrepreneurial level of the firms as of the time of the interviews meant that the insights gained through

[39] One aspect of the well documented problems of conducting research in developing countries, most of which this study experienced in full.

qualitative data, on high export-entrepreneurial firms relative to their low export-entrepreneurial counterparts, were retrospective[40].

Lastly, cognizance has to be taken of the limitation which the sheer scale and prevalence of smuggling (illegal, across the border trade) represents for any study on Nigeria's export entrepreneurship. Until this is reasonably contained, the proximate level of outward trade involving Nigerian manufacturers can only be conjectured.

6.5 CONCLUSIONS

Empirical studies in both exporting and entrepreneurship have been criticised on a number of methodological grounds. The charges have included low response rate; use of postal surveys; use of 'questionable' key informants, preponderance of cross-sectional, even *cross-sectoral* surveys; virtual absence of longitudinal studies; overwhelming developed countries' focus; insufficient attention to situational, moderating factors; absence of a tradition that builds on previous studies; scant theoretical underpinning; imprecise concept and construct definition; and so on.

Care has been taken in this present research to avoid most of these methodological shortcomings. The recourse to 'pick and drop' technique ensured a response rate of 42%, reasonably high by developing countries' standard. Although only one decision maker was targeted for each responding firm, second responses were obtained from five randomly selected firms. Further analysis of these five pairs of responses, through *paired sample t-tests*, validated *this key informant* approach. This study, indeed, has responded to the calls in the literature for studies with developing countries' focus; which consider the possible influence of situational or moderating factors; as well as build bridges across disciplines. Having set out a contingency framework that

[40] The export-entrepreneurial (orientation) level of the interviewed firms was not known as of the time of the interviews, given that data analysis had not been undertaken. This was however easily done after the cluster analysis procedure, by examining the cluster solution. Recorded notes of each interview were then used, retrospectively, in analysing high and low export-entrepreneurial firms. The foregoing equally applies to the (individual) entrepreneurial personality construct.

integrates perspectives from previous exporting and entrepreneurship research, and which gives explicit recognition to the moderating influence of environmental factors, this study cannot, justifiably, be faulted on grounds of insufficient attention to previous research or to a theoretical base.

One more comment on the multi-dimensional feature of this present research is in order : it goes to the heart of recent calls, particularly in the entrepreneurship literature, for studies which rise above the restrictive perspectives of either individual traits or firm-level process, to incorporate possible contextual, say environmental, factors (Bradley, 1990; Brockhaus and Pohlman, 1987; Gartner, 1985; Kollermeier, 1992).

The sole methodological concern which this research could not address is the regular call for more longitudinal studies. This, simply, could not have been possible within the normal life span of a Ph.D. research. It could have been possible, in any case, to restrict this study to one industry, and so neutralise the potential impact of industry differences, often associated with cross-sectional studies. This was not done, however, owing to very small number of the target population[41] : 226, even with five (low technology, light manufactures, consumer) product groupings combined.

Empirical exporting literature has also drawn a lot of criticisms in respect of research designs. At one side are scholars who bemoan the lack of 'methodological rigour' in exporting research, as reflected in the use of non-probability sampling techniques, low usage of simultaneous measures, and overall paucity of statistical analysis (Leonidou, 1995a; Albaum and Peterson, 1984). At the other side however are researchers, notably Kamath et al. (1987) who regret the dominance of the North American logistical-empiricist tradition in exporting studies, and have sought to redirect interest towards methodological pluralism (Bell and Young, 1998).

[41] This, clearly, is one of the peculiarities of this developing country study.

CHAPTER SEVEN

RESEARCH FINDINGS

This chapter presents the findings of the empirical research. After outlining the demographic characteristics of the responding firms, it proceeds to assess firms based on export-entrepreneurial orientation. High export-entrepreneurial firms are thereafter profiled on a number of top management and firm characteristics. Further analyses investigate propositions which suggest differences between high and low export-entrepreneurial firms on perceptions of environmental disincentives, competitive competencies, export information search, awareness, usage and satisfaction levels for government export incentives, initial export stimuli, export market entry, export ratio, export market experience, export market profile and future market plans, and decision makers' entrepreneurial orientation. Attempt is also made, where appropriate, to explore these issues from the exporter-non exporter perspective. Figure 7.0 below maps out the flow of the analysis.

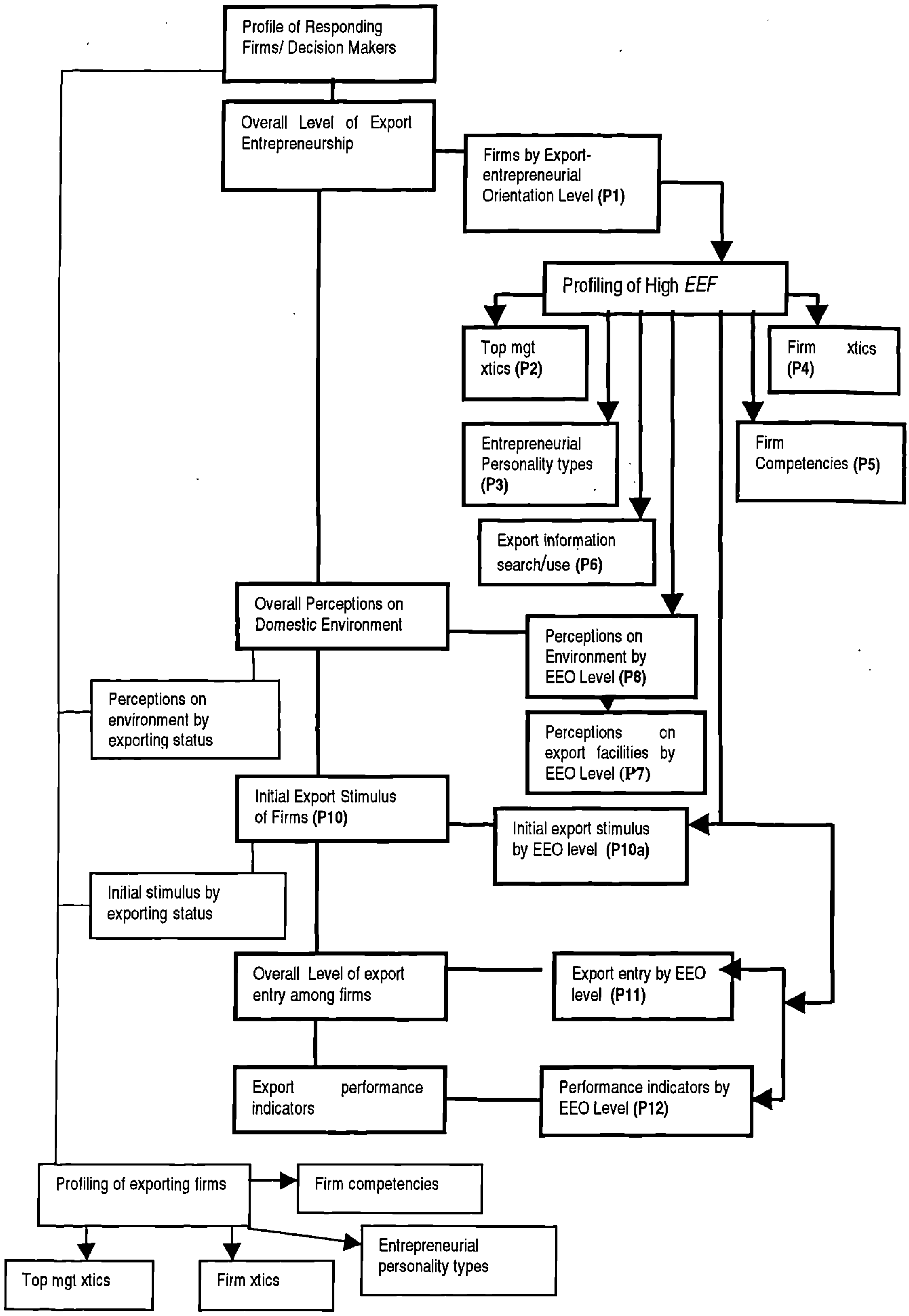

Figure 7.0 : A Flow Chart of the Analysis

7.0 INTRODUCTION

Presentations in the previous chapter had covered such issues as research philosophy, sample frame for the questionnaire survey, response rates, the selection of a sub-sample for in-depth interviews, data analysis procedures, research propositions, and so on. To briefly recap, questionnaires were personally administered to 226 firms which met pre-specified criteria. A total of 112 questionnaires were returned, 78 of which were useable - meaning an overall response rate of 52.4%, and a useable response rate of 41.2%. A representative sub-sample of 16 firms were selected for in-depth interviews, which were actually conducted with key decision makers from 9 firms. Two additional interviews were conducted with relevant officials of the NEPC and MAN.

Presented in the following pages are findings based on analyses of information provided by these firms' decision makers with reference to the foci and objectives of this research : level of export entrepreneurship, including its correlates; impact of environmental disincentives; and critical determinants of export initiation among Nigerian manufacturing firms. Preceding these substantive issues however is an outline of the profile of the responding firms.

7.1 PROFILE OF RESPONDING FIRMS

The first observation that can be made about the responding firms is the dominance of textiles and plastic manufacturers. As can be seen from Table 7.1, they respectively account for 30 and 29 firms, making up 75.6% of the responding firms. The three other industrial groupings (footwear and leather, food and beverages, and wood and wood products) respectively account for 7.7% (6), 6.4% (5), and 10.3% (8) of the responding firms. The relatively small number of firms from each of these other product areas limit the extent to which comparisons can be made between them and textile and plastic firms. This can however be obviated by combining the three product groupings. Meaningful comparisons are thus made between textiles, plastic, and 'other' firms given their sizeable and approximately equal number.

	Textiles	Plastics	Others	Overall
	n=30	n=29	n=19	n=78
Age of firm (Years)				
Less than 5	16.6	18.2	15.8	16.6
Less than 10	36.6	45.8	50.0	42.2
Less than 20	49.9	73.4	73.7	64.0
More than 20	50.0	27.6	26.3	35.9
Size of firm (No. of employees)				
Less than 50[1]	13.3	20.6	15.8	16.7
Less than 100	20.0	37.8	36.7	30.8
Less than 500	70.0	48.8	94.7	87.2
More than 500	30.0	-	5.3	12.8
Turnover p.a.				
Less than N10m	36.7	41.3	36.7	37.2
Less than N50m	56.7	75.9	68.4	66.7
Less than N100m	70.0	89.7	94.7	84.6
More than N100m	30.0	10.3	5.3	16.4
Exporting Status				
Exporters	50.0	37.9	42.1	43.6
Non-exporters	50.0	62.1	57.9	56.4

Table 7.1: **Profile of Responding Firms**

There appears to be a positive relationship between age and size of firms and exporting status. As Table 7.1 above shows, textile firms, relative to plastic and 'other' firms, have a higher proportion of older (50% are at least 20 years old as against 27.6% of plastic firms and 26.3% of 'other' firms) and larger firms (30% have more than 500 employees and 100 million *naira*[2] annual revenue as against 0% and 10.3% respectively for plastic firms, and 5.3% and 5.3% for firms in the 'other'

[1] Although conscious effort was made to exclude firms with less than 50 employees (as specified in section 6.212, p. 214), a number of them still entered the sample. A close examination of the published data available on those firms in the MAN's directory showed discrepancies in employee (size) figures. It is highly probable that these firms had down-sized in the period between the collation of statistics for MAN's directory publication and the conduct of this present research.

category). They equally have more exporting firms (50% as against 37.9% and 42.1%).

These relationships are not however significant from a statistical point of view (see Table 7.2). **One-way analysis of variance** tests conducted between export and non-exporting firms on each of the three indicators[3] of firm size (age, employment, sales) did not show any significant statistical relationship[4].

	Exporters (n=34)	Non-exporters (n=44)	K-W Anova*
(Mean scores)			
Firm's Age	1.54	1.43	0.44
Firm Sales (1995)	1.61	1.40	0.12
Number of employees	1.86	1.76	0.36

* significant at alpha = 0.05 or greater

Table 7.2 : **Firm Size/Age and Exporting Status**

Overall, there appears to be a good spread of firms across the characteristics of interest, namely, age classifications, employees' size, turnover levels, and exporting status.

There are roughly as many new firms (42.2% are less than 10 years old) as are old ones (35.9 % are more than 20 years old). The balance in terms of firm size is, however, in favour of small to medium firms, as 87.2% have less than 500 employees and 100 million naira yearly turnover. Only 12.8% and 16.4% of the responding firms have more than 500 employees and 100 million naira annual turnover respectively. This is understandable given that the industries of interest to this present research are dominated by SMEs. It is fair, also, to say that an overwhelming majority of developing countries' firms fall within the SME category,

[2] Equivalent of about £0.8m, as the naira exchanges for approximately 8 pence
[3] For the purposes of these analyses, each of these indicators were re-classified into two groups at the opposite ends of the continuum. The process thus removes possible distortions arising from firms that are not clearly large or small, old or young. It also eliminates empty cells which would have arisen from the relatively small size of this study's sample.
[4] Similar tests conducted between high and low export-entrepreneurial firms equally yielded no significant relationships.

particularly if defined in terms of annual sales revenue[5]. Equally not surprising is the presence of more non-exporters (56.4%) than exporters (43.6%) among the responding firms, as it reflects the preponderance of non-exporters in the original population. What is more, the distribution obtained is sufficient to allow the analyses to be done in this study.

7.11 Profile of Responding Decision Makers

Most of the responding decision makers (80.7%) fell within the fairly young to middle-age bracket. This was certainly the case with those involved in the in-depth interviews : the youngest was in his early thirties while the oldest, an executive director of a brocade manufacturing company, was approaching fifty. As can be seen from Table 7.3, 53.2% were aged between 31 and 40 while another 26.9% fell within the 41-50 age range. Further analysis of the responding decision makers' age by firm's exporting status (see Table 7.3a) did not reveal any significant differences.

Some corroboration of the above can be gained from the findings on respondents' length of service with their present company. Some 44% had served for less than 5 years while another 50% had been employed for between 6 and 15 years. No significant difference was also found between exporters and non-exporters in respect of decision makers' length of service (see Table 7.3a).

Most respondents attained an appreciably high level of formal education. A total of 87% had at least a graduate qualification, and these include all the nine decision makers involved in the in-depth interviews. Some 35% held postgraduate qualifications. It is not surprising therefore that an overwhelming 98.7% responded in the affirmative to another question (Q28a - see Appendix 1) which asked whether respondents 'went to school' prior to joining their current company. Significant

[5] The SME has been variously defined (Leonidou, 1995a). One author recently defined it as including firms whose annual sales fall between US$1million and US$1billion! Another employee number-based definition included firms that have from 17 to 1000 staff! This study is reluctant to define itself as focused on the SME, because what it has specified is a minimum size (Withey, 1980) - not less than 50 employees, and five million naira annual sales - and not a maximum size. The search for export potential extends to all firms that meet the necessary criteria, be they large or small.

differences were not found between exporting and non-exporting firms in respect of decision makers' educational qualification. It should be noted that this finding was not backed by in-depth interview data, as the two decision makers with postgraduate qualifications mentioned above equally belong to exporting firms.

International experience does not appear to be a widespread feature of responding decision makers. Some 12.8% and 21.8% of them were born and educated abroad respectively; 15.4% had lived/worked abroad; 33.3% had traveled abroad; while 38.5% maintained regular contacts with friends/family abroad. Exporting and non-exporting decision makers were found to have differed significantly only on contacts with friends/relatives abroad (see Table 7.3a). The balance on this characteristic, also, was in favour of exporting firms' decision makers.

The responding decision makers appeared to have had a diverse mix of work/business experience prior to joining their current company. As Table 7.3 shows, some 31% were in family business before joining their current company; 14% were running their own business; 21% were employed in a related business; and 19% in the public sector. Some 47% and 41% of them had respectively worked in many companies and had international marketing experience. Exporters and non-exporters' decision makers were found to have differed markedly on prior family business experience and prior business ownership. It should, again, be noted that in both cases, exporting firms' decision makers performed better than their non-exporting counterparts.

Some 28.2% of the responding decision makers reported being born into business families. This was 2.8% less than the 31% who reported being in family business prior to joining their present company. The explanation may however be that a few of these family businesses were set up during the lifetime of some of the respondents. Further analysis of responding decision makers' family background by exporting status did not reveal any significant differences. *More analyses of these decision maker characteristics are undertaken later.*

	Number/% of firms
Length of service	
Less than 5 years	34 (44)
Between 6 and 15 years	39 (50)
Over 15 years	5 (6)
Highest Educational Level	
Secondary/technical education	4 (5)
Some tertiary education	6 (8)
University graduate	40 (52)
Postgraduate qualification	27 (35)
Went to school	77 (98.7)
Age	
Under 30	9 (12.2)
Between 30 and 40	42 (53.8)
Between 41 and 50	21 (26.9)
Over 50	2 (2.6)
Prior Work/Business Experience	
Was in family business	24 (31)
Was running own business	11 (14)
Employed in a related business	16 (21)
Worked in many companies	37 (47)
Employed in public sector	15 (19)
International marketing experience	35 (45)
International Orientation	
Educated abroad	21 (27)
Born abroad	14 (18)
Parents born abroad	7 (9)
Lived and worked abroad	15 (19)
Regular contacts abroad	31 (40)
Travels abroad	29 (37)
Foreign Language Skills	
More than one foreign language	16 (21)
Family Business History	
Born into a business family	24 (31)

Table 7.3 : **Profile of Responding Decision Makers**

	Exporters (n=34)/(%)	Non-exporters (n=44)/(%)	Significance
Length of Service			*0.88*
Less than 5 years	14 (41.2)	20 (45.5)	
Between 6 and 10 years	12 (35.3)	13 (29.5)	
Between 11 and 15 years	5 (14.7)	8 (20.5)	
Over 15 years	3 (8.8)	2 (4.5)	
Highest Educational Level			*0.41*
Secondary / technical education	1 (2.9)	- (0)	
Some tertiary education	4 (11.8)	5 (11.4)	
University graduate	16 (47.1)	24 (54.5)	
Postgraduate qualification	12 (35.3)	15 (34.1)	
Went to school	34 (100)	43 (97.7)	*0.38*
Age			*0.59*
Under 30	6 (17.6)	3 (6.8)	
Between 30 and 40	15 (44.1)	27 (61.4)	
Between 41 and 50	11 (32.4)	10 (22.7)	
Over 50	- (0)	2 (4.5)	
Prior Work / Business Experience			
Was in family business	15 (44.1)	9 (20.5)	*0.02**
Was running own business	8 (23.5)	3 (6.8)	*0.04**
Employed in a related business	10 (29.4)	6 (13.6)	*0.09*
Worked in many companies	18 (52.9)	19 (43.2)	*0.39*
Employed in public sector	4 (11.8)	11 (25)	*0.14*
International Marketing experience	15 (44.1)	17 (38.6)	*0.63*
International Orientation			
Educated abroad	7 (20.6)	10 (22.7)	*0.82*
Born abroad	3 (8.8)	7 (15.9)	*0.35*
Parents born abroad	1 (2.9)	4 (9.1)	*0.27*
Lived and worked abroad	5 (14.7)	7 (15.9)	*0.88*
Regular contacts abroad	19 (55.9)	11 (25)	*0.00**
Travels abroad	12 (35.3)	14 (31.8)	*0.75*
Foreign Language Skills			
Speaks more than one foreign language	8 (23.5)	7 (15.9)	*0.40*
Family Business History			
Born into a business family	10 (29.4)	7 (15.9)	*0.84*

*significant at alpha = 0.05 or greater

Table 7.3a : **Profile of Decision Makers by Exporting status**

7.2 LEVEL OF EXPORT-ENTREPRENEURSHIP AMONG FIRMS

One of the major objectives of this study is to assess the overall level of export entrepreneurship among Nigerian firms. The export-entrepreneurial orientation construct[1] was defined as a composite measure embodying *innovativeness*, *proactiveness* and *risk taking* behaviour. Its operationalisation took the form of a battery of 10 statements (variables) which probed respondents' assessments of their firms on a five-point *Likert* scale, along the above 3 dimensions - *proactiveness* (real thoughts of exporting, attendance to trade fairs in Nigeria, attendance to fairs abroad, seeking export information); *innovativeness* (working on new product ideas, considering new export markets, seeking export information); and *risk taking* (exporting is too risky, export risks versus opportunities, short term losses versus building market share, exporting should wait until the domestic market is satisfied). These variables were selected based on theoretical considerations[2] as well as their relevance to the objectives of the cluster analysis (Hair et al., 1992).

Data obtained from respondents on the export-entrepreneurial orientation assessment instrument above suggest that export-entrepreneurship is not a widespread feature of Nigerian firms. As can be seen from Table 7.4, the mean scores from all responding firms in respect of the ten pre-validated indicators of export-entrepreneurial orientation range between 2.13 and 3.49 out of a possible score of 5.

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[1]This instrument demonstrated its **construct validity** in a number of ways : significant coefficient alpha for the construct (.78), as well as its three subscales; fairly significant item-to-total correlations for all but one of the individual items.

[2] A review of the entrepreneurship and exporting literature showed the widespread use of these variables in measuring proximate constructs (see Covin and Slevin, 1988; Yeoh and Jeong, 1995; Morris and Lewis, 1995). This process ensured the **content validity** of the export-entrepreneurial orientation construct.

	Mean Scores*	Standard Deviation	Valid Number
Exporting should wait+	2.13	1.29	76
Attended export fairs abroad	2.26	1.42	76
Working on export product ideas	2.64	1.53	77
Long term market share focus	2.87	1.40	76
Considering new export markets	2.89	1.50	76
Actively seeks export information	3.14	1.49	76
Focus on export opportunities, not risks	3.15	1.41	75
No real thought to exporting+	3.49	1.34	76
Exporting is too risky+	3.29	1.28	63
Attended export seminar in Nigeria	3.31	1.55	77

*Measured on a 1-5 scale, where 1 means 'very accurate' and 5 'very inaccurate'

+Scores were reversed to ensure consistency in direction.

Table 7.4 : **Respondents' Overall Level of Export Entrepreneurship**

This aggregate finding of an overall low-to-medium level of export entrepreneurship would appear to be borne out by some of the data obtained from the in-depth interviews. A content analysis of *most* interviewees' characterisations of their firm's attitude towards export market's risks and opportunities reveals a moderate to low level of risk-acceptance, proactiveness, and innovativeness towards the export market. A Marketing Manager of a Kano-based textile firm, for instance, wondered why they should get involved in 'risky export business' when they had not yet satisfied domestic demand. His counterpart in another textile firm stated that exporting was 'not on the cards' because the founder/owner was contented with the company's on-going contract to supply military uniforms. According to an NEPC official interviewed by this researcher, the 'typical Nigerian is oblivious to his environment'. The MAN's Export Group's representative was even more critical. He described most Nigerian manufacturers as unable 'to appreciate the difference between the international market and domestic market', hence their reluctance 'to spend on initial cultivation (exploration)' of the export market. This, according to him, translates to a lack of future orientation.

A major manifestation of this lack of future orientation and strategic thinking must be the pervasive and intractable nature of smuggling activities, through which Nigerian-made manufactures end up in various West African and African markets. This point kept recurring in all the interviews conducted - with the firms themselves, MAN Export Group's representative and NEPC's officials - as well as this researcher's conversation with an official of the Centre for Management Development, Lagos, Nigeria.

Most of the firms interviewed reported that their products are being sold in various West African markets, although only 3 are currently exporting. Asked how their products got to these foreign markets, some interviewees suggested that their customers must have taken them across the borders, while others disclaimed any knowledge. The Managing Director of a Lagos-based food manufacturing firm was sure that traders from 'West African sub-region come in (into Nigeria) and buy'. These dealers include citizens of neighbouring West African and other African countries as well as Nigerians who reside in those countries. It would appear also that some Nigerian-based dealers take advantage of the country's ill-manned borders and notoriously lax policing to engage in illegal across-the-border trade on full-time basis[3]. A Marketing Manager of a Kano-based furniture company informed this researcher that smuggling was more or less accepted, citing instances where people had been heard on radio introducing smuggling as part of their business activities.

The NEPC officials interviewed reported that the organisation was planning a survey on the volume/amount of Nigerian manufactures being traded across the African continent. Among their plans to channel smuggling activities into legitimate export trade was setting up border markets, equipped with such facilities as banking, insurance, transportation, haulage and warehouse, and so on. Across-the-border customers would be encouraged to use these facilities, particularly the banks (as opposed to the black markets) in changing their foreign currencies into the Nigerian

[3]A report by the Panafrican News Agency (1997) 'noted that due to their porous international borders, a significant portion of trade between African countries is through unofficial channels. Among them is smuggling, which is not on official records of trade'.

naira. Provision of evidence of a banking transaction would entitle such a customer to buy at cheaper prices.

Clearly, the scale of unreported 'export' trade involving Nigerian-made manufactures makes it rather difficult to get an accurate picture of the level of entrepreneurship of Nigerian business people. While none of the evidence obtained in this study has indicated a generally high level of entrepreneurship, it would no longer be appropriate, in view of the data available on unreported 'export' trade, to characterise Nigerian business people as low on entrepreneurship.

Smuggling is not and cannot be a surrogate measure of exporting. Its scale and pervasiveness however suggests the existence of attributes and characteristics that are essentially entrepreneurial, and which if properly channeled would result in higher level of export entrepreneurship. That much was suggested by the findings of a recent empirical study into the South African 'informal sector[4]' (Morris et al., 1996). The authors' exact words : ' the overall sample demonstrated more of an opportunity-driven mindset, future-oriented outlook, and a higher level of business sophistication than has been reported or attributed in other informal sector studies'.

One point that should be taken on board in considering this issue is the kind of political-legal environment within which Nigerian business people operate. It would appear, from this researcher's interaction with the questionnaire respondents and the interviewees, that decades of macro-economic policy inconsistencies and, worse still, pliable implementation; breakdown of (law enforcement) institutions, and pervasive corruption[5] have taught most Nigerian business people to fend for themselves without recourse to the government or its agents. An insight from a Managing

[4] Many definitions of the informal sector exist. According to World Labour Report (1984), it refers to economic activities not recorded in the national accounts, and not subject to formal rules of contract, licences, labour inspection, reporting and taxation. One major study of informal business activities identified four general categories, namely trading and hawking, production and construction, services, and illicit activities (Raine, 1989).

[5] The country, by most accounts, has the unenviable leading status in the global corruption league. As a recent US Department of State (1998) report states : Corruption is rampant at all levels of government in Nigeria ...The government continues to conduct publicity campaigns against corruption but has achieved few concrete results . There is no concerted government effort to eliminate corruption.

Director of an exporting, clothes designing outfit in Lagos is illustrative of this attitude. Asked whether she had ever taken advantage of any of the government export promotion facilities, the MD sneered 'no'. She dismissed the NEPC and other government bodies as unhelpful, and alleged that the officials are more interested in 'doing deals' or getting information for tax purposes. She concluded that she believed in doing 'her own thing'.

What has been presented above, obviously, is the general picture, which may not accurately describe the export-entrepreneurial orientation of every responding firm. Yet, to be able to define a firm's export-entrepreneurial orientation, and classify firms in such terms is a crucial objective of this present research - a task to which this analysis now turns.

7.21 Firms and Export-entrepreneurial Orientation

The central proposition of this study is that firms can be distinguished based on their export-entrepreneurial orientation, along a continuum ranging from high to low (P1).

The **Cluster analysis procedure** was used to identify distinct clusters of firms, reflecting varying levels of export-entrepreneurial orientation. This is the appropriate statistical tool here given the need to identify how responding firms relate to/differ from one another, based on a simultaneous analysis of several interdependent variables (Hair et al., 1992; Churchill, 1996). The approach taken was to combine the hierarchical and non-hierarchical methods (Hair et al., 1992; Churchill, 1996) with a view to enhancing the stability and validity of the identified clusters. This procedure produced two fairly stable clusters (high export-entrepreneurial firms and low export-entrepreneurial firms) considered amenable to reasonable interpretation (*see Appendix 2 for details*)

Final Cluster Centres.		
	Cluster 1 (n=34)*	Cluster 2 (n=29)
SHLDWAIT (exporting should wait until...)	1.6176	2.6897
PDTIDEAS (new product ideas)	1.7647	4.0345
NOTHINKG (no real thought to exporting)	3.2941	4.2759
NIGFAIRS (attended Nigerian fairs)	2.3235	4.0000
FRGNFAIR (attended fairs abroad)	1.4118	2.7931
MKTIDEAS (new export markets)	1.6765	4.2414
INFOSEEK (seek export information)	2.2059	4.2759
TOORISKY (exporting is too risky	3.3235	3.2414
MUCHOPPT (exporting involves more opportunities than risks)	2.6471	3.3793
BLDMKTSH (build market share)	2.2647	3.5172

*The two clusters add up to 63 because some sample elements were eliminated as outliers

Table 7.5a : **Mean Scores of the indicator Variables for the Two Clusters**

Variable	Cluster MS	DF	Error MS	DF	F	Prob.
SHLDWAIT	17.9859	1	1.315	61.0	13.6739	.000
PDTIDEAS	80.6311	1	1.1165	61.0	69.1936	.000
NOTHINKG	15.0846	1	1.095	61.0	13.7641	.000
NIGFAIRS	43.9874	1	1.761	61.0	24.9740	.000
FRGNFAIR	29.8632	1	1.131	61.0	26.4032	.000
MKTIDEAS	102.9628	1	.504	61.0	204.2412	.000
INFOSEEK	67.0608	1	1.169	61.0	57.3314	.000
TOORISKY	.1056	1	1.651	61.0	.0639	.801
MUCHOPPT	8.3918	1	1.878	61.0	4.4672	.039
BLDMKTSH	24.5537	1	1.440	61.0	17.0475	.000

Table 7.5b : **Significance Testing of Differences between Cluster Centres**

Table 7.5a above contains the mean scores of the two clusters on each of the ten indicator variables as well as the cluster sizes (34 and 29 for clusters 1 and 2 respectively). The univariate F ratios and the significance levels for the differences between the cluster means are as shown in Table 7.5b. A look at the latter table would show that the two clusters are significantly different on all but one ('too risky') of the ten indicator variables. This suggests that the statement 'export market is too risky, too problematic to venture into' is redundant as a clustering variable, and should thus be eliminated to ensure the internal consistency and validity of the export-entrepreneurial orientation construct. It can be seen that for all the remaining nine significant indicator variables, cluster 2 exhibits consistently higher mean scores than cluster 1, indicating that firms in cluster 2 have higher export-entrepreneurial orientation level than those in cluster 1. For the purposes of this study therefore, cluster 2 refers to high export-entrepreneurial firms while cluster 1 represents low export-entrepreneurial firms. *It was observed retrospectively*[6] *that the nine firms involved in the in-depth interviews were distributed on a 6:3 ratio in favour of cluster 1 (low export-entrepreneurial firms).* Profiling of these clusters on other variables of interest was done first through a **discriminant analysis** procedure, and subsequently through other analytical tools in later sections.

7.3 Characteristics of High Export-entrepreneurial Firms' Top Management

Another major objective of this analysis is to identify those top management characteristics (see P2a-f) that differentiate between high export-entrepreneurial firms and low export-entrepreneurial firms.

This was partly achieved through a **stepwise discriminant analysis**. In addition to providing top management (demographic) characteristics on which high export-entrepreneurial firms are profiled (the final stage of the Cluster Analysis technique), this analysis enabled an evaluation of the antecedent factors contained in this researcher's model.

Discriminant analysis was preferred to linear regression method here because the dependent variable (level of export-entrepreneurial orientation) is nominal in nature. Also, the *stepwise procedure* was adopted because it is considered better suited than *simultaneous discriminant analysis*, for studies in which a large number of

[6] see Section 6.4 on limitations of the study.

independent variables are involved (Das, 1993; Hair et al., 1992). An added benefit was its ability to rank-order the variables in terms of their discriminating power.

For the purposes of this analysis therefore, the two-cluster export-entrepreneurial orientation variable was taken as the dependent variable, while ten ratio-scaled demographic characteristics (see Appendix 1, question 10) were the independent variables. In view of the total sample size for this analysis (less than 100), the decision was taken not to split it into analysis and holdout samples. Adopted rather was the compromise procedure[7] identified by Hair et al. (1992) of deriving the function on the entire sample and then using the function to classify the same group on which the function was developed. As noted earlier, the stepwise computational procedure was chosen over the simultaneous method to take advantage of its potential to rank-order variables. It starts with all the variables excluded from the model and selects the variable that maximises the *Mehalanobis distance*[8] between the groups. This combination of the *Stepwise* and *Mehalanobis* procedure (preferred to the Fisher's method) ensured maximum use of information on predictor variability - particularly critical given the large number of independent variables (Hair et al., 1992). The last decision at this derivation stage was to specify the use of sample proportions (relative size of the two clusters[9]) as prior probabilities for classification purposes.

Further details of this procedure are provided in Appendix 3. Suffice it to say that the validated discriminant function comprises four significant independent variables (**business experience, lived abroad, friends and family abroad, and under 40 years of age**). For interpretation purposes, these are ranked in terms of their *weights, loadings and F values* - indicators of their discriminating power.

[7] It is recognised that 'this procedure results in an upward bias in the predictive accuracy of the function but is certainly better than not testing the function at all (Hair et al., 1992).
[13]This analysis adopted a minimum (distance) F value of 1.00, as used in Hair et al. (1992).

[9]The two clusters were of equal size in this analysis, obviously because cases with missing values were eliminated listwise.

	Standardized Weights	Discriminant Loadings		Univariate F Ratio	
Variable	Value	Value	Rank	Value	Rank
Business experience	.72841	.78696	1	10.4469	1
Post grad. qualification	NI	.63300	2	4.3412	3
Friends/family abroad	.64970	.63050	3	6.7059	2
Lived abroad	.41255	.49481	4	4.1300	4
Graduate	NI	.47117	5	4.0002	5
Foreign language	NI	.42283	6	1.8391	8
Travelled abroad	NI	.36555	7	3.1525	7
Business Family	NI	.36507	8	3.2801	6
Under 40 years	-74179	.25210	9	1.0721	10
Under 30 years	NI	.21781	10	1.3206	9

NI = Not included in the stepwise solution.

Table 7.6 : **Summary of Interpretative Measures for Two-Group Discriminant Analysis**

As can be seen from Table 7.6, 'business experience', discriminates the most and 'under 40 years' the least. It can be observed that many of the variables not included in the model have higher loadings (structure matrix) than 'under 40 years'. They were not included, however, because their discriminating potential was reduced by their collinearity with variables already included in the model. 'Under 40 years', though lower, provides a unique and statistically significant source of discrimination not found in the other variables. Referring to Table A3.1 (Appendix 3) on descriptive statistics, it can be seen that the means for firms in cluster 2 are higher for all the independent variables included in the model. *The conclusion therefore is that high export-entrepreneurial firms, relative to their low export-entrepreneurial counterparts, have more top management staff with business and international experience, including friends and family abroad, and are under 40 years of age.*

7.31 Individual Characteristics and Export-entrepreneurial Orientation

It can be recalled that from the previous discussion, relating to the research framework that this study views entrepreneurial orientation as a feature of both firms and individuals. This explains the inclusion, in the working model, of firms and individual factors as antecedents of export-entrepreneurial. The last section (7.3) has analysed the demographic characteristics of firms' top management which discriminate between high and low export-entrepreneurial firms; with **previous business experience, international orientation, personal contact networks, and younger age** emerging as the significant discriminators, in favour of high export-entrepreneurial firms. It is important to observe that the focus of the above analysis was firm's top management, *normally* composed of more than one decision maker.

The analysis that follows focuses on the individual[10], specifically the key decision maker involved in this present research. It is intended to complement the firm-level analysis above, in line with the holistic approach to entrepreneurship adopted in this study. This dual focus ensures the relevance of findings to formally organised firms, as well as individual start-ups. It would be interesting to see whether those demographic characteristics[11] which emerged as significant correlates of entrepreneurial orientation at top management (firm) level would be found equally important for individual respondents. One quick point on statistical method : the *discriminant analysis technique* employed for the firm-level (demographic) analysis could not be used here because the individual variables were measured on a nominal scale. **Chi-square analysis** was, thus, used given its appropriateness for tests of significance involving nominal scaled data (see Table 7.7 below).

[10]The export behaviour and entrepreneurship literature are largely agreed on the decisive role of the individual decision maker on their respective endeavours. This is more the case with entrepreneurship, one of which major schools of thought adopts an essentially individual perspective. What are not as agreed upon are the specific characteristics which enhance the likelihood of positive export/entrepreneurial behaviour by the individual.

[11] Demographic characteristics explored in this study are adapted from the relevant literature. Welsch et al. (1987), for example, used such characteristics as age, education, experience, number of family

	Low Eef+ (n=34) / (%)	High Eef (n=29) / (%)	Significance
Length of Service			0.22
Less than 5 years	17 (50)	11 (37.9)	
Between 6 and 10 years	10 (29.4)	8 (27.6)	
Between 11 and 15 years	5 (14.7)	8 (27.6)	
Over 15 years	2 (5.9)	2 (6.9)	
Highest Educational Level			0.02*
Secondary/technical education	- (0)	1 (3.4)	
Some tertiary education	1 (2.9)	5 (17.2)	
University graduate	16 (47.0)	14 (48.3)	
Postgraduate qualification	17 (50)	8 (27.6)	
Went to school	34 (100)	29 (100)	....♣
Age			0.64
Under 30	3 (8.8)	4 (13.8)	
Between 30 and 40	22 (64.7)	15 (51.7)	
Between 41 and 50	8 (23.5)	8 (27.6)	
Over 50	- (0)	- (0)	
Prior Work/Business Experience			
Was in family business	5 (14.7)	15 (51.7)	0.00*
Was running own business	3 (8.8)	6 (20.7)	0.18
Employed in a related business	1 (2.9)	9 (31.0)	0.00*
Worked in many companies	17 (50)	15 (51.7)	0.89
Employed in public sector	7 (20.6)	4 (13.8)	0.48
International marketing experience	11 (32.4)	17 (58.6)	0.04*
International Orientation			
Educated abroad	4 (11.8)	10 (34.4)	0.03*
Born abroad	4 (11.8)	6 (20.7)	0.33
Parents born abroad	3 (8.8)	2 (6.9)	0.78
Lived and worked abroad	4 (11.8)	7 (24.1)	0.20
Regular contacts abroad	8 (23.5)	20 (69)	0.00*
Travels abroad	10 (29.4)	13 (44.8)	0.21
Foreign Language Skills			
Speaks more than one foreign language	5 (14.7)	8 (27.6)	0.21
Family Business History			
Born into a business family	8 (23.5)	10 (34.4)	0.34

+ Eef stands for Export-entrepreneurial Firms
* significant at alpha = 0.05 or greater
♣Exact match between High Eef and Low Eef.

Table 7.7 : **Decision Maker Characteristics by Export-entrepreneurial Level**

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members in the business, and number of previous businesses owned in their comparative study of Hispanic and non-Hispanic entrepreneurs.

The analysis (in Table 7.7) above suggests that individual respondents in high export-entrepreneurial firms, relative to their counterparts in low export-entrepreneurial firms, have significantly more **previous work/business experience** (prior experience from family business, prior related employment and international marketing experience), **personal contact network** (maintenance of contacts with friends/families abroad) and **international orientation** (foreign education). They, however, appear to have relatively **lower educational qualifications.**

The findings on prior family business experience and international marketing experience agree with reports from the interviewed decision makers. Two decision makers from high export-entrepreneurial firms reported joining their family businesses, one straight from the National Service; the other, even while in school (during holidays). They both also reported having gained some experience in international business from their involvement in importation (inward internationalisation, according to Welch and Luostarinen, 1993). In-depth interviews evidence would also appear to illustrate the finding on personal contacts abroad. All the 3 decision makers from high export-entrepreneurial firms reported being in regular touch with friends/relatives abroad, while only two of the six low-export-entrepreneurial firms' decision makers made such claim.

7.32 <u>Support for Proposition 1</u>

Having successfully obtained a stable and interpretable two cluster solution based on the *a priori* and pre-validated indicators of export-entrepreneurial orientation, and having further profiled the same on some objective firm characteristics, sufficient empirical support could be said to exist for the first proposition of this study : firms can be distinguished based on export-entrepreneurial orientation level. Additional boost for this proposition was provided by the in-depth interview data. **Content analyses** of the qualitative data generated from the nine interviews revealed clear differences in orientation between two of the firms on one hand and six on the other. One firm was not easily placed either way. It was reassuring that the latter six firms were found to belong to cluster 1 (low export-entrepreneurial firms), while the former two were high export-entrepreneurial firms. The two high export-entrepreneurial firms interviewees are the Managing Director of a Lagos-based fashion designing outfit, and a Chief Executive of an Aba-based plastic manufacturing company.

7.33 Partial Support for Proposition 2

Only partial empirical support was found for proposition 2. Firms at high and low levels of export-entrepreneurial orientation were found to have consistently differed on two (previous business experience, international orientation, including personal contact networks abroad[12]) out of the proposed six demographic characteristics. This can be seen from the *discriminant analysis* above, as well as *chi-square analysis* of individual respondents' demographic characteristics by their firm's export-entrepreneurial level. An additional characteristic (age) suggested by the *discriminant analysis* result above has been ignored as neither the chi-square analysis referred to earlier nor the in-depth interview data backed it up. A more credible addition would perhaps be educational qualification. This characteristic was excluded from the discriminant model only because of its collinearity with other variables already in the model. However, both the chi-square analysis and in-depth interview data suggest that high export-entrepreneurial firms' respondents differ from their low export-entrepreneurial counterparts on formal educational attainment. It would appear that decision makers in high export-entrepreneurial firms had less higher formal education than their counterparts in low export-entrepreneurial firms : only two of the nine decision makers interviewed had postgraduate qualifications, and both belong to low export-entrepreneurial firms.

[12] Also referred to, in this study, as international ethnic ties.

7.34 Entrepreneurial Orientation of Individual Decision Makers

One other major proposition of this study is that individual decision makers can be distinguished based on entrepreneurial orientation (P3). Decision makers' *entrepreneurial orientation construct* was operationalised by some eleven statements (indicator variables[13]) which measured respondents' drive for independence/control, innovativeness, attitude to risk, and leadership ability on a five point *Likert* scale. The four operational dimensions (*drive for independence/control; flair for original thinking; positive risk orientation; and leadership ability*) of entrepreneurial personality construct[14] used in this research reflect the key personality traits on which considerable agreement exist among researchers (see reviews by Crant, 1996; Deakins, 1996; Robinson, 1991). They also in line with the five sub-scales of the *highly rated* Miner Sentence Completion Scale-Form T (MCSC-Form T) : self-achievement, avoiding, feedback of results, personal innovation, and planning for the future (Miner, 1982, 1986; Bradley, 1990). The foregoing assures the **content validity** of the operational measures used in this research.

Given the similarity of the above proposition with the earlier one on firm-level entrepreneurship (P1), **the cluster analysis technique** was employed : simultaneous analysis of *Likert* scale responses to the above statements, through a cluster analysis procedure, provided indication of a decision maker's personality type. The procedure identified two distinct clusters of decision makers hereinafter referred to as '**entrepreneurial personality types**' and '**non-entrepreneurial personality types**'.

Further validation of the resultant cluster solution was sought through profiling entrepreneurial personality types on a number of demographic characteristics (P3b). The idea was to ensure a fuller definition of decision makers' entrepreneurial orientation, incorporating not only personality characteristics but demographic and contextual variables – education, age, prior work/business experience, *etc.* (Bell,

[13] See Appendix 1, question 32

[14] The instrument also demonstrated **construct validity** with a highly significant coefficient alpha (0.92); and fairly significant item-to-total correlations for all the individual items. It must have been helpful also that a **clustering procedure**, which *simultaneously* analyses interval data was employed instead of *univariate* measures used in some previous research.

1994). *Chi-square tests* were used here, as the independent variables were all measured on the nominal scale.

	Personality Type		
	Value	DF	Sig.
Length of Service	0.75	1	0.39
Educational Qualification	0.94	1	0.33
Age	0.01	1	0.93
Prior Work/Business Experience			
Was in family business	13.14	1	0.00*
Running own business	1.97	1	0.16
Employed in a related business	0.12	1	0.73
Worked in many companies	1.60	1	0.21
Employed in public sector	0.06	1	0.80
International Marketing experience	14.94	1	0.00*
International Orientation			
Educated abroad	8.29	1	0.00*
Born abroad	4.34	1	0.04*
Parents born abroad	5.50	1	0.02*
Lived/worked abroad	5.44	1	0.02*
Regular contacts abroad	19.24	1	0.00*
Some traveling abroad	12.57	1	0.00*
Foreign Language Skills			
Non-English foreign language	7.83	1	0.01*
Family Business History			
Born into business family	8.42	1	0.00*

* significant at alpha = 0.05 or greater

Table 7.8 : **Profiling Entrepreneurial Personality Types**

As can be seen from Table 7.8, significance differences were found between entrepreneurial personality types and non-entrepreneurial personality types in respect of **previous business experience, personal contact networks, international orientation, including foreign language skills, and family background**. It is worth noting that in all but one[15] of these characteristics, entrepreneurial personality types performed better than their non-entrepreneurial counterparts. Note also the consistency with which such decision maker characteristics as prior business

[15] That only exception was educational qualification where the proportion of entrepreneurial personality types who reported postgraduate qualifications was lower than their non-entrepreneurial counterparts.

experience, personal contact network, and international orientation have emerged as correlates of positive entrepreneurial orientation at both firm and individual levels.

Given that actual data analysis was not undertaken before the in-depth interviews were conducted, any search for qualitative evidence to support (or not support) the aggregate findings cannot but be retrospective[16]. And this was easily done by matching the cluster analysis solution with the completed questionnaires and interview records. What became apparent was that the three decision makers from high export-entrepreneurial firms were classified as entrepreneurial personality types while the six from low export-entrepreneurial firms fell into non-entrepreneurial personality cluster. This is consistent with another finding that entrepreneurial personality types are more likely to be found in high export-entrepreneurial firms than in their low export-entrepreneurial counterparts[17] (see Table 7.9 below). It equally explains why those demographic characteristics found to be important in firm-level export-entrepreneurship have similarly emerged as positive correlates of entrepreneurial personality types. While the foregoing **sufficiently supports proposition 3** (individuals' entrepreneurial orientation dichotomy), it provides only **partial support for proposition 4**, given that significant differences were not found on all examined characteristics.

	Export-entrepreneurial Level		
	Value	DF	Sig.
Personality type	17.03	1	0.00*

*significant at alpha = 0.05 or greater

Table 7.9 : **Distribution of Personality Types by Firm's export-entrepreneurial level**

[16] As was the case with the firm-level analysis of high versus low export-entrepreneurial firms.

[17] A **chi-square analysis** shows that high export-entrepreneurial firms recorded a higher than expected cases of entrepreneurial personality types than their low export-entrepreneurial counterparts (see Table 7.9).

7.4 Firm Characteristics and Export-entrepreneurial Orientation

There are additional firm characteristics which have been proposed in this present research as attributes of high export-entrepreneurial firms (P4a-d). These characteristics (planning orientation, organisation structure, management support, resource/reward availability) could not be included in the discriminant equation above because they were measured on different scales : some interval, others nominal. Two statistical tools namely **one-way analysis of variance and chi-square tests** were respectively employed, therefore, to see whether high and low export-entrepreneurial firms are significantly different on the characteristics of interest.

	Low EeF+	High EeF	K-W Anova
	(Mean Scores++)		
Planning Orientation	*(n=34)*	*(n=29)*	
Uncertain environment, so no real planning	2.76	4.07	0.00*
Crucial decisions as situations arise	2.09	3.03	0.00*
Forward thinking, but no formal planning	2.38	3.79	0.00*
Formal planning process	2.88	3.69	0.00*
	(n=18)	*(n=20)*	
Importance of export in 1 year plan	3.06	3.95	0.07
Importance of export in 2-3 year plan	3.22	3.85	0.08
Importance of export in 5 year plan	2.12	3.9	0.00*
Management Support	*(n=30)*	*(n=28)*	
Special treatment for export ventures	2.76	4.12	0.01*
	Value+++	*DF*	*Sig.*
Existence of special projects	14.07	1	0.00*
Formal plans for special projects	8.48	1	0.00*
Organisation Structure			
Line manager for special projects	0.07	1	0.79
Venture team for special projects	1.62	1	0.20
Key staff for special projects	0.46	1	0.50
New staff for special projects	0.00	1	0.42
Resources and Rewards			
Generous resource support	3.65	1	0.06
Different pay for venture champions	0.04	1	0.84
Flexible working hours for venture champs.	0.07	1	0.79
Enhanced status for venture champions	2.86	1	0.09
Direct access to top management	1.50	1	0.22

++ Planning orientation variables were measured on a 1 - 5 interval scale, and were subjected to one-way ANOVA tests. Scores were recoded as necessary to ensure consistency in direction.
+++ All the other variables but one (export ventures) were measured on nominal scale, and were subjected to chi-square tests.

Table 7.10 : **Management Characteristics by Export-entrepreneurial Level**

As can be seen from Table 7.10 above, significant differences exist between high and low export-entrepreneurial firms in respect of planning orientation and *professed* management support. No significant difference was however found between the two groups with respect to such other indicators of firm-level entrepreneurship as (flexible) organisation structure and resource/reward availability. This suggests that though high export entrepreneurial firms may be committed in principle to supporting entrepreneurial projects, they have not yet developed practical organisational arrangements to institutionalise this support. And this is understandable given the relative lack of size and sophistication of the responding firms.

7.41 Partial Support for Proposition 4

The foregoing provides partial support for proposition 4 of this study. More specifically, aggregate survey data suggest a higher level of planning orientation and management support for special (entrepreneurial) projects among high export-entrepreneurial firms than was the case with low export-entrepreneurial firms. This would appear to be true of one of the high export-entrepreneurial firms involved in the in-depth interviews. The Managing Director of the Lagos-based designing outfit referred to earlier personally spearheads her company's exporting efforts; making most of the initial contacts and attending exhibitions in various cities in the U.S.A. While her firm appears not to engage in formal planning, indications of some planning orientation are provided by the forward projections which it has had to make in order to stay ahead of seasonal demand as well as its market exploration activities[1]. More illustrative of the aggregate findings however was that none of the interviewed firms reported having any separate organisational arrangement or incentive package for special/entrepreneurial projects.

[1] This MD plans to visit Europe later this year in search of export markets. Previous efforts, according to her, did not yield any fruits.

7.5 Firms' Perceptions of their Competitive Competencies

Respondents were asked to rate their firms on a number of criteria fundamental to both competitive success and export entrepreneurship. Overall, the main areas in which respondents considered their firms advantaged in a competitive sense were product design/quality (4.60), customer service (4.16), customer satisfaction (4.14), management quality (3.97), and price (3.90). Their weak competitive spots significantly include such areas crucial for export venturing as middlemen network abroad (2.01), credit terms (3.01), technology (3.04), and middlemen network in Nigeria (3.05). The respondents' overall competitive ratings in respect of such other indicators of export entrepreneurship as new market development (3.30), innovation (3.33), new product development (3.38), and gathering market information (3.44) are also not impressive, particularly when it is considered that firms generally tend to over-rate their strengths and understate their weaknesses. This supports the earlier observation of a generally modest level of export-entrepreneurial orientation among responding firms.

The very weak overall rating on middlemen network abroad (2.01) is particularly indicative of the above. Two of the interviewees (a managing director of a food company and a marketing manager of a textile company) told this researcher they lacked necessary funds to establish the required kind of network, even within Nigeria, or give credit facilities to customers. Another marketing manager whose textile company has a strong domestic network and good credit facilities, but no external network, admitted not having made any real effort toward establishing one. According to this manager, the company's focus was to satisfy local demand for its products. It is not surprising therefore that the overall mean scores for middlemen network in Nigeria and credit terms were among the lowest four (see Table 7.11).

	Mean Scores*	Standard Deviation	Valid Number
Product design and quality	4.60	0.73	77
Price	3.90	0.84	77
Terms of credit	3.01	1.13	76
Developing new markets	3.30	1.16	77
Developing new products	3.38	1.07	76
Customer service	4.16	0.90	77
Middlemen network in Nigeria	3.05	1.31	74
Middlemen network abroad	2.01	1.28	75
Customer satisfaction	4.14	0.98	77
Gathering market information	3.44	1.18	77
Overall quality of marketing	3.82	1.34	77
Overall quality of management	3.90	0.89	76
Finance	3.43	1.00	76
Purchasing	3.30	0.81	77
Innovation	3.33	1.08	76
Technology	3.04	1.19	77

*Measured on a 1-5 scale where 1 represents considerable weakness and 5 considerable strength

Table 7.11 : **Respondents' Perceptions on Competitive Competencies**

7.51 Competitive Competencies and Export-entrepreneurial Level

Significant differences were found between high and low export-entrepreneurial firms on a number of competitive factors namely, price, credit terms, new market development, new product development, middlemen network in Nigeria, middlemen network abroad, innovation and technology. More specifically, high export-entrepreneurial firms recorded higher mean scores on virtually all these factors (see Table 7.12). This is not surprising given that most of these significant discriminators are considered correlates of export entrepreneurship.

	Low EeF+ (n=34)	High EeF (n=29)	K-W Anova
	(Mean Scores++)		
Product design and quality	4.62	4.72	0.55
Price	3.62	4.10	0.02*
Terms of credit	2.76	3.48	0.00*
Developing new markets	2.80	3.93	0.00*
Developing new products	3.06	3.86	0.00*
Customer service	4.09	4.48	0.08
Middlemen network in Nigeria	2.68	3.42	0.03*
Middlemen network abroad	1.62	2.69	0.00*
Customer satisfaction	3.94	4.38	0.10
Gathering market information	3.74	3.28	0.12
Overall quality of marketing	3.97	3.83	0.55
Overall quality of management	3.97	3.96	0.98
Overall quality of Finance	3.38	3.44	0.80
Purchasing	3.21	3.48	0.19
Innovation	2.88	3.90	0.00*
Technology	2.62	3.55	0.00*

+ EeF stands for Export-entrepreneurial Firms
++ Measured on a 1 - 5 scale, where 1 represents considerable strength and 5 considerable weakness
* significant at alpha = 0.05 or greater

Table 7.12 : **Competitive Competencies by Export-entrepreneurial Level**

7.52 Support for Proposition 5

Empirical support can rightly be claimed for proposition 5, given that high export-entrepreneurial firms reported significantly more positive perceptions of their competitive competencies, on 8 of the 16 areas above. More telling was the point that those 8 encapsulate the most likely correlates of export entrepreneurship : developing new products, developing new markets, generous credit terms, middlemen network abroad, innovation, and technology. Further evidence supportive of the above actually emerged from the in-depth interviews, particularly in respect of two of the three firms classified as high export-entrepreneurial. One of these firms was a plastic manufacturing exporter with modest interests in other industries. According to its Chief Executive interviewed by this researcher, the company's business had grown over a 40 year period 'through horizontal integration, with a strong emphasis on product research and market development'. Led by a Harvard trained pharmacist (who took over upon the death of his founder-father), the company had 'extensive distributor network running through a few West Coast (African) countries'. The Chief Executive also informed this researcher that the company 'provide credit facilities' to its customers. Evidence illustrative of useful business relationship and sustained export market initiatives were also reported by the Managing Director of the clothes designing outfit referred to earlier. The words of this MD :

> I have very useful business associates, who not only market my designs, but secure orders for me. They make sure I attend the right exhibitions ...sometimes, they even get me sponsors

7.6 Firms' Perceptions on Environmental Disincentives

One major strand of this study clearly is the issue of environmental disincentives. This analysis sought answers to two related questions here : (a) the relative effect of pre-specified domestic environmental concerns on firms' decision to start exporting; and (b) whether firms at different levels of export-entrepreneurial orientation perceive these environmental concerns differently.

Respondents were asked to indicate their perceptions of these variables on scale 1 to 5, representing 'very encouraging to very discouraging' respectively. A low mean score (2 or less) therefore means a positive perception of a particular environmental variable by respondents, while a high mean score (above 3) represents the contrary. Variables with mean scores of between 2 and 3 are considered of neutral effect.

Environmental Factors	Mean Score	Standard Deviation	Valid Number
Political Climate	4.50	0.62	72
Country's Technological Level	4.07	1.00	73
Country's Image abroad	4.01	1.10	70
State of Local Infrastructure	3.86	1.25	72
Naira-Dollar Exchange Rate	3.85	1.38	71
Government Policy Implementation	3.74	0.92	72
Cost of Production	3.73	0.98	73
Government Policies	3.52	1.08	71
Capacity Utilisation Level	3.51	1.18	73
Accessibility of Raw Materials	3.34	1.17	70
Provision of Export Credit Facilities	3.32	1.25	73
Export Procedure and Documentation	3.30	1.18	67
Low Domestic Demand	3.13	1.24	70
High Domestic Demand	2.89	1.24	70
Type of Product (manufactured)	2.73	1.11	71
Provision of Export Incentives	2.69	1.10	68

Table 7.13 : **Overall Mean Scores on Domestic Environmental Factors**

The (a) question above was easily answered by examining the mean score of each of the specified environment-related variables. As Table 7.13 shows, thirteen of the sixteen relevant variables recorded a minimum mean score of 3.13, while the remaining 3 (type of product produced, provision of export incentives, and high domestic demand) fell below 3.0, but far above 2.0. More specifically, unstable political climate at 4.5 has the highest mean score, followed by low level of technology use (4.1), country's dubious image abroad (4.0), state of local infrastructure (3.9), unstable *naira* exchange rate (3.9), and inconsistent implementation of government policies (3.7), in that order. These clearly suggest that responding firms have a generally negative perception of their domestic environment. The most serious disincentives appear to be the unstable political environment, low level of extant technology, country's dubious image abroad, unstable *naira*-dollar exchange rate, inadequate marketing infrastructure, and poor policy implementation record.

Data from the in-depth interviews clearly underline the status of all but one (exchange rate) of the above six factors as serious disincentives to manufacturing export activities.

All interview respondents bemoaned the negative effect of *political instability* on their business (including export) activities. While most freely expressed their views on the state of affairs, a few appeared reluctant to make outspoken criticisms. As one of such interviewees put it, 'it was a phase ... being passed through'. A Chief Executive of an Aba-based plastic manufacturing company interviewed by this researcher however captured the dominant feeling thus :

> The confused political situation in this country makes it impossible to plan. Nothing is stable ... This military takeover culture means that a new government may come in at any time and throw away all the policies of the former government ... We saw that in 1994 after the current government came...

Another interviewee, a marketing manager of a non-exporting, textiles company, expressed similar views *albeit* with a different emphasis :

> I don't know what to believe anymore. This transition programme ? We have gone through a transition programme before, and it brought us to where we are now ... Uncertainty everywhere, economic sanctions, Vision 2010 ... How can one plan a major investment under this kind of situation?

The effect of *policy inconsistencies* on export venturing was commented on by one former exporter of processed cocoa products. According to this (managing director) source, a number of huge cocoa processing industries were set up with borrowed funds, in response to government's policy emphasis on manufactured and semi-manufactured exports. The reversal of government's ban on the exportation of (raw) cocoa beans however threw these industries into serious financial difficulties. By subsequently failing to meet up their loan repayment schedules, they contributed to the widespread failure of Nigerian banks, and thus attracted the wrath of the Failed Bank tribunals. These Cocoa Processing companies had been in limbo ever since, and so are the bulk of processed cocoa export activities.

An example of a similar policy reversal in another industry was provided by the NEPC officials interviewed by this researcher thus:

> Late in the 1980s, the government banned the importation of vegetable oil in order to boost local production and possible export. Many manufacturers then took various loans and invested in machinery and so on. A few years later, this policy was reversed, plunging these manufacturers into bankruptcy.

Complaints about other *infrastructural problems* were widespread among the interviewed firms. Elaborating on the problem of *communication infrastructure*, the MAN's Export Group representative reported that companies in the Ikeja area of Lagos - home to a sizable chunk of Nigerian industries - had for months been without telecommunication services owing to an arson attack on the Area Exchange, and that affected users had each been asked to pay some twenty-five thousand naira (about £200) to facilitate restoration of services. According to him, the problem had become so bad that 'some manufacturers prefer to go to Benin Republic to make phone calls and send fax messages'.

One respondent in the food industry reported that *the poor quality of available water* rendered it near impossible to meet international standards. When this researcher inquired how a lot of Nigerian-made products in his industry came about the NIS quality mark, the respondent hissed 'nonsense', and alleged underhand practices on the part of the awarding bodies. He also catalogued other bottlenecks including intermittent scarcity of petroleum products and a six-month closure of the ports (in 1996).

Similar concerns about product quality was expressed by the Marketing Manager of a furniture company referred to earlier as well as the MAN Export Group's representative. According to the former, most Nigerian furniture products 'still have some way to go in terms of finishing'; adding that foams being used for most upholstery products would not pass standard quality tests in developed countries' markets. The latter mentioned the problem of fake products, citing a recent ban on

Nigerian pharmaceuticals by the Ghanaian Government as an example. The above as well as related sharp practices of some Nigerians are, in his own words, 'affecting the image of the country and the reputation of its products'.

7.61 Environmental Disincentives and Export-entrepreneurial Level

The question of whether firms with low level of export-entrepreneurial orientation perceive these environmental variables differently from those at higher level of export-entrepreneurial orientation was addressed through a *one-way analysis of variance* procedure.

	Low EeF+ (n=32)	High EeF (n=29)	K-W Anova
	(Mean Scores++)		
Low capacity usage	3.84	3.17	0.04*
High domestic demand	2.66	3.21	0.13
Low domestic demand	3.47	2.86	0.06
High production cost	3.78	3.61	0.50
Weak Naira exchange rate	3.77	4.03	0.47
Poor state of local infrastructure	3.72	3.96	0.48
Country's low technological level	4.22	4.03	0.49
Access to raw materials and other inputs	3.15	3.42	0.40
Type of products manufactured	2.78	2.68	0.72
Access to export credit facility	3.26	3.28	0.96
Export procedure and documentation	3.56	3.39	0.60
Provision of Export incentives	2.73	2.54	0.44
Government policies	3.61	3.28	0.20
Implementation of Government policies	3.94	3.45	0.04*
Unstable political climate	4.50	4.45	0.77
Country's image abroad	4.27	3.76	0.09

+ EeF stands for Export-entrepreneurial Firms
++ Measured on a 1 - 5 scale.
* significant at alpha = 0.05 or greater

Table 7.14 : **Environmental Disincentives by Export-entrepreneurial Level**

As can be seen from Table 7.14, significant differences at 0.05 level were obtained for only two variables, namely, policy implementation and capacity usage, and in both cases, low export-entrepreneurial firms had more negative perceptions of these environmental variables than firms with high export-entrepreneurial orientation. This latter observation was also true of such other variables as country's technological level, country's image abroad, unstable political climate, government policies, provision of export incentives, export procedure and documentation, and high cost of production.

7.62 Weak Support for Proposition 9

One conclusion that could be drawn from the foregoing is that high export-entrepreneurial firms have relatively less negative perceptions of *major* environmental variables, and are better able to adapt environmental disincentives. The later finding that they enter the export market in significantly larger than expected numbers (see Section 7.11) supports this conclusion. It must however be observed that only two out of the 15 pre-specified environmental variables showed significant differences, at 0.05 level, between high and low export-entrepreneurial firms. There were even a number of variables (high domestic demand, exchange rate, raw material, export credit, and infrastructure) on which high export-entrepreneurial firms had more negative perceptions. This unclear picture was not helped by the obtained qualitative data : even interviewees from high export-entrepreneurial firms revealed very negative perceptions of such aspects of the domestic environment as policy implementation, marketing infrastructure, poor level of technology. The overall conclusion, therefore, would be that Nigerian firms generally have negative perceptions of the domestic environment within which they operate, and these perceptions do not significantly differ between high and low export-entrepreneurial firms. As one of the earlier mentioned NEPC officials remarked, 'inconsistency in policies has rendered them (potential entrepreneurs) impotent'.

7.7 Search for/Usage of Export Information

Respondents were asked to identify the sources and frequency of their export information use on a 3 point scale, representing 'never used', 'used occasionally', and 'used frequently'. The overall mean scores, as contained in Table 7.15 show that the most often used sources of export information were MAN, business publications, NEPC, and ANE in that order. Note that none of the arrayed export information sources recorded an overall mean score of up to 2.0, further confirming the finding of a, at best, modest overall level of export-entrepreneurial orientation among responding firms. Some support for this can be found in the observation of the MAN's Export Group representative : '... only 100 out of about 2000 manufacturers ... are interested in my Group's activities'.

	Mean Scores*	Standard Deviation	Valid Number
Business Publications	1.88	0.79	75
Nigerian Export Promotion Council	1.75	0.85	72
Chamber of Commerce	1.66	0.67	71
Association of Nigerian Exporters	1.71	0.85	76
Federal Ministry of Trade	1.58	0.69	71
Nigerian embassies abroad	1.35	0.63	71
Foreign embassies and delegations	1.30	0.46	73
Manufacturers Association of Nigeria	1.93	0.84	73
Nigerian Export-Import Bank	1.51	0.73	74
Export Divisions	1.64	0.72	70
Company's Sales Force	1.64	0.74	73
Company Marketing Research effort	1.58	0.73	72

* Measured on a 1 - 3 scale where 1 represents never used and 3 frequently used

Table 7.15 : **Export Information Search/Use by Respondents**

7.71 Export Information Sourcing/Usage and Export-entrepreneurial Level

Significant variations were found to exist between high and low export-entrepreneurial firms as per their usage of all but two of the observed export information sources. As can be seen from Table 7.16 below, high export-entrepreneurial firms recorded consistently higher mean scores on all the sources.

And this is to be expected, as proactive search for export information is a defining element of export-entrepreneurial orientation.

Export Information Sources	Low Eef (n=33)	High Eef (n=27	K-W Anova
Mean Scores+			
Business Publications	1.58	2.22	0.00*
Nigerian Export Promotion Council	1.60	2.0	0.07
Chamber of Commerce	1.48	1.96	0.00*
Association of Nigerian Exporters	1.50	2.08	0.10
Federal Ministry of Trade	1.51	1.72	0.27
Nigerian embassies abroad	1.24	1.65	0.01*
Foreign embassies and delegations	1.15	1.44	0.00*
Manufacturers Association of Nigeria	1.69	2.33	0.00*
Nigerian Export-Import Bank	1.24	1.93	0.00*
Banks' Export Divisions	1.48	1.96	0.01*
Other Financial Institutions	1.21	1.89	0.00*
Company's Sales Force	1.26	2.04	0.00*
Company Marketing Research effort	1.34	1.88	0.00*

+ Measured on a 1 - 3 scale where 1 stands for never used and 3 frequently used
*Significant at alpha 0.05 or greater

Table 7.16 : **Use of Export Information Sources by Export-entrepreneurial Level**

7.72 <u>Support for Proposition 6</u>

The above finding of significantly higher mean scores in favour of high export-entrepreneurial firms, on all but three of the export information sources, provides strong empirical support for proposition 6. It is instructive that the Chief Executive, whose plastic firm's profile was briefly given earlier in section 7.52, described his company as 'very very active' in export information search. The Managing Director of the fashion designing outfit quoted earlier, also indicated her company's active search for information on possible export market opportunities. She explained that the very good relationship which her firm maintains with its distributors, merchandisers, and representatives in the important U.S.A market keeps her regularly informed of relevant developments, including seasonal market trends and planned exhibitions. She also found her visits to the U.S.A and other export markets (during exhibitions) really useful, particularly in terms of gauging the strength of competition; adding that an exploratory market visit to Europe was planned for this summer (1998).

7.8 Awareness and Usage of Government Export Incentives

Respondents were asked to indicate their level of awareness and usage of a number of government export incentives/facilities on a 4 point scale, where 0 represents 'no awareness', 1 equals 'aware but never benefited', 2 represents 'benefited occasionally', and 3 'benefited frequently'. The mean scores as contained in Table 7.17 suggest a very low general level of awareness and usage of government export facilities among responding firms. It can be seen that the most rated incentive scheme (duty draw back) recorded only an overall mean score of 1.10 out of a possible 3.

	Mean Scores*	Standard Deviation	Valid Number
Duty Draw Back Scheme	1.10	0.86	78
Export Licence Waiver	1.09	0.87	78
Retention of foreign exchange	1.08	0.95	78
Credit Guarantee and Incentive Scheme	1.04	0.86	78
National Economic Reconstruction Fund	1.00	0.72	78
Export Development Fund	0.97	0.77	78
African Development Bank Export Stimulation Loan	0.96	0.83	78
Pioneer Status	0.92	0.70	78
Rediscounting and Refinancing Facility	0.90	0.82	78
Export Adjustment Scheme Fund	0.86	0.73	78
Export Expansion Grant Fund	0.83	0.69	78

* Measured on a 0 - 3 scale, where 0 represents No awareness, 1 means aware but never benefited, and 3 benefited frequently

Table 7.17 : **Respondents' Awareness/Usage of Government Export Facilities**

It would appear from this researcher's interaction with some respondents as well as the in-depth interviews that firms were fairly aware of government export incentive package, but not the specific schemes. Most of the 9 interviewed firms had however not benefited, and this was not surprising considering that five had never exported. Two firms, including the former (processed cocoa) exporter reported having benefited, while the Aba-based exporter of plastic products was awaiting the payment of some claims at the time this interview took place.

The Marketing Manager of an exporting, Kano-based plastic manufacturing company (one of the two above) reported having benefited from the 'Pioneer Status' and 'Export Licence Waiver' schemes as well as 'ADB Export Stimulation Loan'. The former (processed cocoa) exporter reported having benefited from the 'Export Expansion Grant', but complained about the 'endless paperwork and time wastage' involved. These bottlenecks, apparently, were delaying the entitlements of the Aba-based plastics exporting firm. According to its Chief Executive, the firm had been exporting plastic products to the West African sub-region (including Cameroun) for more than four years. They had not bothered to claim any of the advertised incentives because 'things are not always what they seem'. A meeting with officials of the NEPC at the 1995 Kaduna International Trade Fair however convinced them to make a trial. They completed the necessary paperwork for both import duty refund and export expansion grant early in 1996, and were still waiting as of the time of this interview (October 1996). It would be recalled that the managing director of the clothes designing outfit in Lagos had dismissed the NEPC and other government bodies (replete with their facilities) as unhelpful, alleging that the officials were more interested in 'doing deals' or getting information for tax purposes.

7.81 Export Incentives Awareness/Usage and Export-entrepreneurial Level

Marginal differences were found between high and low export-entrepreneurial firms in respect of their awareness and usage of government export incentives and facilities. As Table 7.18 shows, only on two incentive schemes (retention of foreign exchange and export expansion grant fund) were these differences significant. It should be noted however that high export-entrepreneurial firms recorded higher mean scores relative to their low export-entrepreneurial counterparts. This better performance, it would appear, derive more from the former's higher awareness of export incentives than from actual benefit of same.

	Low Eef (n=34)	High Eef (n=29)	K-W Anova
	Mean Scores		
Duty Draw Back Scheme	1.06	1.31	0.27
Export Licence Waiver	0.97	1.31	0.13
Retention of foreign exchange	0.79	1.48	0.00*
Credit Guarantee and Incentive Scheme	0.91	1.31	0.07
National Economic Reconstruction Fund	1.00	1.10	0.59
Export Development Fund	0.88	1.21	0.11
African Development Bank Export Stimulation Loan	0.94	1.14	0.38
Pioneer Status	0.88	1.03	0.41
Rediscounting and Refinancing Facility	0.82	1.03	0.38
Export Adjustment Scheme Fund	0.76	1.07	0.12
Export Expansion Grant Fund	0.68	1.07	0.03*

+Measured on a 0-3 scale, where 0 means no awareness, 1 represents aware but never benefited, and 3 benefited frequently

*Significant at alpha 0.05 or greater

Table 7.18 : **Awareness/Usage of Incentives by Export-entrepreneurial Level**

7.82 Weak Support for Proposition 7

The finding, above, that high export-entrepreneurial firms benefit significantly more than their low export-entrepreneurial counterparts with respect to only two of the government incentive schemes provides really weak support for proposition 7. The in-depth interviews were not of much help here : of the two firms whose decision makers reported having benefited from some of the schemes, one was classified as high export-entrepreneurial while the other was low export-entrepreneurial. To further complicate matters, the earlier reported scathing remarks about the NEPC and its operations came from the managing director of an export-entrepreneurial designing outfit. This reinforces the earlier finding that high and low export-entrepreneurial firms share largely negative perceptions of environmental factors, including implementation of government policies, export procedure and documentation, and provision of export incentives.

7.9 Satisfaction with Export Incentives/Facilities

In order to assess general level of satisfaction with government export incentives and facilities, those respondents who reported usage were asked to rate each of the facilities they had benefited from on a 5 point scale, 1 - 5 (where 1 = 'very dissatisfied' and 5 = 'very satisfied'). It is instructive that the number responding to each of these facilities range from 18 to 23 out of 78 possible firms. This clearly underlines the finding made earlier about the overall low level of usage of these facilities.

Export Facilities/Incentives	Mean Scores*	Standard Deviation	Valid Number
Duty Draw Back Scheme	2.71	1.27	23
Export Licence Waiver	3.32	1.11	19
Retention of foreign exchange	2.65	1.27	23
Credit Guarantee and Incentive Scheme	2.80	1.15	20
National Economic Reconstruction Fund	2.95	1.19	20
Export Development Fund	3.33	1.06	21
African Development Bank Export Stimulation Loan	3.22	1.11	18
Pioneer Status	3.67	0.77	18
Rediscounting and Refinancing Facility	3.00	0.84	18
Export Adjustment Scheme Fund	3.44	1.25	18
Export Expansion Grant Fund	2.95	1.23	20

*Measured on a 1-5 scale where 1 represents very dissatisfied and 5 very satisfied

Table 7.19 : **Respondents' Perceptions on Government Export Facilities**

There appears, however, to be a moderate level of satisfaction among responding firms regarding the facilities on offer. In particular are such facilities as 'pioneer status', 'export adjustment scheme fund', and 'export development fund', which received overall mean scores of 3.67, 3.47, and 3.33 respectively. The specific facilities which respondents were least satisfied with include 'retention of foreign exchange' (2.65), 'duty draw back scheme' (2.71), 'and credit insurance and guarantee scheme' (2.80).

Of the three interviewees whose companies had had something to do with specific incentive schemes, only one considered the experience satisfactory. This particular interviewee's company benefited from the 'pioneer status', 'export licence waiver', and the 'ADB export stimulation loan'. Another interviewee was dissatisfied with the amount of paperwork and waiting time involved, while the other's claims were still pending as of the time of the interview.

The verdict of the MAN's Export Group, as expressed by its representative was that 'most (of the incentives) are not working'. He complained that government and its relevant agencies (NEPC, NEXIM) were not doing enough to help manufacturing exporters, citing the Ghanaian ban on Nigerian pharmaceutical products as yet another instance where the government had not been forthcoming with necessary help. He regretted NEPC's failure to support MAN's bonded warehouse initiative in Cote d'Ivoire, as well as insufficient involvement of the MAN in NEPC's planned 'Export Houses' scheme. Similar non-corroboration with the private sector, according to him, led to the ineffectiveness of the now-closed commercial desks in various Nigerian foreign embassies.

The impression which however emerged from this researcher's interview with two NEPC's officials was that of an organisation doing a fair job under difficult circumstances. The officials did not deny allegations of long waiting time, but they absolved the NEPC of any blame. According to them, the enabling decree required that claims from *bona fide* applicants pass through such other government agencies as the Customs, Standard Organisation of Nigeria, and Central Bank of Nigeria. These agencies do not always treat these matters as expeditiously as the NEPC would have wanted, resulting, thus, in the considerable time-gap between filing of a claim and its payment. The officials acknowledged the existence of some scepticism about most of the export incentive schemes, but maintained that they were real and available. One of the officials gave the background of a recent twenty-six million naira (N26m) payment to the National Fertilizer Company of Nigeria :

> I had noticed from the export trade figures for a few years that NAFCON was one of the country's top manufacturing exporters. They had not however been claiming any of the incentives ... So, when I met one of their managers during a

seminar here in Abuja, I asked why ... Anyway, I told him that they are losing money, explained how it works, and asked him to give me a call if they needed further explanation ...

The NEPC officials could not however disguise their frustration at government's 'lip service' to manufactured export development. They complained seriously about lack of support, as exemplified by poor funding of the NEPC's operations.

7.91 Satisfaction with Export Facilities and Export-entrepreneurial Level

The satisfaction level of high and low export-entrepreneurial firms' in respect of available export facilities do not appear to differ markedly. As Table 7.20 below shows, significant differences were found only on three of the eleven facilities, namely 'pioneer status', 'rediscounting and refinancing facility', and 'ADB Export Stimulation Loan'. Where clear difference, however, exist is with respect to the relative distribution of high and low export-entrepreneurial firms among the respondents. As can be seen from Table 7.20, the ratio is 1: 3 in favour of high export-entrepreneurial firms, underlining earlier finding of a higher level of export facilities usage among high export-entrepreneurial firms.

	Low Eef (n=5)	High Eef (n=15)	K-W Anova
	Mean scores+		
Duty Draw Back Scheme	2.57	2.75	0.77
Export Licence Waiver	3.30	3.70	0.35
Retention of foreign exchange	2.60	2.80	0.77
Credit Guarantee and Incentive Scheme	2.17	2.83	0.20
National Economic Reconstruction Fund	2.25	3.00	0.26
Export Development Fund	3.67	2.50	0.38
African Development Bank Export Stimulation Loan	2.00	3.54	0.01*
Pioneer Status	3.20	4.10	0.03*
Rediscounting and Refinancing Facility	2.25	3.30	0.02*
Export Adjustment Scheme Fund	3.17	3.45	0.66
Export Expansion Grant Fund	3.00	2.92	0.26

+Measured on a 1-5 scale where 1 means very dissatisfied and 5 very satisfied
*Significant at alpha 0.05 or greater.

Table 7.20: **Perceptions on Export Facilities by Export-entrepreneurial Level**

7.92 <u>Lack of Support for Proposition 8</u>

Given the aggregate data results above, and the less than adequate evidence from the in-depth interviews (as reported above), sufficient empirical support cannot be claimed for proposition 8. It would appear, therefore, that high export-entrepreneurial firms are not more satisfied with their actual experience of government export facilities than their low export-entrepreneurial counterparts. This finding clearly underlines the consistency of negative perceptions of government related factors, among sampled firms, irrespective of export-entrepreneurial level.

7.10 <u>Initial Export Stimulation</u>

In order to understand the critical factors underlying the initial export decision, respondents were asked to rate a list of 24 factors identified from the literature on a 5 point scale, where 1 means 'not important' and 5 'very important'. The overall mean scores, as contained in Table 7.21 showed that *'to take benefit of large scale'* (4.25) was ranked first, followed by *'possibility of extra profit' (4.17), possibility of extra sale' (4.15), 'possession of unique product' (4.04), and 'possibility of extra growth' (4.01),* in that order. It should be observed that all these five most ranked factors are of a proactive nature. They indeed fall within the internal-proactive quadrant of Albaum et al. (1994) export stimulation model; suggesting that initial stimuli for exporting originate from within the firm, and are proactive. The lowest mean scores on the other hand went to such reactive factors as *'export start by competitors', 'receipt of unsolicited orders from abroad', and ' intense domestic competition'.*

Stimulus Factors	Mean	Standard Deviation
High level of unsold stock/over production	3.48	1.34
Benefit of large scale production	4.25	0.84
Existence of spare production capacity	3.97	1.01
Encouragement by external agents	3.83	1.23
Special interest in exporting by managers	3.30	1.14
Identification of better opportunities abroad	3.89	1.19
Starting of exporting by competitors	2.68	1.25
Intense competition in home market	3.28	1.14
Need to maintain sales of a seasonal product	3.34	1.39
Need to reduce dependence on home market	3.65	1.14
Having some competitive advantage in technology	3.90	0.91
Having some competitive advantage in finance	3.53	1.16
Having some competitive advantage in marketing	3.32	1.33
Having exclusive information on foreign markets	3.72	1.26
Having products with unique qualities	4.04	1.02
Possibility of extra export-led growth	4.01	0.98
Possibility of extra profits from exporting	4.17	0.96
Possibility of extra sales from exporting	4.15	0.99
Favourable *naira* exchange rate	3.96	1.07
Government export-related incentives	3.79	1.03
Receipt of orders from trade fair/missions	3.46	1.17
Receipt of unsolicited orders from abroad	3.03	1.31
Lack of growth in the domestic market	3.45	1.33
Decline in domestic sales/profits	3.41	1.09

*Number of respondents : 71

Table 7.21 : **Initial Export Stimulus Factors**

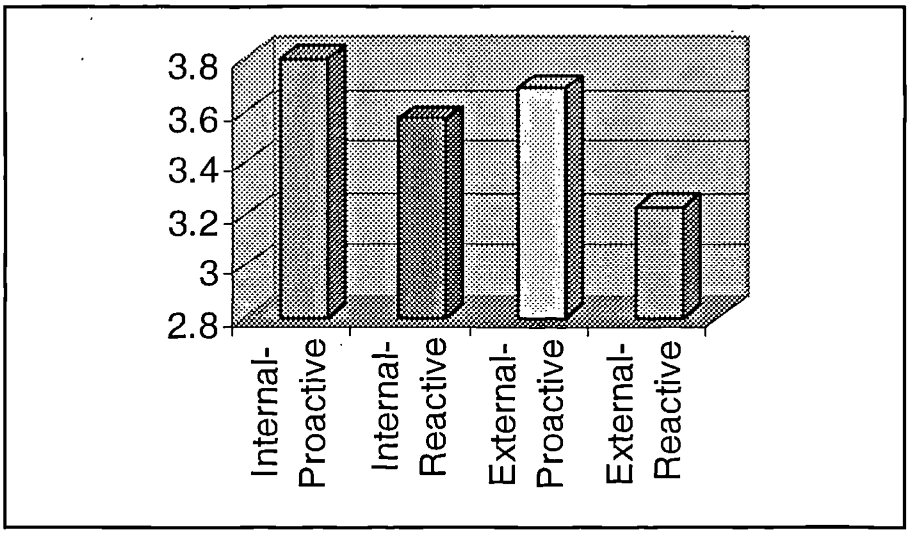

Figure 7.1 : **Categories of Initial Stimulus Factors**

Table 7.21 above clearly indicates the primacy of proactive factors in the initial export decision of responding firms. More specifically, the factors grouped under Albaum et al. (1994) proactive-internal and proactive-external categories recorded higher mean scores than the reactive-internal and reactive-external categories respectively (see Figure 7.1 above). Statistically significant differences were also found between the proactive and reactive groups of stimuli (see Table 7.22 overleaf), through ***paired sample t-tests procedure***.

Further support was obtained through ***a factor analysis procedure*** which *explored*[2] the fundamental dimensions (or composite factors) underlying the 24 variables above and found among them four factors of a proactive nature (*growth aspirations, export opportunities search, exploitation of internal strengths, managerial interest*) and only two (*weak domestic demand, competitors' activities*) of a reactive nature. Details of this factor analysis solution is contained in Appendix 4.

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[2]Note that factor analysis was not used in a confirmatory sense in this study because a factor structure of sufficient specificity (Floyd and Widaman, 1995) - precise number of factors or the variables that make up a factor (Hair et al., 1992) was not proposed. This research was not interested in testing Albuam et al. model; merely to see whether 'proactive' motivations dominate the set of composite dimensions which underlie export initiation among Nigerian firms. Or as indicated above, whether proactive variables recorded significantly higher means than reactive variables.

Pairs	Mean (n=76)	Standard Deviation	Significance
Internal-Proactive versus Internal-Reactive	3.80 / 3.57	0.66 / 0.88	.036
Internal-Proactive versus External-Proactive	3.80 / 3.69	0.65 / 0.78	.000
Internal-Proactive versus External-Reactive	3.80 / 3.23	0.66 / 0.72	.037
Internal-Reactive versus External-Proactive	3.55 / 3.69	0.87 / 0.78	.000
Internal-Reactive versus External-Reactive	3.57 / 3.23	0.88 / 0.72	.000
External-Proactive versus External-Reactive	3.69 / 3.23	0.78 / 0.73	.000

Table 7.22 : **Paired Categories of Initial Stimulus Factors**

7.101 Support for Proposition 10

Given the foregoing, sufficient empirical basis appears to exist for the proposition (P10) that proactive considerations weigh more among factors influencing the initial export decision of responding (developing country) firms.

7.102 Export Stimulation Factors and Export-entrepreneurial Level

Firms at high and low levels of export-entrepreneurial orientation were found to have differed markedly on export initiation factors. Although significant differences were obtained only in respect of three factors ('intense domestic competition', 'possession of financial advantage' and 'possession of unique product' (see Table 7.23), it is interesting that while high export-entrepreneurial firms recorded higher mean scores on the proactive factors ('special managerial interest in exporting', 'identification of external opportunities', 'possession of technical advantage', 'possession of financial advantage', 'possession of marketing advantage', 'possession of exclusive foreign market information', 'possession of unique product', 'possibility of extra export-led growth', 'possibility of extra profit from exporting', 'possibility of extra sales from exporting', and 'favourable foreign exchange'), low export-entrepreneurial firms scored relatively higher in respect of such reactive factors as 'availability of unsold stock', 'existence of spare capacity', 'export start by competitors', 'intense domestic competition', 'reduced domestic demand', 'domestic market stagnation' and 'domestic market decline'.

7.103 Partial Support for Proposition 10a

The results from survey data, below, provide only partial support for proposition 10a of this study, which suggests that high export-entrepreneurial firms have more proactive motivations for initiating exporting than low export-entrepreneurial firms. The balance of the qualitative evidence obtained from the in-depth interviews would however appear to back up the proposition. This is because the initial motivations reported by both exporting, high export-entrepreneurial firms interviewed were essentially proactive : managerial interest, extra profit margins, extra growth, and pursuit of external opportunities. The Chief Executive of the Aba-based plastics exporting firm recalled being attracted by the 'huge opportunities in the West Coast', adding that he had always wanted to take the business further than his father did. What also came through from this researcher's discussion with the fashion designer exporter-MD was that she had a strong personal interest in exporting. Her exact words were, 'I want to show the world that we are the best in African designs'. This last remark should be understood in the context of her firm's leading status in Nigerian fashion designing market. Also, the extent to which this interest in exporting was driven by the stagnating Nigerian fashion market was not ascertained.

	Low Eef (n=33)	High Eef (n=29)	K-W Anova
	Mean scores		
Existence of unsold stock	3.84	3.31	0.10
Economies of scale	4.30	4.27	0.89
Unutilized (spare) capacity	4.15	3.86	0.25
Encouragement by external agents	3.97	4.00	0.92
Managerial interest	3.18	3.62	0.13
Opportunities abroad	3.73	3.86	0.68
Export start by competitors	2.73	2.72	0.99
Domestic competition	3.63	2.90	0.00*
Seasonal product	3.34	3.48	0.70
Reduced home market demand	4.00	3.59	0.09
Technical advantage	3.84	4.17	0.10
Financial advantage	3.22	4.07	0.00*
Marketing advantage	3.25	3.52	0.41
Exclusive foreign market information	3.70	3.76	0.85
Product quality	3.67	4.34	0.01*
Extra growth	3.79	4.17	0.13
Extra profit	4.15	4.20	0.82
Extra sales	4.15	4.17	0.94
Favourable foreign exchange rate	3.88	3.97	0.77
Export Incentives	3.88	3.57	0.26
Trade fair orders	3.24	3.41	0.59
Unsolicited foreign orders	2.82	3.14	0.37
Domestic market stagnation	3.73	3.38	0.31
Domestic market decline	3.67	3.14	0.06

+Measured at a 1-5 scale where 1 means not important and 5 very important
*Significant at alpha 0.05 or greater

Table 7.23 : **Export Stimulation Factors by Export-entrepreneurial Level**

One thing that was ascertained however was the contrast between this (fashion designing) firm's export initiation and that of another firm which falls within the low export-entrepreneurial category. According to the latter company's Marketing Manager, its first export order came from a Ghanaian dealer who had seen the company's (plastic) products 'somewhere', and decided to pay them a visit.

7.11 Export Performance Indicators

Export performance has been defined, for the purposes of this study, to mean export market entry (see Section 1.6). The distribution of the responding firms along the exporter/non-exporter divide had earlier been discussed (see Table 7.1). To recap, 34 (43.6%) out of 78 responding firms are exporters while the 44 (56.4%) are non-exporters. All indicators point to the rather low level of export activities among these exporters.

Export-Sales Ratio

Respondents were asked to indicate their **export-sales ratio**, that is, the percentage of total sales contributed by exporting. As Table 7.24 shows, 69% of the responding firms exported less than 10% of their total sales over the five year period, 1991-1995. Only 11% exported over 50% of their total sales over the corresponding period. A closer examination of those high ratio exporters revealed them to be mostly Kano-based tanneries, dealing on processed hides and skins. Relative to other product areas sampled in this study, hides and skins processing firms experience lower domestic demand, and this may explain their high dependence on exporting.

An appreciation of the actual amount of exporting activities involved here would be gained by examining the above percentage figures alongside earlier reported data on firms' annual total sales (see Figure 7.1). It would be recalled that 84.5 % of the responding firms reported annual sales revenue of 'less than one hundred million naira' (about £750,000), with only 16.4% reporting yearly sales revenue of above that figure. A ten per cent export-sales ratio, thus means, for 84.5% of the sampled firms, total yearly export sales of, at best, ten million naira (£75,000). And this is not surprising given a Central Bank of Nigeria's (1996) report, which puts the country's total non-oil export earnings for 1995, at US$285.7.

Year	1995	1994	1993	1992	1991	Overall
(% of responding exporters)						
Export Ratio (Export sales as a percentage of total sales)						
	(n=34)	(n=30)	(n=23)	(n=18)	(n=17)	
Less than 10%	59	77	74	67	71	69
Less than 30%	76	90	87	78	76	82
Less than 50%	91	93	87	83	88	89
Over 50%	9	7	13	17	12	11
Average Size of Export Order	(n=34)					
Less than N1m	65					
Less than N5m	79					
Over N5m	21					
Export Experience (Number of years in exporting)	(n=34)					
Less than 5 years	52					
Less than 10 years	79					
Less than 20 years	91					
Over 20 years	9					
Export Markets (Number of Countries)	(n=34)					
One - two	26					
Three -four	50					
Five and above	24					

Table 7.24 : **Level of Involvement of Exporting Firms**

It is also instructive that 65% of the respondents had an **average export order size** of less than one million naira, while only 21% reported an average export order size of more than five million naira. It can also be seen that 52% had been exporting for less than 5 years and 79% for less than 10 years. Only 9% have exported for more than 20 years.

First Export Market

The West African sub-region served as the **first export destination** for 57% of the respondents. Major specific markets here include Benin Republic, Ghana, and Togo. Though Cameroun, is geographically speaking, not in West Africa, it shares borders with Nigeria, and was cited as the first export market by 12% of the respondents.

When this is added to another 12% represented by two other African countries, the total proportion of respondents who reported African markets as their first export market came to 81%. The U.K at 12% was the most cited non-African market, followed by the U.S.A (6%), and Hong Kong (3%).

These findings would appear to support the psychic distance concept, which forms a cornerstone of the Uppsala internationalisation model. The observation that 57% and 81% of the firms respectively reported West Africa and Africa markets as their first export destination, is clearly consistent with the psychic distance concept. Even the non-African markets cited, U.K. and U.S.A, are also countries to which Nigeria shares significant historical and cultural ties. This tendency to initiate exporting from psychically close markets was also true of the three exporters in the in-depth interview sample : for the Lagos-based fashion designing firm, it was the U.S.A, which remains its major export market; for the Aba-based plastic exporter, it was Benin Republic; while Ghana was the first export market for the other plastic manufacturer (who received unsolicited inquiry).

One should hasten to add, however, that this additional empirical support for the psychic distance concept does not detract from the equally founded concerns being raised about its relevance to high-technology, service, and highly 'resourced' (including 'networked') firms, particularly those from small countries[1] (Bell and Young, 1998). This is because this present study used an essentially low technology firms' sample, a generic grouping from which much of the earlier empirical support for the Uppsala model has come. It is clearly plausible to see how Nigerian manufacturers of low differentiated consumer items, with only a very recent national history of outward internationalisation, would enter exporting through markets which they consider familiar. It is conceivable that these firms see these export markets as extensions of their domestic market, since they sell to customers who basically *share similar demand*[2] (Linder, 1961).

[1] Small countries usually have small domestic markets.

	First Export Market	(n=34)
Rank		(Number/% of firms)
1	West Africa	7 (21)
2	Benin Republic	6 (18)
3	Ghana	5 (15)
4	Cameroun	4 (12)
4	United Kingdom	4 (12)
6	Tanzania	3 (9)
7	Togo	2 (6)
7	United States of America	2 (6)
9	Malawi	1 (3)
9	Hong Kong	1 (3)
	Current Major Markets*	
	Ghana	16 (14.7) 1st
	Benin Republic	14 (12.8) 2nd
	West Africa	9 (8.3) 3rd
	United Kingdom	8 (7.3) 4th
	Cameroun	7 (6.4) 5th
	Cote d'Ivoire	6 (5.5) 6th
	Togo	6 (5.5) 6th
	Tanzania	5 (4.6) 8th
	Malawi	5 (4.6) 8th
	Zambia	4 (3.7) 10th
	U.S.A	4 (3.7) 10th
	*Multiple response	
	Top Target Markets*	
	Rest of Africa	12 (36)
	The U.K.	12 (36)
	North America	11 (33)
	Other Western Europe	10 (30)
	Japan	4 (12)
	West Africa	4 (12)
	Mediterranean / Middle East	4 (12)

*Planning to export

Table 7.25 : **Market Selection, Current and Target Export Markets**

Number of Export Markets

The **number of export markets** served by these exporters were also found to be small. Some 73% of the respondents serve 4 markets and less. Only 12% serve up to 5 markets, while another 12% serve 6 export markets. This finding was corroborated by the pattern of responses to another question which sought answers on

[2] This finding is consistent with Linder's (1961) demand similarity model. It should be noted that even when firms export to the U.K. and the U.S.A, their main targets are the Nigerian and African people resident in these countries.

respondents' five current major (export) markets. Only 8 respondents (24%) provided answers on their 5th current major market. These findings are, indeed, consistent with the overall pattern of low export involvement of the sampled firms, as indicated by the earlier discussion on annual export sales and relatively low export experience (52% have been exporting for less than five years, as shown in Table 7.24). It is doubtful, however, whether the observed pattern on number of export markets should be seen as a weakness, in view of the unresolved debate in the literature about the market concentration or spreading controversy (Piercy, 1981a).

Current Major Markets

In a repeat of its dominance as the first export market for most respondents (57%), the West African sub-region emerged as the *first current major market* for 19 (57%) of the 34 exporters. African countries in general were found to be first current major market for 75% of the respondents. Also, following the pattern of responses on the earlier question on first export market, the United Kingdom was cited by 15% of the respondents as the next current major market, followed by the USA (6%) and Italy (3%).

The majority of respondents (52%) equally cited various West African countries as their *second current major market.* An additional 33% identified such other African countries as Cameroun, Malawi, Namibia, and Zambia, thus bringing the total points for Africa to 85%. The United Kingdom, with 7% came next, as the second current major market for respondents. Hong Kong and India, each with 4% of the respondents, completed the list.

The overwhelming importance of the West African and African markets as current major markets continued to be reflected down the line. They respectively represented the *third current major market* for 50% and 78%; the fourth current major market for 63% and 91%; and the fifth current major market for 63% and 89% of the respondents. The UK, Germany, Spain, Switzerland, and Japan were each cited by 4% of the respondents as their third major market. Only two non-African countries were cited after the third major market. These are the USA which was the fourth major market for 7% of the respondents, and Turkey, the fifth major market for 13% of the respondents.

Data obtained from another question on firms' status in relation to various export markets also followed the pattern above. The West African zone again emerged dominant, as 56% of the respondents had exported frequently to it, 29% occasionally, with another 12% planning to do so. Only one (3%) of the respondents had no immediate plan to export to the ECOWAS market.

The larger African zone emerged next as the destination frequently exported to by 3% of the respondents, occasionally exported to by 44%, with another 35% planning to follow suit. The remaining respondents had neither exported to it (3%) nor planned to do so in the immediate future (15%).

The UK maintained its good rating as the frequent export destination to 12% of the respondents, occasionally exported to by 15%, with another 36% planning to do so. The rest of the respondents had neither exported to it (15%) nor planned to do so in the immediate future (21%).

The North American and Other Western Europe zones were favoured roughly equally by respondents. Their respective share of frequent exporters were 6% and 3%; occasional exporters 9% and 9% ; with another 33% and 31% respectively planning to export. About 41% and 36% of the respondents had never exported to North America and Other Western Europe respectively. Another 15% reported no immediate plan to export to either market zone.

Central America was frequently exported to by one (3%) respondent, occasionally by another 3%, with an additional 9% planning to join. An overwhelming 85% had neither exported (52%) nor planned to do so in the immediate future (33%).

None of the other market zones was reported as a frequent export destination by any respondent. Occasional export was reported in respect of the Rest of Asia (6%); and

Eastern Europe, Japan, and South America (3% each). Nine percent of the respondents each planned to export to Eastern Europe and Central America. The corresponding figures for the Rest of Asia and Japan was 3% each, and 12% for Japan. The percentage of respondents who had neither exported to any of these zones nor planned doing so in the immediate future converged around 50% and 33% respectively.

The only market zone which no respondent had exported to, either frequently or occasionally was the Middle East/Mediterranean zone. Apart from the four (12%) respondents who reported their plan in that direction, the rest had neither exported (48%) nor planned doing so (39%).

It is fair to reiterate the point made earlier, that these findings generally lend weight to the psychic distance concept. It is 'intuitively plausible' (Madsen and Servais, 1997), for example, that while 57% and 75% of the responding Nigerian firms reported West Africa and Africa respectively, as their number one current major market, none reported having exported to the Middle-East/ Mediterranean zone. It is interesting, also, that the West African and African markets cited above dominate the list of 27 African countries, which a recent Nigeria's Federal Office of Statistics report identified as the country's African trading partners[3].

Export Channel

Company export staff appeared to be the most common **export channel** used by responding firms. It was found to be the current export channel for 50% of the responding firms. Foreign agents came next, with 30% of the respondents reportedly using them. Roughly the same proportion of respondents use such other channel

[3] The report which covered the period, January – June 1996, showed that Nigeria had trade surplus of 3.47 billion *naira* with such countries as Cote d'Ivoire, Senegal, Cameroon, Chad, Ethiopia, Gambia, Guinea, Liberia, Mali, Morocco, and Sierra Leone; but deficit trade balance with 15 African countries : Benin, Congo Republic, Kenya, Mauritania, Mauritius, Niger, South Africa, Tunisia, Uganda and Zimbabwe. It should be observed, however, that the report covered all trade, and not specifically trade in manufactures (Pan African News Agency, 1997).

arrangements as indirect channels (20%); foreign distributors (17%); and company export staff abroad (17%).

The dominant channel used by the interviewed exporting firms would appear to be foreign agents and distributors. Although the fashion designer-MD reported paying regular visits to its major U.S. market, her firm essentially relies on 'merchandisers and representatives', who organise the firm's participation in fashion shows in different U.S. cities. These representatives, she further explained, assist the company in securing orders, as well as suggest product improvements. They also take delivery of air-freighted products sent from the company's Nigerian base for onward distribution to merchandisers.

The Kano-based plastic exporting firm also depends on foreign-based distributors. The marketing manager explained that the firm had been exporting for only two years, and had, thus far, done so through distributors from Ghana who come in and buy from their factory. He reported, however, that he had visited the market 'a few times'. Only the Aba-based plastic exporter appears to have some export sales staff abroad. As the Chief Executive reported, 'we have a depot in Benin Republic. We shift goods to our men and they sell'. It was not clear, however, whether this depot supplies the other three neighbouring markets (Togo, Cameroun and Cote d'Ivoire) to which this company also exports.

It should be observed that the picture conveyed above is generally consistent with the notion of incremental internationalisation, *a la* Uppsala School. The earlier discussion on the psychic distance concept also applies here. Further exploration of these issues would be undertaken in the next chapter on discussion of research findings.

Market Servicing Mode	(Actual count / % of firms*)
Export Sales Staff in Nigeria	15 (50)
Foreign Agents	9 (30)
Indirect Exports	6 (20)
Export Sales Staff abroad	5 (17)
Foreign Distributors	5 (17)

*Note that double counting was inevitable here, as some firms use more than one channel

Table 7.26: **Market Servicing Modes**

The foregoing section has presented some indicators of the activities of exporters who form part of the respondents in this research. In line with the objectives of this study, attempt was made to determine whether significant differences exist between high and low export-entrepreneurial firms with respect to some of these indicators. Chi-square tests were employed here because the relevant indicators were measured on nominal scale. Data reduction techniques were also applied in respect of some of the variables. In more specific terms, the six bands used for export sales ratio classification were collapsed into two (less than 20% and 20% and over). The five export experience classifications were re-grouped into two (less than 10 years and 10 years and above). Number of current export markets were re-classified into two (less than five and five markets and above), and so was average size of export order (less than N5m and N5m and above). Also affected were the five market (zone) status classifications, which got reduced to three (exporting, not exporting, planning to export). These steps were deemed necessary to eliminate the incidence of 'empty cells' which reduce the reliability of the chi-square test. The relatively small number of cases involved here made the above measures particularly appropriate (Bell, 1994).

7.111 Export Market Entry and Export-entrepreneurial Level

Firms at different levels of export-entrepreneurial orientation were found to have differed significantly in terms of export market entry (see Table 7.27 below). More specifically, the chi-square test result suggests that neither the higher than expected proportion of firms with high export-entrepreneurial orientation observed among the exporting cases nor the higher than expected proportion of low export-entrepreneurial firms found among the non-exporters could have occurred by chance (see Appendix 5).

	Export-entrepreneurial Level		
	Value+	DF	Sig.
Export market entry	17.12	1	0.00*
Export ratio 1995	4.85	1	0.03*
Export ratio 1994	2.29	1	0.13
Export ratio 1993	2.47	1	0.12
Export ratio 1992	2.47	1	0.12
Export ratio 1991	2.65	1	0.10
Average size of export order	2.73	1	0.10
Export experience (no of years exporting)	0.17	1	0.90
Number of export markets	0.72	1	0.42

Table 7.27 : **Export Performance Indicators by Export-entrepreneurial Level**

7.112 Support for Proposition 11

Empirical support was thus provided for proposition 11 of this study : high export-entrepreneurial firms enter the export market more than those with low export-entrepreneurial orientation. The balance of in-depth interview evidence also weighed in favour of the proposition. This is illustrated by the relative distribution of the interviewed firms by exporting status : of the three high export-entrepreneurial firms involved in the in-depth interviews, two were exporters. Among the six low export-entrepreneurial firms were four non-exporters and one former exporter.

More significantly, while the non-exporting firm classified as high export-entrepreneurial indicated plans to commence exporting, most of the non-exporting, low export-entrepreneurial firms demonstrated no such interest. They were either contented with supplying the domestic market or had not given any real thought to exporting. One such firm was the textile manufacturing firm, which, as earlier reported, had contracts to supply military uniforms. There was also another textile firm which, according to its marketing manager, had not really considered exporting as an option because they were yet to satisfy ready and steady domestic demand. It should be added this latter firm had extensive distribution network within Nigeria. The Marketing Manager of the non-exporting furniture company interviewed stated that 'exporting is not on the cards because...the owner is not keen on it'. This manager, a British-trained graduate, also conceded that their upholstery products could not meet specified standards in developed countries markets.

7.113 <u>Other Export Performance Indicators and Export-entrepreneurial Level</u>

Further chi-square analyses reveal that significant differences exist between high and low export-entrepreneurial firms only with regard to percentage of total sales contributed by exporting in 1995. This was not however the case with respect to other years (1991-1994) covered by the analysis; as well as export experience, number of current export markets, and average size of export order (see Table 7.28). It should be observed that the quantitative data obtained on export-sales ratio were rather scanty, as the respondents were generally reluctant to divulge financial data. For example, only 17 firms indicated their export-sales ratio for 1991.

The findings on export market (zone) status appear mixed. Significant differences were found between firms of different export-entrepreneurial levels in respect of such market zones as West Africa, The United Kingdom, Other West Europe, and North America, but not Eastern Europe, Japan, South America, Central America, Mediterranean/Middle East, Rest of Asia, and Rest of Africa. It can be observed that the market zones on which significant differences were found were the same markets to which an overwhelming percentage of the responding firms' export activities were directed (see Section 7.11 above); those market zones to which little exporting was reported did not show any significant difference. In all cases however, high export-entrepreneurial firms were found to have recorded higher scores on the positive attributes.

	Export-entrepreneurial Level		
	Value+	DF	Sig.
West Africa	18.20	2	0.00*
United Kingdom	30.96	2	0.00*
Other Western Europe	15.15	2	0.00*
Eastern Europe	1.78	2	0.41
Japan	1.37	2	0.50
South America	1.19	1	0.28
North America	9.20	2	0.01*
Central America	0.03	2	0.99
The Mediterranean / Middle East	0.20	1	0.65
Rest of Asia	2.03	2	0.36
Rest of Africa	24.34	2	0.00*

+Pearson
*significant at alpha 0.05 or greater

Table 7.28 : **Status in Major Market zones by Export-entrepreneurial Level**

Particular note should be taken of the finding on 'planning to export'. In addition to exporting significantly more than their low-export-entrepreneurial counterparts, more high export-entrepreneurial firms reported plans to export to such market zones as the United Kingdom, Other Western Europe, North America, and Rest of Africa.

7.114 <u>Partial Support for Proposition 12</u>

The aggregate findings above provide mixed support for proposition 12, which suggests better performance by high export-entrepreneurial firms over low export-entrepreneurial firms on a number of export performance indicators. Significant differences were not found in respect of export experience, average size of export order, number of current export markets. They were however found regarding status in major market zones, and future export market targets. Only weak evidence supports the proposition on export-sales ratio, because whereas high export-entrepreneurial firms had a significantly better ratio in 1995, that was not the case for the years 1991-1994.

Given that there were only three current exporters among the interviewed firms (two high export-entrepreneurial and one low export-entrepreneurial) not many conclusions may be drawn based on the obtained qualitative data. The observation, however, was that on such indicators as export-sales ratio, number of current export markets, and future export market targets, the better performers were the high export-entrepreneurial firms, while the poorest performer was the low export-entrepreneurial firm. According to the Chief Executive of the Aba-based plastics manufacturer referred to earlier, the company had since 1992 been exporting to such West African countries as Benin Republic, Cote d'Ivoire, Ghana and Cameroun[4], and had plans to further penetrate other surrounding countries. Its export-sales ratio which was about 2-3% in 1992 had by 1995 grown to about 8% - a substantial sum in Nigerian terms given that the company's 1995 sales revenue was well over five hundred million naira (about £4m). The poorest performing exporter above, a textile manufacturer, had on the other hand, exported only to Ghana, since 1995. According to its Marketing Manager, the company had intentions to 'pursue other export markets'. A combination of 'internal problems and other difficulties' had however kept such plans on hold.

[4] A non-West African, but *neighbouring* African country

7.12 EXPORTER – NON-EXPORTER DICHOTOMY

So far, the analyses have been organised around the high/low export-entrepreneurial taxonomy, understandably, because of the centrality of the export-entrepreneurial perspective to this study. Given that the responding firms in this study include both exporters and non-exporters, it may be useful to explore, as many previous studies have done, the extent to which these two categories of firms relate/differ from each other, particularly in respect of top management characteristics, firm characteristics, competitive competencies, export information usage, perception of environmental factors, and initial export stimuli. This line of analysis is pursued, *albeit* briefly, for the remaining part of this chapter.

7.121 Top Management Characteristics and Exporting Status

The demographic characteristics of top management which enhance the likelihood of positive export behaviour have been explored in previous exporting studies. This study similarly sought to identify, through a **discriminant analysis procedure**, the top management objective characteristics which discriminate between exporting and non-exporting firms. And, as can be seen from Table 7.29, only two characteristics, namely **age** and graduate-level **education,** were found to discriminate between the top management of exporting and non-exporting firms.

	Standardized Weights	Discriminant Loadings		Univariate F Ratio	
Variable	Value	Value	Rank	Value	Rank
Post grad. qualification	NI	.86161	1	5.2442	4
Graduate qualification	1.56729	.86002	2	6.9239	1
Business Experience	NI	.69760	3	3.5258	5
Travel abroad	NI	.69018	4	5.2843	3
Friends/family abroad	NI	.65934	5	3.1940	6
Foreign language	NI	.56727	6	5.3959	2
Business Family	NI	.47807	7	0.9304	9
Aged under 30	NI	.42697	8	1.9831	7
Aged under 40	-.87211	.39892	9	1.4897	8
Lived abroad	NI	.23493	10	0.2449	10

NI = Not included in the stepwise solution.

Table 7.29 : **Summary of Interpretative Measures for Exporter-Non Exporter Discriminant Analysis**

7.13 Individual (Decision Maker) Characteristics and Exporting Status

Following the pattern of the distinction made earlier (see Section 7.32) between top management and the individual (responding) decision maker, this analysis sought to see whether those demographic characteristics that emerged, above, as positive correlates of exporting firms' top management – **age** and **education** - would be found similarly important for individual respondents. And, as Table 7.30 below shows, this would appear not to be the case.

Individual decision maker respondents from exporting firms were not found to be significantly different from their non-exporting firms counterparts in terms of age, educational attainment, length of service, family background, or foreign language skills. The two areas where significant differences were found are **previous business experience**, including prior business ownership and **contacts with friends/relatives abroad**. It should be pointed out that in both cases, exporting firms' decision makers ranked higher their non-exporting counterparts. A more significant observation, however, is the consistency which these variables have shown : as positive demographic attributes of decision makers in high export-entrepreneurial as well as exporting firms. This may be explained by the other finding that exporting firms recorded higher than expected cases of high export-entrepreneurial firms (see Section 7.111), and entrepreneurial personality types (see Table 7.31 below).

	Low Eef (n=34) / (%)	High Eef (n=44) / (%)	Significance
Length of Service			0.88
Less than 5 years	14 (41.2)	20 (45.5)	
Between 6 and 10 years	12 (35.3)	13 (29.5)	
Between 11 and 15 years	5 (14.7)	8 (20.5)	
Over 15 years	3 (8.8)	2 (4.5)	
Highest Educational Level			0.41
Secondary / technical education	1 (2.9)	- (0)	
Some tertiary education	4 (11.8)	5 (11.4)	
University graduate	16 (47.1)	24 (54.5)	
Postgraduate qualification	12 (35.3)	15 (34.1)	
Went to school	34 (100)	43 (97.7)	0.38
Age			0.59
Under 30	6 (17.6)	3 (6.8)	
Between 30 and 40	15 (44.1)	27 (61.4)	
Between 41 and 50	11 (32.4)	10 (22.7)	
Over 50	- (0)	2 (4.5)	
Prior Work/Business Experience			
Was in family business	15 (44.1)	9 (20.5)	0.02*
Was running own business	8 (23.5.)	3 (6.8)	0.04*
Employed in a related business	10 (29.4)	6 (13.6)	0.09
Worked in many companies	18 (52.9)	19 (43.2)	0.39
Employed in public sector	4 (11.8)	11 (25)	0.14
International marketing experience	15 (44.1)	17 (38.6)	0.63
International Orientation			
Educated abroad	7 (20.6)	10 (22.7)	0.82
Born abroad	3 (8.8)	7 (15.9)	0.35
Parents born abroad	1 (2.9)	4 (9.1)	0.27
Lived and worked abroad	5 (14.7)	7 (15.9)	0.88
Regular contacts abroad	19 (55.9)	11 (25)	0.00*
Travels abroad	12 (35.3)	14 (31.8)	0.75
Foreign Language Skills			
Speaks more than one foreign language	8 (23.5)	7 (15.9)	0.40
Family Business History			
Born into a business family	10 (29.4)	7 (15.9)	0.84

Table 7.30 : **Individual (Decision Maker) Characteristics by Exporting Status**

	Exporting Status		
	Value	DF	Sig.
Personality types	5.93	1	0.01*

Table 7.31 : **Distribution of Personality Types by Firms' Exporting Status**

7.14 Firm Characteristics and Exporting Status

Exporting firms were found to be significantly better than their non-exporting counterparts in respect of planning orientation and professed management support (see Table 7.32). Findings broadly similar to the above were made in respect of high export-entrepreneurial firms. The evidence on management support however appears less strong than was the case for high export-entrepreneurial firms.

7.15 Perceptions on Environmental Disincentives and Exporting Status

Exporting and non-exporting firms appear to share generally negative perceptions of the domestic environment within which they operate. As can be from Table 7.33 below, no significant difference was found between these two categories of firms in respect of such critical environmental factors as unstable political climate, local infrastructure, country's low technological level, and so on. It should be observed, however, that exporting firms perceive such factors as country's international image, government policies, and type of product less negatively than non-exporting as well as high export-entrepreneurial firms.

7.16 Firms' Competitive Competencies and Exporting Status

Compared to their non-exporting counterparts, exporters were found to have significantly higher perceptions of competitive competencies on six of the sixteen variables for which data were collected (see Table 7.34). These include provision of generous credit terms, developing new market, access to foreign intermediaries, middlemen network in Nigeria, innovation and technology. It is noteworthy that the above significant differentiators also showed positive association with high export-entrepreneurial firms.

	Exporters	Non-Exporters	K-W Anova
	(Mean Scores+)		
Planning Orientation	(n=34)	(n=44)	
Uncertain environment, so no real planning	3.67	3.09	0.08
Crucial decisions as situations arise	3.03	1.80	0.00*
Forward thinking, but no formal planning	3.74	2.41	0.00*
Formal planning process	3.65	2.88	0.00*
	(n=27)	(n=22)	
Importance of export in 1 year plan	3.51	2.86	0.16
Importance of export in 2-3 year plan	3.89	2.64	0.00*
Importance of export in 5 year plan	3.33	1.90	0.00*
Management Support			
Special treatment for export ventures	4.00	2.41	0.00*
	Value++	*DF*	*Sig.*
Existence of special projects	9.37	1	0.01*
Formal plans for special projects	0.76	1	0.38
Organisation Structure			
Line manager for special projects	0.39	1	0.53
Venture team for special projects	0.59	1	0.44
Key staff for special projects	1.65	1	0.46
New staff for special projects	0.00	1	0.95
Resources and Rewards			
Generous resource support	0.21	1	0.65
Different pay for venture champions	0.20	1	0.65
Flexible working hours for venture champs.	0.33	1	0.57
Enhanced status for venture champions	0.52	1	0.47
Direct access to top management	0.08	1	0.77

+ Planning orientation variables were measured on a 1 - 5 interval scale, and were subjected to one-way ANOVA tests. Scores were recoded as necessary to ensure consistency in direction.
++ All the other variables but one (export ventures) were measured on nominal scale, and were subjected to chi-square tests.
*significant at alpha = 0.05 or greater.

Table 7.32 : **Management Characteristics by Exporting Status**

	Non-exporters (n=40)	Exporters (n=34)	K-W Anova
(Mean Scores+)			
Low capacity usage	3.95	2.97	0.00*
High domestic demand	2.73	3.09	0.27
Low domestic demand	3.32	2.91	0.16
High production cost	3.74	3.71	0.87
Weak Naira exchange rate	3.66	4.03	0.28
Poor state of local infrastructure	3.79	3.94	0.63
Country's low technological level	4.21	3.91	0.22
Access to raw materials and other inputs	3.54	3.09	0.11
Type of products	3.16	2.24	0.00*
Access to export credit facility	3.36	3.26	0.75
Export procedure and documentation	3.38	3.21	0.56
Export incentives	2.74	2.64	0.67
Government policies	3.86	3.15	0.00*
Policy implementation	3.97	3.47	0.02*
Unstable political climate	4.47	4.53	0.72
Country's image abroad	4.32	3.67	0.01*

+ Measured on a 1 - 5 scale, where 1 equals 'very encouraging' and 5 'very discouraging'
* significant at alpha = 0.05 or greater

Table 7.33 : **Perceptions of Environmental Disincentives by Exporting Status**

7.17 Export Information Search and Exporting Status

As can be expected, exporters were found to have performed significantly better than non-exporters in respect of proactive search for, and usage of export information. This higher quest for export information was true of all, but one (other financial institutions) of the export information sources on which data were collected. More clearly stated, exporting firms access and use export such information sources as the NEPC, ANE, NEXIM, MAN, Banks' export divisions, Chambers of Commerce, and so on, more than their non-exporting counterparts (see Table 7.35).

	Exporters (n=34)	Non-Exporters (n=43)	K-W Anova
	(Mean Scores+)		
Product design and quality	4.50	4.67	0.30
Price	3.94	3.87	0.68
Terms of credit	3.29	2.79	0.05*
Developing new markets	3.68	3.00	0.01*
Developing new products	3.55	3.26	0.24
Customer service	4.29	4.05	0.24
Middlemen network in Nigeria	3.55	2.70	0.01*
Middlemen network abroad	2.71	1.44	0.00*
Customer satisfaction	4.15	4.14	0.97
Gathering market information	3.32	3.53	0.44
Overall quality of marketing	3.76	3.86	0.67
Overall quality of management	4.15	3.83	0.13
Overall quality of Finance	3.44	3.43	0.96
Purchasing	3.47	3.16	0.10
Innovation	3.76	2.98	0.00*
Technology	3.38	2.77	0.02*

+ Measured on a 1 - 5 scale, where 1 means considerable weakness and 5 considerable strength
* significant at alpha = 0.05 or greater

Table 7.34 : **Firms' Competitive Competencies by Exporting Status**

	Exporters (n=34)	Non-Exporters (n=43)	K-W Anova
	Mean Scores+		
Business Publications	2.12	1.68	0.02*
Nigerian Export Promotion Council	2.15	1.43	0.00*
Chamber of Commerce	1.94	1.42	0.00*
Association of Nigerian Exporters	2.09	1.38	0.00*
Federal Ministry of Trade	1.85	1.35	0.00*
Nigerian embassies abroad	1.61	1.13	0.00*
Foreign embassies and delegations	1.47	1.53	0.00*
Manufacturers Association of Nigeria	2.26	1.64	0.00*
Nigerian Export-Import Bank	1.88	1.20	0.00*
Banks' Export Divisions	2.03	1.32	0.00*
Other Financial Institutions	1.85	1.23	0.00*
Company's Sales Force	1.91	1.41	0.00*
Company Marketing Research effort	1.91	1.31	0.00*

+ Measured on a 1 - 3 scale, where 1 means never used and 3 frequently used
*Significant at alpha 0.05 or greater.

Table 7.35 : **Export Information Usage by Exporting Status**

It was not considered necessary to compare exporters and non-exporters on awareness and usage of such **government export facilities/incentives** as *import duty draw back, export licence waiver, export adjustment scheme fund, retention of foreign exchange, export development fund, export expansion grant fund, export credit guarantee and insurance scheme, ADB export stimulation loan*, and *rediscounting and refinancing facility* because the non-exporters were not entitled to these facilities.

7.18 Initial Export Stimuli and Exporting Status

The issue here is whether exporting and non-exporting firms are influenced by significantly different *attention-evoking factors, triggering cues* (Wiedersheim-Paul et al., 1978), or *stimuli* in their initial export decision. And this would appear to be so, particularly in respect of four factors, namely possibility of extra growth, existence of unsold stock, export start by competitors, and intense domestic competition (see Table 7.36). The more interesting finding, however (which also was made about high and low export-entrepreneurial firms), was that exporting firms had higher mean scores than non-exporting firms in respect of all the proactive factors, and consistently less on all reactive factors. This suggests that exporters are stimulated more by proactive factors, and to a lesser degree by reactive ones.

	Exporters (n=33)	Non-Exporters (n=29)	K-W Anova
	Mean scores		
Existence of unsold stock	3.00	3.93	0.00*
Economies of scale	4.26	4.17	0.65
Unutilized (spare) capacity	3.74	4.15	0.08
Encouragement by external agents	3.53	4.00	0.10
Managerial interest	3.35	3.17	0.48
Opportunities abroad	3.79	3.86	0.68
Export start by competitors	2.29	3.34	0.01*
Domestic competition	3.03	3.58	0.04*
Seasonal product	3.41	3.23	0.57
Reduced home market demand	3.59	3.68	0.74
Technical advantage	4.03	3.83	0.34
Financial advantage	3.73	3.35	0.16
Marketing advantage	3.41	3.22	0.54
Exclusive foreign market information	3.68	3.76	0.79
Product quality	4.15	3.93	0.38
Extra growth	4.26	3.71	0.03*
Extra profit	4.32	3.93	0.10
Extra sales	4.18	4.05	0.61
Favourable foreign exchange rate	3.76	4.02	0.33
Export Incentives	3.59	3.85	0.29
Trade fair orders	3.21	3.58	0.19
Unsolicited foreign orders	2.68	3.12	0.15
Domestic market stagnation	3.05	3.65	0.06
Domestic market decline	3.15	3.46	0.23

+Measured at a 1-5 scale, where 1 represents not important and 5 very important.

*Significant at alpha 0.05 or greater.

Table 7.36 : **Export Stimulation Factors by Exporting Status**

7.19 SUMMARY OF FINDINGS

The major findings of this present research can be summarised thus :

PROPOSITION	OUTCOME
Proposition 1 Firms can be differentiated based on export-entrepreneurial orientation. Relative to firms with low export-entrepreneurial orientation, high export-entrepreneurial firms are likely to : (a) be more innovative in developing exporting (b) have more proactive export motivations (c) less averse to export market risks	Supported
Proposition 2 High export-entrepreneurial firms are likely to differ from their low export-entrepreneurial counterparts in respect of such top management demographic characteristics as : (a) Age (b) Formal educational attainment (c) Prior work/business experience (d) International orientation (e) Family background (f) Foreign language skills (additional to English)	 Not supported Weak support Supported Supported Not supported Not supported
Proposition 3 Individual decision makers can be distinguished based on personality characteristics. Relative to non-entrepreneurial personality types, entrepreneurial decision makers are likely to : (a) have more drive for independence/control (b) have more flair for original thinking (c) have more positive attitude to risk (d) have more leadership ability	Supported
Proposition 3B Entrepreneurial decision makers are likely to differ from their non-entrepreneurial counterparts in respect of such objective characteristics as : (a) Age (b) Formal educational attainment (c) Length of service with present company (d) Prior work/business experience (e) International Orientation (f) Personal Contact Network (g) Foreign language skills (additional to English) (h) Family background	 Not supported Not supported Not supported Supported Supported Supported Supported Supported
Proposition 3C Entrepreneurial decision makers are more likely to be found in high export-entrepreneurial firms than in low export-entrepreneurial firms	Supported

Proposition 4 High export-entrepreneurial firms are likely to differ from their low export-entrepreneurial counterparts in respect of such firm characteristics as : (a) Planning orientation (b) Management support (c) Organisation structure (d) Resource/Rewards availability	 Supported Partial support Not supported Not supported
Proposition 5 High export-entrepreneurial firms are likely to have more favourable perceptions of their competitive competencies than low export-entrepreneurial firms	Largely supported
Proposition 6 High export-entrepreneurial firms are likely to make more use of export information sources than low export-entrepreneurial firms	Supported
Proposition 7 High export-entrepreneurial firms are more likely to take benefit of government export facilities than low export-entrepreneurial firms	Supported
Proposition 8 High export-entrepreneurial firms are likely to have more favourable perceptions of government export facilities than their low export-entrepreneurial counterparts	Weak Support
Proposition 9 High export entrepreneurial firms are likely to have more favourable perceptions of their domestic environment than low export-entrepreneurial firms	Not Supported
Proposition 10 The export initiation decision of firms from a developing country is more likely to be influenced by proactive factors than reactive ones	Supported
Proposition 11 High export-entrepreneurial firms enter the export market more than those of low export-entrepreneurial orientation	Supported
Proposition 12 High export-entrepreneurial firms are likely to perform better than their low export-entrepreneurial counterparts on such (export performance) indicators as : (a) Export-sales ratio (b) Export experience (c) Average export order size (d) Number of current export markets (e) Status in major market zones (f) Future export market intentions	 Weak support Not supported Not supported Not supported Supported Supported

Exporting firms are likely to differ from their non-exporting counterparts in respect of such top management demographic characteristics as : (a) Age (b) Educational attainment (c) Prior work/business experience (d) International ethnic ties (e) Family background (f) Foreign language skills	 Partial support Partial support Partial support Partial support Not supported Not supported
Exporting firms are likely to differ from non-exporters with respect to such firm characteristics as : (a) Planning orientation (b) Management support (c) Organisation structure (d) Resource/Rewards availability	 Supported Partial Support Not supported Not supported
Exporters are likely to have more favourable perceptions of their competitive competencies than non-exporters	Largely supported
Exporters are likely to make more use of export information sources than non-exporters	Supported
Exporting firms are likely to have less negative perceptions of their domestic environment than non-exporters	Not supported
Exporting firms are likely have more proactive motivations for initiating exporters than non-exporters	Largely supported
Entrepreneurial decision makers are more likely to be found in exporting firms than in non-exporting firms	Supported

Figure 7.2 : **Summary of Findings**

1. The overall level of export entrepreneurship among Nigerian manufacturing firms is low. The aggregate mean score for each of the validated indicators of export-entrepreneurial orientation suggested this, and so were the qualitative data gathered by this researcher through in-depth interviews.

2. Based on the export-entrepreneurial orientation construct[1], responding firms were successfully *clustered* into high and low export-entrepreneurial firms. This implies that high export-entrepreneurial firms are generally more *innovative* in developing exporting, more motivated by *proactive* export stimulus factors, and less averse to exporting *risks*.

[1] The validity of the EEO construct was established by sufficiently high coefficient alpha, and high correlations at sub-scales and item-total levels.

3. Other characteristics on which aggregate findings *favour* high export-entrepreneurial firms include prior business experience, international orientation, including international contact networks (or ethnic ties) of firms' top management; firm's planning orientation and support for special (entrepreneurial) projects; firms' perception of their competencies, particularly developing new products/markets, intermediaries network both within and outside Nigeria, innovation, technology, and credit terms; level of firms' search /usage of export information, including awareness/usage of government export incentives; involvement in exporting, presence in major export market zones, future export market intentions and individual decision maker's entrepreneurial orientation.

4. The substantial number and diversity of issues on which significant differences were found between high and low export-entrepreneurial firms, as well as the weight of supportive qualitative evidence strongly reinforce the validity of the export-entrepreneurial orientation construct, and the viability of this additional taxonomy in the export/entrepreneurial behaviour literature.

5. It should be noted that on most of the issues outlined in 3 above, exporting firms were also found to have differed significantly from their non-exporting counterparts. While this is not surprising given the finding of higher than expected cases of exporting firms among export-entrepreneurial firms, it suggests a practical similarity between the exporter-non exporter dichotomy and the high and low export-entrepreneurial firm dichotomy : an observation which the balance of qualitative evidence upholds.

6. One notable issue on which neither high and low export-entrepreneurial firms, nor exporters and non-exporters were found to have significantly differed is the perception of domestic environment. The dominant perceptions on pre-specified environmental factors among all types of surveyed firms were highly negative. Aspects of the domestic environment most negatively perceived

include inconsistent implementation of government policies, unstable political climate, inadequate local infrastructure, and low level of available technology.

7. The finding of 'no significant difference' between high and low export-entrepreneurial firms on such export performance indicators as export-sales ratio, export experience, number of current export markets, and average size of export order is not surprising, in view of the generally low level of activity among Nigerian exporters - an observation that underlies the definition of export performance in this study as 'export market entry' (see researcher's model in chapter 1).

8. Empirical support was found for the proposition that developing countries' firms (grappling with environmental disincentives) are likely to initiate exporting for proactive rather than reactive reasons. An application of factor analysis procedure on survey data produced six interpretable and valid factors, four of which are proactive. Positive evidence was also obtained from paired sample t-tests.

9. A generally low orientation towards entrepreneurship was found among individual decision makers. This would appear to be the case from the mean scores on the multi-trait entrepreneurial personality construct[2] as well as evidence from qualitative data. As in firm-level analysis, individual decision makers were successfully *clustered* into entrepreneurial personality types and non-entrepreneurial personality types. The former generally have more drive for independence/control, more flair for original ideas, more positive attitude to risk, and more leadership ability. What became apparent however was that entrepreneurial personality types differed from non-entrepreneurial decision makers on roughly the same objective characteristics (business experience, international orientation, international contact network, family background) on which high and low export-entrepreneurial firms also differed. The above, coupled with clear evidence from the in-depth interviews, underline the

similarity in this research between entrepreneurial decision makers and export-entrepreneurial firms - not surprising given that the decision maker (*key informant*) also responded for the firm.

[2] The validity of the entrepreneurial personality construct was also established by very high coefficient alpha and item-total correlations.

CHAPTER EIGHT

CONCLUSIONS

This chapter discusses the findings from this present research, in the light of the empirical export behaviour and entrepreneurship literature. Conclusions are drawn in respect of the key questions and objectives of this present research, notably, the overall level of export entrepreneurship amongst Nigerian manufacturing firms, individual and firm correlates of export-entrepreneurial orientation, export-entrepreneurial orientation and export involvement, perceptions of environmental disincentives, and initial internationalisation patterns of Nigerian exporting firms.

8.1 CONCLUSIONS ON EXPORT-ENTREPRENEURIAL ORIENTATION TAXONOMY

There appears to be some tradition, in both the exporting and entrepreneurship literature, of appreciating the fundamental respect in which exporting is but an expression of entrepreneurship. This, as should be expected, goes further back in entrepreneurship than in exporting. One of Schumpeter's (1934) earlier works, had identified 'the opening of a new market' as one of the entrepreneur's 'new combinations'. In an insightful discussion of entrepreneurship, Thorelli (1987) had noted that 'small business venturing into international marketing in itself constitutes entreprenenurship'. Similar understanding of this entrepreneurship-exporting interface is reflected in the works of McDougall (1989), McDougall and Oviatt (1994), and Ray (1989) on international new ventures; and Zahra (1993) on international entrepreneurship.

The exporting literature is also not without studies that incorporated an entrepreneurial dimension. Simmonds and Smith's (1968) study of the first export order as a 'marketing innovation'[1] has since been followed by Samiee et al. (1993) research into exporting as an 'innovative behaviour'. The latter developed an

[1]Note Miller and Friesen's (1983) observation that in earlier entrepreneurship and economic studies, innovativeness (including new market development) is often viewed as a surrogate measurement for entrepreneurship.

empirically valid taxonomy (high/low innovative exporters), based on the 'export innovation' construct. Bell (1994) had also concluded that 'apart from greater prior overseas experience ... the decision makers' characteristics and attitudes critical to firms' export development ... are essentially entrepreneurial'.

The major shortcoming of most of the earlier attempts at explaining export behaviour from an entrepreneurial perspective is their tendency to 'limit their inquiry to simple direct investigations between each of the three dimensions and export performance'[2]. A recent conceptual study by Yeoh and Jeong (1995) has however, improved on this by including all the three dimensions of entrepreneurial orientation - innovativeness, risk-taking, and proactiveness (Covin and Slevin, 1988; Morris and Lewis, 1995; Schafer, 1990) - in the operationalisation of a firm's strategic posture (entrepreneurial orientation).

The findings from this present study provide one of the first empirical validations of this three-dimensional definition of export-entrepreneurial orientation. Based on ten rigorously selected indicators, organised around the earlier-mentioned dimensions of entrepreneurship, two stable and valid clusters of firms at opposite ends of the export-entrepreneurial continuum were identified. Relative to their low export-entrepreneurial counterparts, high export-entrepreneurial firms were found to be generally more innovative in developing exporting, more influenced by proactive export stimulation factors, and less averse to export market risks. Further profiling of these export-entrepreneurial firms revealed such distinguishing characteristics as the possession of an experienced, internationally orientated and connected top management as well as individual decision makers; higher perceptions over a range of key firm competencies (including developing new markets/products); more extensive search and use of export information, as well as available export facilities; and higher level of involvement in exporting, including future export market intentions.

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[2] For example, a positive relationship has been found between technological innovativeness and export performance (Cooper and Kleinschmidt, 1985; Beamish et al., 1993; McGuinness and Little, 1981); management's attitude toward risk taking and export performance (Cavusgil, 1984); and aggressive, proactive posture towards exporting and export success (Denis and Depelteau, 1985).

A comparative analysis of the insights obtained from two of the interviewed firms with those emanating from six other interviewees appears to illustrate this high versus low export-entrepreneurial taxonomy. The first of these two firms, the Lagos fashion designing outfit, exports regularly to the United States, a market which it had nurtured over the previous six years through visits and participation in fashion shows and exhibitions, as well as quality relationships with US-based representatives and merchandisers. The initial motivation for exporting, according to the company's Managing Director, was to show, at an international stage, their excellence in African designs, and this is understandable given this firm's leading status in Nigerian fashion market. The MD, whose exhibitions earned her an induction into the Atlanta Alumni Hall of Fame in 1992, revealed plans to visit Europe this summer (1998) for market exploration purposes. The other firm, the Aba-based plastic manufacturer with considerable interests in other activities, started exporting in 1992, driven largely by the Chief Executive's resolve to take the business further than his founder-father. As of the time of this interview (1996), the company was already exporting to four West African countries, and had seen its export-sales ratio rise from 2-3% in 1992 to 8% in 1995.

When the above two accounts are contrasted with insights from six other firms who fall within the low export-entrepreneurial cluster, the validity of this additional taxonomy in the export/entrepreneurship literature becomes enhanced. Among the latter six are a textile manufacturing firm whose continuing contract for the supply of military uniforms leaves it no room for any serious exporting consideration; a plastic (products) exporter whose first export customer, from Ghana, literally walked unsolicited through its door; another textile firm with an assured domestic market, the satisfaction of which remains the height of its aspiration; and a furniture company, whose owner was not keen on exporting.

8.2 CONCLUSION ON THE OVERALL LEVEL OF EXPORT-ENTREPRENEURSHIP AMONG NIGERIAN MANUFACTURING FIRMS

The findings of this study suggest a generally low level of export entrepreneurship among Nigerian manufacturing firms. Despite the systematic attempt made in the study to bias the sample in favour of exporting firms[3], a significantly lower proportion of responding firms reported export involvement – involvement which for the most part would appear rudimentary, judging by the limited statistics provided on export activities.

There is a case, however, for regarding the above aggregate findings with some caution. This is in view of the qualitative data obtained on the scale and volume of unreported and illegal across-the-border trade involving Nigerian manufacturing firms. Although *smuggling* cannot be a surrogate measure of export-entrepreneurship, it is becoming increasingly realised that unreported, informal sector, even illicit, activities may sometimes be entrepreneurial. This is particularly so in developing countries where historical and/or environmental circumstances may severely limit the opportunity set open to a large section of the populace; or worse still, condition them to play by some unwritten 'rules of the game'. Researchers such as Morris et al. (1996), actually, concluded as much, based on their recent study of a black South African township.

It is not difficult to imagine why Nigerian-based manufacturers, whom as this study shows, are so used to fending for themselves (providing own power and water supplies, access roads, communication systems, even going to neighbouring Republic of Benin for telephone calls!) would choose to avoid the largely corrupt government export bureaucracy, and 'do their own thing' – as one of the interviewees put it, *albeit* in a slightly different context. Conventional wisdom would deny such firms any

[3] All firms listed in the Nigerian Exporters' Directory were included in the sample provided they belonged to the pre-specified product areas and geographical locations. Firms selected from the

fair claim to entrepreneurship, although Morris et al. (1996) referred to above, appear to suggest otherwise. It seems likely, therefore, that any firm conclusions on the overall level of export entrepreneurship among Nigerian manufacturers would have to await the outcome of current efforts being made by the NEPC, MAN, and other interested bodies to minimise the extent of this unreported 'export' trade.

8.3 CONCLUSION ON THE OBJECTIVE CHARACTERISTICS OF EXPORT-ENTREPRENEURIAL FIRMS

Previous empirical evidence on the relationship between age and size of firms and export and entrepreneurial behaviour has remained inconclusive (Leonidou and Katsikeas, 1997; Ford and Leonidou, 1991; Aaby and Slater, 1989; Julien, 1989; Carland et al., 1984; Kollermeier, 1992). The finding of this present study also reflects this stalemate : no significant relationship was found between firms' age or size (measured by sales revenue, number of employees) and export-entrepreneurial orientation. There was, indeed, no evidence that such size-related resource (including experiential) advantages or constraints identified by (Reid (1983) influence the export-entrepreneurial orientation of the firms studied. This conclusion holds for the aggregate analysis results, as well as the qualitative in-depth interview data. It also agrees with Samiee et al. (1993) finding on export-innovative firms.

It should be observed, however, that the majority of the firms involved in this present research, are like most developing countries firms, small-medium sized. Indeed, 87.5% have total annual sales of less than one hundred million *naira* (about £0.8m) and 500 employees. The classification of the remaining 12.5% of the firms as large-sized owes more to the above 500 employee-profile, than to any remarkable annual sales figure. Two such firms were among the in-depth interview sub-sample. The first, the Aba-based plastic manufacturer, reported over 500 employees, and was established in the mid-1950s. The latter, the Kano-based textile firm, reported 1,295 employees. It would be recalled that while this Kano-based firm revealed an essentially domestic market focus, the Aba-based firm has been active in a number of West African markets. Similar illustrative evidence was obtained in respect of

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Manufacturers Association of Nigeria's Directory however had to meet a minimum size requirement.

comparably-sized small firms[4], which demonstrated remarkably different orientation to export entrepreneurship.

The conclusion would, thus, be that a firm's orientation to export entrepreneurship is not significantly influenced by its size or age. This partly agrees with the emerging consensus among international new venture, network, and resource-based internationalisation scholars (MacDougall and Oviatt, 1994; Coviello and Munro, 1997; Bell et al., 1998) to the effect that size or age *per se* does not matter; what matters is the access which the firm has, either internally or externally, to such critical resources as top management (employees) of the right calibre, resource-laden networks, and so on. No evidence, however, was found in this present study in support of the 'international start-up' phenomenon – not surprising given that the firms studied are low technology, traditional manufacturing types.

8.4 CONCLUSIONS ON DEMOGRAPHIC CHARACTERISTICS OF EXPORT-ENTREPRENEURIAL FIRMS' DECISION MAKERS

Despite the incidence of conflicting findings in published exporting research on these characteristics, the balance of empirical evidence suggest that 'firms with decision makers possessing foreign market orientation, better type and level of education, foreign country origin, and foreign language proficiency ...(are) more likely to become exporters' (Ford and Leonidou, 1991). Research on entrepreneurship have also linked the development of an entrepreneur with family background, exposure to positive role models, previous job, and educational experiences (Hisrich, 1988; Bird, 1989; Scherer et al., 1989; Jones-Evans, 1996; Brockhaus, 1980; Slatter et al., 1988).

The findings of this present study are largely consistent with the balance of empirical evidence above. The top management staff, as well as individual decision makers in high export-entrepreneurial firms were found to have had previous business experience, and were internationally orientated, replete with good international contact networks. Entrepreneurial decision makers were, in addition, found to have come from business families. The strength of these attributes, as demographic correlates of entrepreneurial orientation, is underscored by the consistency with which they emerged at both the firm (top management) and individual decision makers'

[4] The Lagos-based fashion designing outfit is of a comparable size with the rest of the in-depth interview sub-sample, none of which had demonstrated half its commitment and innovativeness in developing exporting.

levels of analysis. It should be observed that variables such as age and education were dropped because they fell short of this internal consistency (reliability) criterion. The case for the inclusion of both variables was not helped, also, by the absence of sufficient illustrative insight from the in-depth interview sub-sample.

This study's finding on the criticality of international orientation and international contact networks is one that is widely shared both in the 'more traditional' export literature (e.g. Simmonds and Smith, 1968), and the emerging literature on international entrepreneurship, networks and resource-based internationalisation. It correlates also with findings in mainstream entrepreneurship, about the higher tendency of foreign-born persons or children of immigrants to exhibit entrepreneurial behaviour (Morris and Lewis, 1995). The explanation for this link lies in the fact that prior exposure or involvement in an international environment usually rids the decision maker of some of the fears and uncertainties inherently associated with the 'unknown' export market. Such decision makers are, thus, able to focus less on exporting risks and more on possible export opportunities.

Supportive findings on the importance of international ethnic ties or contact networks are also proliferating. Crick and Chaudhry (1997) have recently explained the choice of East Africa as first export destination for many British-Asian exporters, as arising from the ethnic links which the latter have with East Africa. An earlier study by Jackson (1981) had found similar evidence in respect of Israeli exports to Britain. Zafarullah, Ali and Young's (1998) Pakistani study equally reported on the catalytic impact of ethnic (cultural) ties in the internationalisation of their SME sample. These add to a growing body of findings on entrepreneurial networks and relationships, some of which are nationally or ethnically-based.

8.5 CONCLUSIONS ON ENTREPENEURIAL PERSONALITY TYPES

The balance of empirical evidence from exporting suggests that the decision makers of exporting firms have lower perceptions of risks and costs, but higher perceptions of profits and growth (Ford and Leonidou, 1991). They were also found to be more aggressive and dynamic, more creative and innovative, more self-confident, and more flexible (Ogram, 1982; Bilkey and Tesar, 1977; Simmonds and Smith, 1968; Kulhavy et al., 1982; Muller and Koglmayr, 1986; Dichtl et al., 1984). Psychological variables similar to the above have also been found to characterise the entrepreneur. These include risk taking propensity, need for achievement; locus of (quest for) control; desire for independence; desire for power; openness to innovation, self-esteem, creativity, daring, and aggressiveness (Covin and Slevin, 1991; Welsch et al., 1987; McClelland, 1961; Brockhaus, 1980; Slatter et al., 1988; Collins and Moore, 1964; William, 1979).

The major criticism which has been levelled against this genre of research in both the exporting and entrepreneurship literature is the contradictory nature of findings across studies in respect of the individual psychological variables. This explains why Miesenbock (1988) considers the 'explanatory power of psychologically oriented research in internationalisation ... (as) controversial'. Terms such as 'confusing and inconclusive' have equally been used to describe the empirical findings on entrepreneur-related psychological variables (Chell, 1985; Ket de Vries, 1977).

This present research improved upon previous research in this area in a number of ways. First is its definition of the 'entrepreneurial personality type', as a composite, multi-trait construct embracing those of the above variables on which most agreement exists in the literature – simultaneous (multivariate) analysis of responses on these variables generated two valid and stable clusters. Second is the profiling of the obtained entrepreneurial personality cluster on a range of objective characteristics. Lastly, an assurance of the robustness of the construct was obtained through the assessment of its psychometric properties.

A further finding of a higher than expected incidence of entrepreneurial personality types in high export-entrepreneurial firms as well as exporting firms boosts the extent of reliance which can be placed on the operational variables – desire for independence/control, creativity/innovativeness, risk tendency, and leadership ability.

More significant for this present research, however, is the positive link which has been established between individual decision maker's personality type and firm's export entrepreneurial orientation, as well as exporting status. This supports the view taken in this study that export-entrepreneurial orientation is a firm as well as individual characteristic; clearly underlining the importance of studying firm-level entrepreneurship without ignoring the individual (traits) perspective.

8.6 CONCLUSION ON MANAGEMENT CHARACTERISTICS OF EXPORT-ENTREPRENEURIAL FIRMS

Very few issues in the exporting literature have as much empirical base as the relationship between management support (commitment) and export behaviour (Chetty and Hamilton, 1993; Ford and Leonidou, 1991; Aaby and Slater, 1989). This is largely true, also, of studies on firm-level entrepreneurship (Kuratko et al., 1990; Thom, 1990).

The findings from this present research further demonstrate the significance of management commitment and support in achieving favourable export-entrepreneurial behaviour. Aggregate analysis revealed high export-entrepreneurial firms as characterised by strong management support and planning orientation. Qualitative data obtained from the in-depth interview sub-sample showed that strong management commitment, and indeed personal involvement, was the catalyst behind the modest export venturing of the active, high export-entrepreneurial firms. Absence of it, correspondingly appears to underlie the zero exporting effort, and weak export-entrepreneurial behaviour among the remaining interviewed firms.

It does appear, also, that while the first set of firms showed some positive orientation to export planning (e.g. exploring possible export markets to enter, forecasting seasonal demand and trends, and so on), no such evidence was obtained from the low export-entrepreneurial category. It should be noted that this study did not find any evidence of formal market planning or explicit strategy among any of the interviewed firms; not surprising given the size and relative lack of sophistication of these developing country firms. This follows the pattern of previous findings on planning orientation among SMEs, which generally conclude that SMEs tend to adopt somewhat irregular, less formal approach to planning than do their larger-sized counterparts (Berry, 1993; Bracker and Pearson, 1986; Sexton and Van Auken, 1982). It is with this in mind that Hyvarinen (1990) suggested 'strategic orientation' as an appropriate (target) attribute for SMEs, rather than strategy.

Similar reasons of limited size and sophistication may also explain why the present research did not find significant evidence positively linking export-entrepreneurial orientation with such other firm characteristics as organisational arrangement for exporting and use of incentive schemes. The high export-entrepreneurial firms in the in-depth interview sub-sample offered neither any markedly different organisational incentives, nor structural arrangements to their staff. This contrasts with Samiee et al. (1993) finding that high innovative exporters have a greater likelihood of establishing export-specific organisations. It also diverges from the literature on firm-level (including entrepreneurial or innovative SMEs') entrepreneurship, which generally associate the use of incentive schemes (Thom, 1990) and appropriate organisational arrangements – e.g. the use of coordinators for specific innovative tasks – with better entrepreneurial performance (Carson et al., 1995; Chaston, 1997; Silber, 1986).

8.7 CONCLUSIONS ON THE COMPETITIVE COMPETENCIES OF EXPORT-ENTREPRENEURIAL FIRMS

This present research has also found high export-entrepreneurial firms to be significantly different from low export-entrepreneurial firms in terms of their perceptions of such competitive competencies as developing new products/markets, distribution network, both within and beyond Nigeria, innovation, technology, and credit terms.

These findings are largely consistent with previous results from exporting research, particularly in respect of technology (Beamish and Munro, 1987; Cooper and Kleinschmidt, 1985; Reid, 1986), distribution network (da Rocha et al., 1990; Brooks and Rosson, 1982; Keng and Jiuan, 1988), Research & Development (Schlegelmilch, 1987; Ogram, 1982; McGuinness and Little, 1981b), and developing new products (Namiki, 1989; Carlsson and Hansen, 1982) – variables which, dating from Schumpeter (1934), have traditionally served as indicators of entrepreneurial behaviour. Hyvarinen (1990), for example, has attributed innovative SMEs with skills in 'developing new or improved products, processes, markets, organisattions, etc'. As the OECD (1982) puts it, 'there can be no real innovation without success in both markets and technology'.

Although this present study could not substantiate Aaby and Slater's (1989) conclusion that 'competencies are probably more important than firm characteristics', it found sufficient illustrative evidence of the difference which firm competencies can make in facilitating export entrepreneurship. Take the fashion designing outfit for example. There is no doubt that its unique and creative African designs[5], emphasis on

[5] This was the basis of its reputation in the Nigerian market, as evident in its selection, on several occasions, to represent Nigeria and Africa at fashion shows in the U.S.

quality improvements[6], readiness to explore and develop new markets, as well as ability to develop quality partner-like relationships with export market representatives and merchandisers have greatly contributed to the modest export results achieved. This is in stark contrast with, say, the non-exporting furniture company in the in-depth interview sub-sample, which admitted not having upholstery products of a quality sufficient to meet the standard in developed countries' markets.

The earlier mentioned evidence on the importance of mutually beneficial market relationships (to the fashion designing firm) is interesting, as it reinforces previous findings in the export channel literature (Brook and Rosson, 1982; Rosson and Ford, 1987; Wheeler et al., 1996), and the growing literature on international market relationships (Styles and Ambler, 1994, 1997; Coviello and Munro, 1995, 1997; Bell, 1995).

8.8 CONCLUSIONS ON THE SOURCING AND USAGE OF EXPORT INFORMATION BY EXPORT-ENTREPRENEURIAL FIRMS

The level of search and use of export information is another firm competency, which has received a lot of attention in the exporting and entrepreneurship studies. The finding of this present research is that high export-entrepreneurial firms explore more export information sources than their low export-entrepreneurial counterparts.

This is in line with the balance of empirical evidence in both the exporting and entrepreneurship literature, as well as the few studies that straddle the export-entrepreneurship divide. One of these few was Samiee et al. (1993) study of high and low innovative exporters; which concluded that high innovative exporters, relative to their low innovative counterparts, use more sources of export information. Johnston and Czinkota (1985) had similarly found that aggressive exporters tend to acquire more information about foreign markets.

The point should be made that this finding reinforces the validity of the high versus low export-entrepreneurial taxonomy : it further demonstrates the significant difference between these two derived firm-clusters on two important dimensions of entrepreneurial orientation, namely *proactive* search for information and *innovative*

[6] This researcher learnt that the company has had to make adjustments in terms of fabrics and finishing in response to feedback received, both directly from customers and from its market representatives in the U.S

adoption of new information. More clearly stated, conscious search for export information indicates proactiveness, while further use of such obtained new information represents innovation adoption. This, at the minimum, approximates the sense in which exporting has been defined as an innovation adoption process (Lee and Brasch, 1978).

8.9 CONCLUSIONS ON THE PERCEPTIONS OF THE DOMESTIC ENVIRONMENT AMONG EXPORT-ENTREPRENEURIAL FIRMS

Perceptions on the domestic environmental factors affecting Nigerian manufacturing firms do not appear to differ between high and low export-entrepreneurial firms. All the firms surveyed were rather found to have largely negative views of the domestic environment within which they operate. Support was, thus, lacking for the proposition in this study that high export-entrepreneurial firms would have less negative perception of their domestic environment. More importantly, this underlines the enormity of the problem which these environmental factors pose to Nigerian manufacturing firms.

Aggregate data analysis identified the most critical of these disincentives as the prevalence of political instability, low level of technological advancement, country's dubious image abroad, poor state of local infrastructure, and macro-economic (including export) policy inconsistency. More illustrative insights obtained through in-depth interviews, showed that concerns converged around the near impossibility of planning major investment decisions (including exporting decisions) under the cloud of political instability and the stop-go implementation of government policies. The Chief Executive of the former processed cocoa exporting firm narrated how one such policy reversal sent his firm out of the export business; highlighting that he was luckier than some others in his (beverages) industry who could not pay back their loans, and have had to face detentions and the 'Failed Bank Tribunals'[7]. Another interviewee, an official of the government-run NEPC agreed, proffering the view that these policy inconsistencies had rendered Nigerian entrepreneurs 'impotent'.

Strong words were equally used to describe the debilitating effect of gross inadequacies in all aspects of local infrastructure – power and water supply, communication, physical distribution network, including ports[8] facilities – on entrepreneurial activities, including exporting. The fashion designing MD specifically highlighted the negative impact on production cost structure, of having to provide own infrastructure (electricity in particular); explaining that it places her firm at a clear disadvantage against international competitors[9], who do not face similar environment-related costs.

The thrust of these findings on the discouraging aspects of the domestic environment appears to differ from much of the previous empirical export research, in which environmental factors are viewed essentially as influences on foreign market choice (Bilkey, 1978; Michell, 1979; Rabino,1980; Cavusgil and Zou, 1994; Styles and Ambler, 1994). This is understandable given that domestic environmental factors are not as problematic in developed countries - from where much of the published exporting literature originated (Das, 1993; Kaynak and Kuan, 1993) – as they obviously are in developing countries.

Previous literature support for this study's findings can, however, be found in some developing countries' export studies. These include Bodur's (1986), which linked Turkish exporters problems to the *absence of relevant infrastructure and institutions*; Ross' (1989), which attributed *unfavourable perception of 'domestic infrastructure'* to Jamaican exporters; Anderson and Tansuhaj's (1990) which associated the financing problems of Filippino exporters to *'the political turmoil and uncertainty of events'* that followed the fall of Ferdinand Marcos' government; and Douglas' (1996) Peruvian study which found a negative relationship between export performance and

[7] Special tribunals set up by a Military decree to try suspects for miscellaneous bank-related offences, including defaults in loan repayment.
[8] Two most important Nigerian ports (at Apapa and Tincan Island Lagos) were shut down for six months in 1996 to implement a major 'reform' or 'reorganisation' exercise.
[9] Fashion designers from other African countries, and such East Asian countries as Thailand and Indonesia.

the 'rather difficult external environmental factors like the economic and political situation'.

It would be fair to say that empirical entrepreneurship scholars have given more attention to the domestic environment than their exporting counterparts. The settled position in this entrepreneurship-environment literature is that innovative, proactive and risk-taking behaviours are particularly associated with environmental hostility, dynamism, heterogeneity and turbulence (Morris and Lewis, 1995; Miller and Friesen, 1982; Covin and Slevin, 1979; Case, 1989). Yeoh and Jeong (1995) recently extended this argument to small firms thus : 'an entrepreneurial orientation may be particularly beneficial to a small exporting firm in hostile environments'.

Nothing has been found in this present study to detract from the above position. On the contrary, the findings arguably lend support to the notion of an entrepreneurial orientation being a fitting response to environmental hostility. It has been shown, above, that the two entrepreneurial exporters among the in-depth interview sub-sample reported very negative perceptions of aspects of their operating (domestic) environment. The fact that they initiated, and have continued exporting, however, demonstrates their superior adaptability relative to low export-entrepreneurial firms, as well as underscores their entrepreneurial qualities. It would appear that these two firms, and indeed the other firms attributed in this study with high export-entrepreneurial orientation, view the harsh conditions in their domestic environment, as challenges which demand enhanced innovativeness and aggressiveness in their exporting endeavours.

8.10 CONCLUSIONS ON THE PERCEPTION OF GOVERNMENT EXPORT FACILITIES BY EXPORT-ENTREPRENEURIAL FIRMS

One possible exception to the earlier mentioned neglect of home country factors in export behaviour literature is the issue of government export promotion programmes. This topic has, indeed, been widely studied in previous export research, with the balance of evidence indicating an inverse relationship between perceptions on government export promotion programmes and export behaviour (Young, 1995; Seringhaus, 1987; Bauerschmidt et al., 1985; Kaynak and Stevenson, 1982; Kaynak and Kothari, 1984; Malekzadeh and Nahavandi, 1985; Rabino, 1980). Studies that found considerable ambivalence to government assistance have also been reported (Pointon, 1978; Seringhaus, 1987). A recent study by Bell (1994), for example, concluded that the observed low usage rate of some government export promotion services (in spite of generally high awareness levels) 'must reflect perceptions concerning their utility'.

The finding of this present research is consistent with the evidence above, as well as previously discussed findings on perceptions of domestic environmental factors. More specifically, support was not found for the proposition that high export-entrepreneurial firms have more positive perceptions of government export facilities than their low export-entrepreneurial counterparts. Although aggregate data results suggest a significantly greater likelihood of usage of available facilities by high export-entrepreneurial firms, this apparently had to do with the higher incidence of exporters among this category of firms relative to their low export-entrepreneurial counterparts. It is instructive that this aggregate result found no illustrative support from the in-depth interview sub-sample.

It would be recalled that the MD of the fashion designing firm had dismissed the entire government export promotion machinery in very unflattering terms. This mirrors concerns expressed by the representative of the MAN's Export Group interviewed by this researcher. According to this source, 'most (of the incentives) are not working'. It was also his opinion that the government and its relevant agencies (NEPC, NEXIM) were neither doing enough to help manufacturing exporters, nor corroborating sufficiently with the organised private sector to identify and provide the most effective forms of assistance. Even the officials of the NEPC interviewed acknowledged the widespread scepticism about most of the export incentive schemes, although they insisted that they were real and available. These officials could not however disguise their frustration at government's 'lip service' to manufactured export development. They complained seriously about lack of support, as exemplified by poor funding of the NEPC's operations.

8.11 CONCLUSIONS ON THE INITIAL EXPORT STIMULUS FACTORS OF NIGERIAN MANUFACTURING FIRMS

One of the major propositions of the present research is that export initiation among developing countries (including Nigerian) firms is likely to be stimulated by proactive factors, the argument being that the inadequacies in their domestic environment would not allow such traditional (reactive) stimuli as unsolicited foreign orders, encouragement by external agents, and so on to dominate the initial export decision.

The finding from this present study provides support to the above proposition : proactive factors were found to have a preponderant effect among factors stimulating initial export venturing of Nigerian manufacturing firms. This prevalence of proactive motivations may explain why only a weak support was provided for another proposition which attributes low export-entrepreneurial firms with less proactive motivation than their high export-entrepreneurial counterparts.

Additional insights derived from some of the firms interviewed in this present research would appear to uphold this view of preponderant proactive motivations. The essentially proactive motivations of the fashion designing exporter and its Aba-based plastic manufacturing counterpart have been highlighted elsewhere in this discussion. These two, as well as the former processed cocoa exporter in the in-depth interview sub-sample, traced their initial export start to such proactive factors as managerial interest, possession of unique product, and pursuit of export profits and growth. Although the Kano-based plastic exporting firm reported the receipt of an unsolicited export order, from Ghana, as its initial export stimulus, this be understood in the context of the geographical proximity between Ghana and Nigeria. It is conceivable that this firm had visited Nigeria for other reasons, and took the opportunity to locate this Kano plastic factory.

There are a few reasons why the receipt of unsolicited foreign order has no more than a remote chance of being the initial export stimulus for Nigerian-based firms. First, the country's manufacturers are yet to develop the reputation for quality and reliability necessary to attract foreign inquiries; and whatever strides they make appear to be drowned out by the unsavoury, sharp practices of 'Advanced Fee' scammers. Second is that the communication (telephone, surface mail) system in Nigeria does not yet operate at the standard, which would encourage and attract external export inquiries. It was, until recently, not unusual to spend literally hours trying to get through to a Nigerian telephone number. Matters were not helped by a 1996 arson attack on the Ikeja Area Exchange, which left businesses in that industrial hub without telephone services for over one year. This explains the earlier remark, credited to the MAN's representative, about people going to neighbouring Republic of Benin for telephone calls.

Availability of excess production capacity would, also, hardly be an initial stimulus factor because most firms intermittently shut down owing to the absence of raw materials or breakdown of plants. This was the case of one of the textile firms that participated in the in-depth interviews. As of the time of the interview, it had only resumed after nearly one year of inactivity. It is instructive that many companies which were listed in the directories were found to be under lock and key, or open but inactive owing to the above and related reasons.

While the findings of this present research are contrary to the aggregate (review) findings in the published export stimulation literature (Leonidou, 1995a, 1995b) – all of which gave the foremost ranking to such reactive factors as the receipt of unsolicited export orders from abroad, the availability of unutilised production capacity, unsold stock, and so on – they are consistent with the findings of most developing countries' studies on initial export stimulation stimulation (Jain and Kapoor, 1996; Leonidou, 1995b).

The possible effect of non-exporting firms claiming more proactive motivations cannot be discounted (Leonidou, 1995b). This, however, does not appear to be the case in this study : the exporting part of the sample reported slightly more proactive motivations than their non-exporting counterparts.

8.12 CONCLUSION ON EXPORT-ENTREPRENEURIAL ORIENTATION AND EXPORT INVOLVEMENT

It has also been found that firms with high export-entrepreneurial orientation are more likely to export than their low export-entrepreneurial counterparts. This emerged from the aggregate (analysis) result, which reported a higher than expected incidence of high export-entrepreneurial firms among the exporting part of the sample. Further analysis of the obtained (*albeit* limited) statistics, also, revealed that high export-entrepreneurial firms performed significantly better than their low export-entrepreneurial counterparts in respect of such indicators as export-sales ratio, status in major market zones, and future export market intentions.

This is consistent with earlier findings of differential export behaviour (performance) across firm taxonomies : active/reactive (Piercy, 1981b); aggressive/passive firms (da Rocha et al., 1990; Tesar and Tarleton, 1982); proactive/reactive (Johnson and Czinkota, 1982); active/passive (Eshghi, 1992); and innate/adoptive (Ganitsky, 1989); and high innovative /low innovative (Samiee et al., 1993).

It is necessary to reiterate the focus in this study on *softer* dimensions of export performance, namely initial export involvement, future exporting intentions, and so on. Unlike the above-mentioned studies, this present research sampled both exporting and non-exporting firms and used export involvement or non-involvement as its measure of export performance. This had to be so because the majority of Nigerian manufacturing firms, whose level of export entrepreneurship needed to be assessed do not currently export.

The positive results reported, above, for high export-entrepreneurial firms, in respect of export-total sales ratio should be regarded with caution in view of the limited data base – the difference was observed only for 1995; as dwindling data base precluded any meaningful analysis for the period 1991-1994. More reliable, however, are the findings of markedly higher export market presence and future export market plans among high export-entrepreneurial firms – particularly as they appear to be illustrated by in-depth interview evidence.

An additional significance of these favourable findings is their correlation with the point made in the previous section, about the superior adaptability of high export-entrepreneurial firms to environmental disincentives. This enhanced readiness to grapple with environmental challenges may explain the greater likelihood of high export-entrepreneurial firms to export, maintain presence in key markets, and have more export market intentions.

8.13 HIGH/LOW EXPORT ENTREPRENEURSHIP VERSUS EXPORTING/NON-EXPORTING TAXONOMIES

The latter parts of the Analysis Chapter (Sections 7.12 - 7.18) had sought to identify those variables and characteristics on which exporting and non-exporting firms are significantly different. What emerged, thus, is a profile of exporting firms. This raises the issue of whether this exporter's profile is markedly different from the high export-entrepreneurial firm's.

A close examination of the results of the earlier mentioned analysis would show that exporting firms differ their non-exporting counterparts on virtually the same characteristics and variables which distinguish high export-entrepreneurial firms from low export-entrepreneurial firms – decision maker's international orientation, connections and business experience; management support and planning orientation; and such firm competencies as possession of quality/unique product, access to middlemen networks, technology and innovation, *etc.* It is interesting, also, that exporters and non-exporters were not found to have differed on perception of environmental disincentives; as is the case with high versus low export-entrepreneurial firms.

This should not be surprising, however, when considered alongside the discussion in the last section (8.12), about the higher incidence of high export-entrepreneurial firms amongst the exporting sub-sample - which implies that high export-entrepreneurial firms are more likely to be exporters, while low export-entrepreneurial firms are more likely to be non-exporters. A further implication of this last observation is that not all high export-entrepreneurial firms are exporting, just like there are some low export-entrepreneurial firms who export. These considerations informed the development of firm categories (taxonomy) in this present research – see discussion in the recommendations chapter, Section 9.10.

8.14 CONCLUSIONS ON EXPORT ACTIVITIES OF NIGERIAN MANUFACTURING FIRMS

One of the limitations of this present study is the limited amount of export statistics provided by the exporting respondents. Particularly affected by this was a question on export sales. Export performance is, therefore, used in this study in a restricted sense. That said, a few conclusions are still in order.

The general level of *reported* export activities among Nigerian manufacturing firms appears to be low. This mirrors the trend in the official export statistics available from the Central Bank of Bank (CBN, 1996). It is plausible that the preponderance of SMEs, as well as the relative lack of status of exporting in the responding organisations contributed to the low aggregate results obtained. There is hardly any doubt, also, that the large size of the domestic market is an explanatory factor. Many non-exporting respondents interviewed, indeed, pointed to their inability to satisfy the domestic market, an example being the firm which supplies military uniforms.

What remains unclear, however, is the amount of unreported across-the-border trade involving Nigerian manufacturing firms. This 'illegal export trade', from all accounts, appears to outstrip the official export figures several times over. This, unfortunately, confuses the picture as to the approximate level of export activities and the extent of export entrepreneurship among Nigerian manufacturing firms (see discussion in Section 8.2).

Another general observation that can be made here is that most responding exporters perceive exporting as an extension of their domestic market, and do not appear to have articulated any meaningful marketing arrangement to serve these export markets. The general absence of formal planning, as earlier discussed, is not surprising in view of the limited size and sophistication of these respondents. That, however, can hardly explain the non-existence of incentive schemes or explicit structural recognition of export projects, even among the entrepreneurial exporting firms – more inexcusable because the use of incentive schemes and project management structures have been associated with entrepreneurial SMEs in the literature (Carson et al., 1995; Thom, 1990; Silber, 1986).

8.15 CONCLUSION ON INITIAL INTERNATIONALISATION PATTERNS OF NIGERIAN EXPORTING FIRMS

This researcher has been reluctant to apply the term 'internationalisation' in this study, given its essentially exporting context. None of the surveyed firms has gone beyond this initial stage of internationalisation, or indeed, explored any other mode. It is necessary that this be borne in mind as the following discussion on the 'internationalisation' pattern of Nigerian exporting firms is undertaken.

All the evidence obtained in this study point to the relevance of the *psychic distance* concept in the internationalisation of Nigerian manufacturing firms. A majority of the surveyed firms export to neighbouring West African and other African markets. Even the non-African markets exported to are those with considerably low psychic distance. The UK, for instance, has strong historical ties with Nigeria, and is home to hundreds of thousands of people who trace their ethnic origin to Nigeria. Another major market, the United States of America, is also home to millions[10] of Nigerians.

One should hasten to add, however, that this additional empirical support for the psychic distance concept does not detract from the equally founded concerns being raised about its relevance to high-technology, service, and highly 'resourced' (including 'networked') firms, particularly those from small countries[11] (Bell and Young, 1998). This is because this present study used an essentially low technology firms' sample, a generic grouping from which much of the earlier empirical support for the Uppsala model had come. It is clearly plausible to see how Nigerian manufacturers of low differentiated consumer items, with only a very recent national history of outward internationalisation, would enter exporting through markets which they consider familiar. It would appear, also, that these firms see these export markets as extensions of their domestic market, since they sell to customers who basically share similar demand[12] (Linder, 1961).

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[10] Estimates of the population of 'ethnic Nigerians' in the U.S range from one to two million. A recent CNN report (1998) puts the number of Nigerians in Houston alone at 100,000.

[11] Small countries usually have small domestic markets.

[12] This finding is consistent with Linder's (1961) demand similarity model. It should be noted that even when firms export to the U.K. and the U.S.A, their main targets are the Nigerian and African people resident in these countries.

The relevance of the findings of this study to the network theory has been touched on elsewhere. It is however expatiated here. One of the objective characteristics whose possession at both the top management and individual decision maker level has been shown, in this study, to enhance export-entrepreneurial orientation is international contact network or ethnic ties. This implies that the presence of decision makers who maintain regular contacts with families/friends abroad would enhance a firm's tendency to exhibit export-entrepreneurial behaviour. This clearly reflects the core thesis of the network theorists.

More illustrative of the network perspective, however, were some of the earlier observations about the export market destinations of the surveyed exporters. Although the psychic distance concept explains the occurrence of the UK and US markets among the major export markets, it does not rule out the equally compelling network explanation. Simply stated, those markets are targeted by Nigerian exporters, because of the several subsisting links – ethnic, familial, friendship – between them and the exporting firms' decision makers. As indicated earlier, the UK and US have, at least, two million 'ethnic Nigerians' between them. It would appear that this substantial concentration, in foreign markets, of *naturally created networks,* proved too good an opportunity, for entrepreneurial orientated Nigerian exporters, to miss.

A quick additional point should be made about the obvious reliance and the quality of the relationship between the fashion designing exporting firm and its U.S-based representatives and merchandisers. This has been mentioned a few times already, and it suffices to underline the illustrative insights offered by that particular relationship on the value of networks.

One issue that can no longer be avoided is the balance of evidence from this study on the matter of incremental internationalisation. It is clear that definite conclusions cannot be drawn, either in favour or against the Uppsala internationalisation model, based on the earlier discussed finding of no significant relationship between firms' size/age and export entrepreneurship. To recapitulate, illustrative insights obtained from in-depth interviews showed that firms of comparable size and age exhibited remarkably different export-entrepreneurial tendencies.

Observations such as the above provide the *raison d'etre* for the holistic approach to internationalisation recently propagated by Bell and Young (1998), as well as Servais and Madsen (1997). According to these theorists, the explanation of small firm internationalisation need not be an either or proposition centred around the 'narrow' stage of development model. It should rather be broadened and made receptive to potentially useful, multi-disciplinary insights. This, it is argued, would enable the internationalisation theory to capture the full range of behavioural realities, even conflicting paths taken by firms in the process of internationalisation. Thus understood, the earlier implied search for a definite conclusion, either for or against the Uppsala *incrementalist* model would be seen for what it really is : a misdirected effort!

The appropriate way to proceed is to widen the canvas (framework) of the discussion to encapsulate other relevant perspectives (network, resource-based, born internationals), and then see which underlying internationalisation model explains particular aspects of the multi-faceted behaviour observed among the surveyed firms.

It is in this context that this discussion revisits the Uppsala model. It is fair to say that incremental internationalisation may explain aspects of behaviour observed among the two entrepreneurially-orientated exporting firms in the in-depth interview sub-sample. Take the fashion designing outfit for an example. As earlier mentioned, this firm had by the late 1980s achieved a leading status and reputation for design excellence in the Nigerian fashion market; a reputation which enabled its selection to represent country and region in international exhibitions, and which possibly justified its induction into the Atlanta Alumni Hall of Fame, 1992. It meets the logic of the incremental model that this firm's internationalisation must have been facilitated by the organisational learning which it had accumulated over the years in the domestic market, as well as the accruing market experience, invariably obtained through interactions and exchanges with other market participants. This explanation holds, also, for the Aba-based plastic exporting firm which, as earlier discussed, started operations in the mid 1950s as an importing organisation. It may be added that this firm's 'enormous trading (importing) experience and (Nigerian-wide) distribution network' satisfy the other planks of the Uppsala model – *inward internationalisation* and *extra-regional expansion*, as training ground and intermediate stages in the gradual, but inexorable progression toward internationalisation.

That the 'stage' explanation is not universally applicable is exemplified by the case of the fairly large-sized, Kano-based, non-exporting, textile firm. Though this firm is observedly successful and experienced, with extensive distribution network nationwide, it appears unlikely to internationalise. A distinct lack of interest was obvious, arising, in part, from the company's success and preoccupation with the domestic market.

The prospect of reconciling the apparent conflict in the incremental thesis, above, has been advanced by the recent exploratory work by Bell, Crick and Young (1998) on a resource-based explanation of small firm internationalisation. This, simply stated, presents firm internationalisation as critically influenced by its access to resources and competencies, which can be internal or externally-leveraged. While firms which possess, or can externally obtain (e.g. via networks) these relevant resources/ competencies are highly likely to internationalise, those who lack same may never do so. This resource-based explanation, thus, explains the differing internationalisation behaviour exhibited by the three firms discussed above. While the fashion designing and plastic manufacturing firms appear to possess the key resources/competencies (internationally-orientated decision makers; strong management support; quality products; organisational learning and market experience; strong financial base; and, in the case of the fashion designing outfit, good network relationships with market intermediaries), the non-exporting textile manufacturer shows obvious resource gaps on such key areas as top management support and decision maker's international orientation.

8.15 CHAPTER SUMMARY

This chapter has sought to discuss the findings of this present research in the light of previous empirical literature. Conclusions have subsequently been drawn with respect to the focal issues and objectives of the study. This present research provides one of the first empirical validations of the export-entrepreneurial orientation construct, as well as the high versus low export-entrepreneurial taxonomy. It situates the overall level of export entrepreneurship in Nigeria within a moderate to low range, but recognises the limitation imposed on this conclusion by the scale and prevalence of illegal, across-the-border trade.

The high export-entrepreneurial firm is profiled as being typically innovative in developing exporting, less averse to exporting risks, and with more proactive motivations for exporting. Its decision makers, largely entrepreneurial personality types, are possessed of international orientation, contact networks, and previous business experience. The firm itself is characterised by top management support, planning orientation, possession of unique/quality product, ability to develop new markets, access to middlemen network, both local and abroad, technological ability, and proactive search for export information. It perceives environmental hostilities as much as other firms, but appears better able to adapt, hence enter the export market.

Two major categories of factors appear not to discriminate between high and low export-entrepreneurial firms. The first set comprises perceptions on environmental disincentives while the other embodies responses on initial export stimulation. The former is a reflection of the predominantly negative perceptions of domestic environmental factors across all firm categories (implied above), while the latter underlines the widespread incidence of proactive exporting motivations among Nigerian firms.

The implications of this study's findings on the internationalisation theory are also discussed. The conclusion is that a holistic approach, which views the extant theories (stage models, network, resource-based) as complements rather than alternatives, offers the most fruitful explanation of the initial internationalisation behaviour of Nigerian manufacturing firms.

Lastly, high export-entrepreneurial firms are more likely to be exporters, just like low export-entrepreneurial firms have a higher likelihood of being non-exporters. An obvious implication of the above is that some high export-entrepreneurial firms do not export, while some low export-entrepreneurial firms do. This means that for a firm classification scheme to be useful to this present research, it must be based on a mixture of exporting status and export-entrepreneurial orientation level.

CHAPTER NINE

RECOMMENDATIONS

This final chapter presents the contributions of this study, including its contingency model of export entrepreneurship. Using a needs-based approach, four categories of firms (high export-entrepreneurial exporters; low export-entrepreneurial exporters; high export-entrepreneurial non-exporters; and low export-entrepreneurial non-exporters) are identified. Each of these is subsequently targeted with recommendations, including firm-level proposals, government (its agencies) actions, and organised private sector initiatives. Additional remarks are directed at the international community. The last section of this last chapter suggests some directions in which issues raised in this thesis can be further pursued.

9.0 INTRODUCTION

As this thesis nears its end, it becomes necessary to draw together the various findings made, and conclusions reached with a view to articulating relevant recommendations. To adapt Aaby and Slater's (1989) memorable phrase, *it is time to take what is known, speculate where one must, and put forward a clear set of proposals.*

The preferred way of assembling what is known is to go right back to the working model around which is research is organised, to see how it fares against the findings and conclusions reached in the last chapter. To facilitate this process, the model is reproduced below.

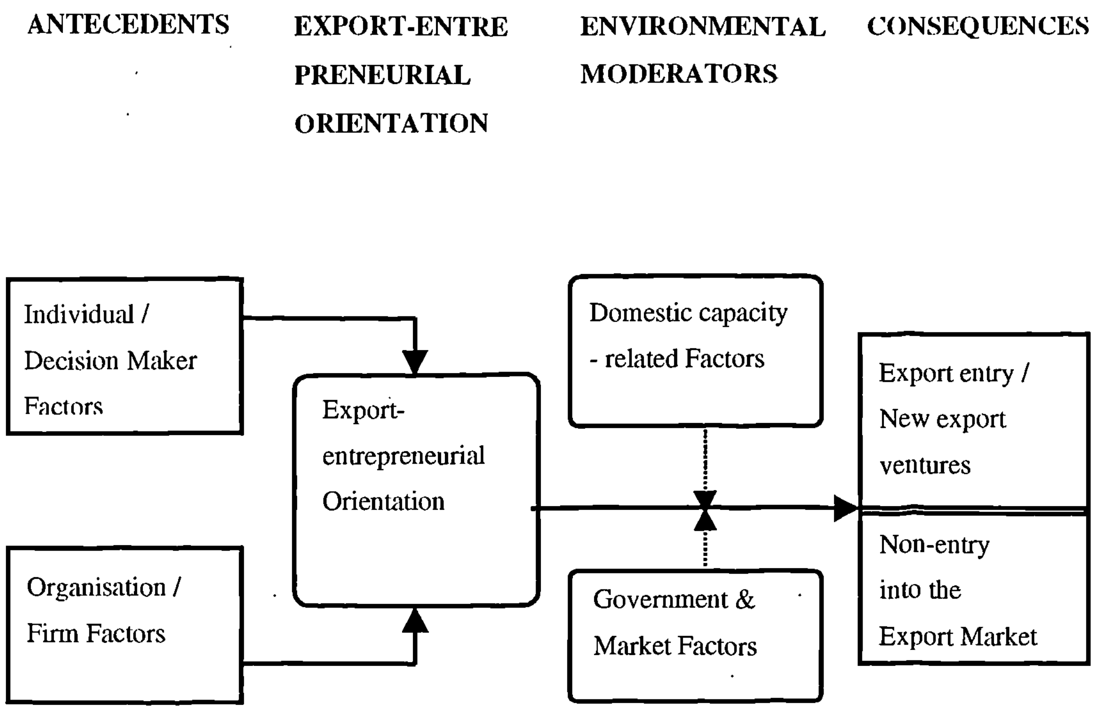

Figure 9.1 : Antecedents and Consequences of Export-entrepreneurial Orientation.

9.01 <u>Academic Contributions of the Present Research</u>

A few general comments are in order.

1. It can rightly be said that the findings of this study agree with the broad thrust and structure of the above model. Export-entrepreneurial orientation has been shown to be facilitated by certain individual decision maker characteristics (demographic and psychological), as well as firm characteristics and competencies. It manifests essentially as a firm level behaviour, but may also be expressed in idiosyncratic individual set-ups, by entrepreneurial personality types.

2. Although the orientation implies a behavioural orientation (Eshghi, 1992), its adoption tends to make firms more adaptable to hostile domestic environmental conditions, hence the preponderance of high export-entrepreneurial firms observed among the exporting part of the sample. This should not be a surprise given the settled view in the entrepreneurship literature, of a contingent fit

between the adoption of an entrepreneurial orientation and positive performance, in conditions of environmental hostility. Expressed in contingency theory terms, therefore, this study's findings suggest a fit between the adoption of a high export-entrepreneurial orientation and favourable export behaviour, in situations of environmental disincentives. Note however that the reverse contingency scenario[1] could not be explored in this study, and would have to await a future research in different, more 'friendly' environmental context.

3. The last reference to different environmental context brings to focus the developing country dimension of this present study. There is no doubt that the prominence given to the domestic environment in this investigation derives largely from its developing country origin – appropriately so in view of the acknowledged high susceptibility of such countries to environmental hostilities (Gnyawaii and Fogel, 1994). By taking a distinctly domestic environment's perspective, this study complements the foreign market attractiveness approach which dominates previous exporting research. The exporter's environment should not be seen only, as some foreign locus of opportunities or entry barriers. It is also home to some exporters, to whom it may offer mainly operational difficulties and disincentives, with serious discouraging effect on initial export venturing. The reflection of this latter reality is particularly important because while a developed country-based exporting firm can avoid a problematic export market, its developing country's counterpart[2] cannot avoid a hostile domestic environment.

4. One last general comment on **academic contribution**. It, surely, must be important that this study represents the first empirical investigation of export-entrepreneurial behaviour from a sub-Sahara African, developing country[3]. It would appear, however, that apart from the earlier discussed virulence of domestic environmental factors and general dominance of proactive export motivations, the observed (decision maker and firm) correlates of export-

[1] Whether the adoption of low export-entrepreneurial orientation leads to favourable export behaviour, in situations of environmental munificence.
[2] Being predominantly small-sized, such firms lack the resources and political clout to significantly alter their environment, or develop 'multiple home bases', as large '*glocal*' organisations have been known to do.
[3] The only other sub-Sahara African country from which empirical export or entrepreneurship research has originated is South Africa (Calof, 1995; Morris et al., 1996; Leibold, 1989). This country, however, belongs partly to the First World and partly to the Third World (Calof, 1995).

entrepreneurial behaviour are remarkably consistent with findings from previous studies, conducted in other regions of the world. It should be pointed out that this same conclusion was reached in other developing countries studies (Douglas, 1996; Das, 1993).

The question that suggests itself at this stage is what specific decision maker and firm characteristics (including competencies) have been concluded in this present research, as positive correlates of export-entrepreneurial orientation. More importantly, how should Nigerian manufacturing firms be assisted to acquire the requisite characteristics/competencies, to enhance their prospects of improving the country's current low export performance?

9.02 A New Model of Export Entrepreneurship

Answering the first part of the above question demands a conclusive specification of the elements of what has, until now, been a working model, using the variables found relevant in this study. This fully specified contingency model of export entrepreneurship is presented thus :

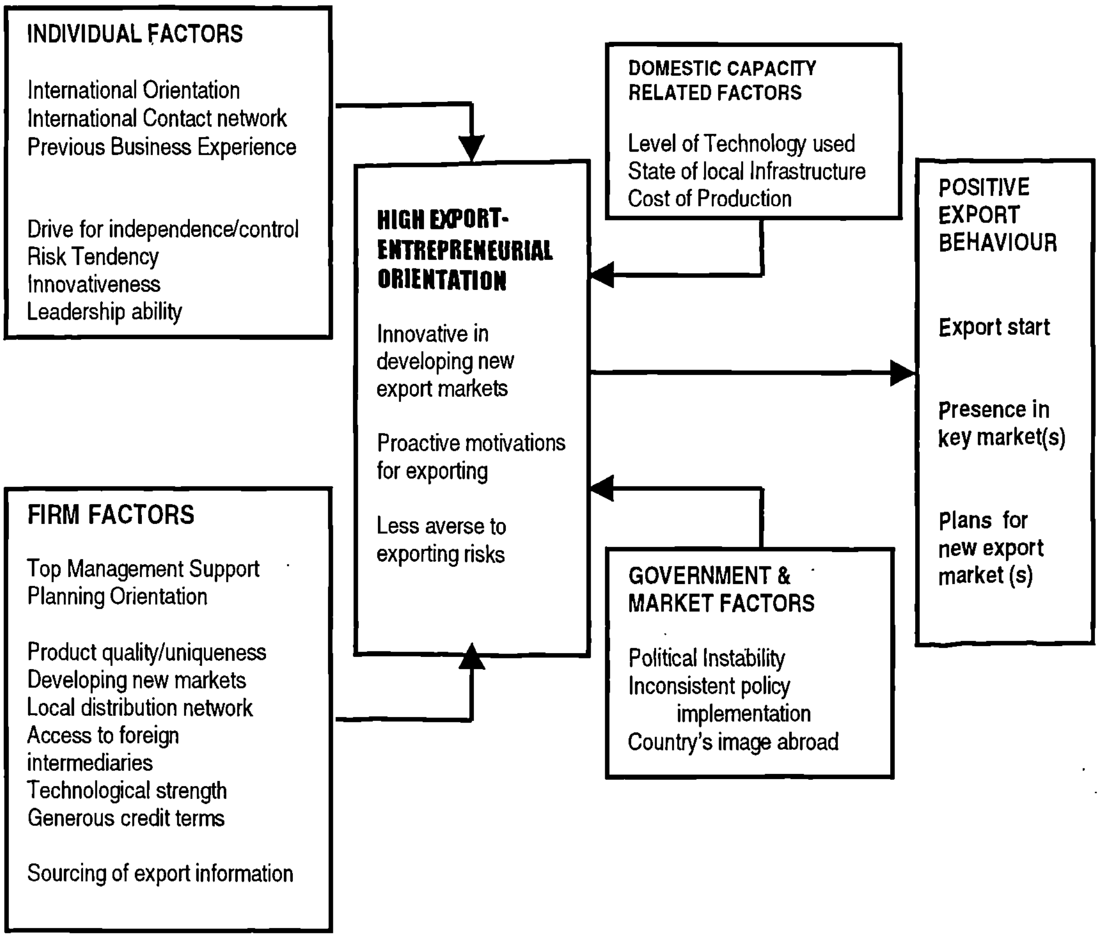

Figure 9.2 : **A Contingency Model of Export Entrepreneurship**

This model encapsulates this study's major conclusions on the behaviour of the export-entrepreneurially orientated segment of Nigerian manufacturing firms. The central element is export-entrepreneurial orientation, and its manifestation at both firm and individual levels. This orientation is facilitated by such individual characteristics as previous business experience, international orientation, and international contact network, as well as quest for independence/control, risk tendency, innovativeness and leadership ability. The firm-specific correlates, on the other hand, include top management support, planning orientation, possession of unique/quality product, ability to develop new markets, access to middlemen network, both local and abroad, technological ability, and sourcing of export information. An export-entrepreneurial orientated firm is typically innovative in developing exporting, less averse to exporting risks, and has more proactive motivations for exporting. It perceives environmental hostilities as much as other firms, but appears better able to adapt, hence enter the export market.

9.1 RECOMMENDATIONS

The second part of the question, above (how to recruit more Nigerian firms into this better performing segment), clearly requires specific recommendations. This chapter now turns to same.

9.10 A Needs-Based Approach

Previous inquiries into export assistance targeting (Crick and Czinkota, 1995; Crick, 1995; Bell, 1994; Seringhaus, 1987) have all stressed the importance of adopting a needs-based approach, which recognises the varying levels of export development among firms. This researcher agrees with this needs-based perspective, but places the emphasis, not on levels of development but, on the characteristics and competencies of firms' categories. In more precise terms, the recommendations of this study are structured around a 2 by 2 matrix, with exporting status and export-entrepreneurial orientation level as the organising variables, thus : **exporting/high export-entrepreneurial firms (I); exporting/low-export-entrepreneurial firms (II); non-exporting/high export-entrepreneurial firms (III); and non-exporting/low export-entrepreneurial firms (IV)** - see Figure 9.3 below.

	High Export-entrepreneurial Orientation	Low Export-entrepreneurial Orientation
Exporting	HIGH EXPORT-ENTREPRENEURIAL EXPORTERS	LOW EXPORT-ENTREPRENEURIAL EXPORTERS
Non-Exporting	HIGH EXPORT-ENTREPRENEURIAL NON-EXPORTERS	LOW EXPORT-ENTREPRENEURIAL NON-EXPORTERS

Figure 9.3 : **Firms Categories based on Exporting Status and Export-entrepreneurial Orientation**

	High Export-entrepreneurial Orientation	Low Export-entrepreneurial Orientation
Exporting	[IV] *Encourage better structures/ practices *Facilitate participation in network structures *Mitigate operational problems : policy, infrastructure, market access, *etc.*	[III] *Seek positive reinforcement *Fuss-free payment of incentives *Deploy liason officer/problem solver * Encourage networking; local export club membership
Non-Exporting	[I] *Assist to redress competency gap *Provide consultancy support+ training *Ease access to export dev. resources *Introduce export mentoring scheme	[II] *Introduce change agents *Provide training/information support *Establish and utilise ETCs *Encourage networking

Figure 9.3a : **Summary of Recommendations by Firm Categories.**

9.11 <u>Non-Exporting/Low Export-entrepreneurial Firms</u>

Firms in this category are easily the most challenging, as they neither export nor manifest any inclination to export entrepreneurship. One possible approach may be to write them off as lost causes[4], and focus on firm categories with better prospects. That would, however, be a defeatist approach, wrongly based on a static view of firms' orientation and destiny[5]. The suggestions made in this sub-section are informed by the realisation that firms (non-exporting/low export-entrepreneurial firms) can, and do change for the better, given the right mix of support. The best form of support would have to be in their area of least competence (or most weakness). And this would appear to centre around their top management or key decision maker(s), specifically their entrepreneurial and international orientation. Previous commentators on Nigerian manufactured export sector had always referred to the prevalence of anti-export bias among Nigerian firms (Ogwo, 1991; Ogunmola, 1990a). It seems necessary therefore to articulate programmes aimed at removing this bias, and improving the international outlook of non-exporting/low export-

[4] 'Dogs' in BCG matrix parlance (Wilson et al., 1994).
[5] Used in the same sense as 'geography is not destiny' perspective offered by Professor Neil Hood in a recent (May 7, 1998) 'Town and Gown' Lecture at the University of Strathclyde, Glasgow.

entrepreneurial firms. This calls for action on the part of various interested bodies, including the firms themselves, government and its relevant agencies, organised private sector bodies, and possibly international organisations.

9.111 Firms

The decision to export or refrain from so doing (improve its international profile/entrepreneurial capacity or remain same) ultimately lies within the firm. It may be stimulated by an external agent, but the firm has to expose itself (and make itself receptive) to external stimulus (Wiedersheim-Paul et al., 1978). The various ways in which firms are advised to do this include joining their local Chamber of Commerce and Manufacturers Association, participating in trade fairs, and joining trade missions, where possible. The most critical change agent, however, would be the introduction of experienced, internationally-orientated and connected decision maker(s). Non-exporting firms, lacking in export-entrepreneurial orientation should search for, and hire managers with such profiles. Such employees, where they currently exist, should be encouraged and enabled to deploy these characteristics to the benefit of the company.

The dwindling levels of domestic demand and rising unplanned inventory levels facing Nigerian manufacturers, as contained in a recent MAN's (1998) half-yearly report, should stimulate this category of firms to seriously consider the export alternative. This would be a reactive and less-than-entrepreneurial form of export initiation, but it is certainly better than not exporting at all.

9.112 Government and Its Agencies

One would have wished that the government are not part of the problem, but they unfortunately appear to be. There is no doubt that the anti-export bias referred to above, derives, in part, from the firms' lack of confidence in government's macro-economic policy direction and export promotion machinery. The issue, surely, is not the absence of the right policies, but the inconsistent and 'suspect' implementation of same. So, instead of recommending some more policy initiatives, this thesis calls for **seriousness, consistency, and transparency** in the execution of government export promotion policies. This is necessary in order that the integrity of the government export promotion effort (as embodied in its agencies – NEPC and NEXIM[6]) would be restored, and with it, hopefully, the confidence of potential Nigerian exporters.

9.113 Organised Private Sector

Of relevance here are the MAN and NACCIMA[7], whose membership include firms in the non-exporting, low export-entrepreneurial category. Given the general scepticism with which the government export promotion agencies (NEPC/NEXIM) are viewed (Owualah[8],1988), it falls on these private sector bodies to play a catalytic role in countering the dominant anti-export bias, and generally raise the level of export awareness among their members. It is recommended that these groups continue their programmes of seminars and workshops, export information provision, organisation of trade fairs and missions, and so on. These have proved successful in the past and would be in future. It is heartening that MAN has an Export Group. This would be returned to later, when this discussion turns to exporting firms.

One very important initiative which these organised private sector bodies may be best placed to encourage is the emergence of **export trading companies (ETCs)**. As experiences elsewhere have shown (Lee, 1981; ARTEP, 1981; Czinkota and Ronkainen, 1993), these institutions can serve as reservoir of knowledge and expertise about export markets, including requirements for successful exporting. Their specialist indirect export route would save small manufacturers from bothering with documentation and related export logistics problems, while enabling them to take advantage of the opportunities which exporting offers for improved profits, sales, and growth. The NEPC, it would appear, are already considering export houses. One however doubts their prospects of success given NEPC's credibility problem. Getting these private sector organisations behind the export trading companies initiative would, if successful, help a lot of non-exporting, low export-entrepreneurial firms sell in the export markets, *albeit* in an indirect manner.

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[6] NEXIM stands for Nigerian Export-Import Bank.

[7] NACCIMA stands for Nigerian Association of Chamber of Commerce, Industry, Mines and Agriculture.

[8] According to this author, 'past government policy inactions and/or inappropriateness ... would seem to breed scepticism among small business owners ...In the prevailing milieu, autonomous government-funded agencies or institutions are more suited for generating more confidence and inspiring greater interest in small business owners'.

It is expected that the ETCs would corroborate with, and assist these manufacturers to improve their product quality and marketing standards generally. The current situation where most manufacturers do not mind having their products smuggled across the border is indicative of a sales (and lack of future) orientation. Firms need to be encouraged to take pride in their reputation and image, to take interest in where their brands are sold, and protect same from being objects in illegal smuggling business. Export trading companies are in position to contribute in the above-stated direction. They, indeed, have the potential to minimise the scale of smuggling. By improving the ease with which exporting is effected, as well as operating above board, they would increase the proportion of reported export trade.

9.12 **Non-Exporting/High-Export-entrepreneurial Firms**

These are firms which do not yet export but appear to have the right entrepreneurial disposition to do so. This category of firms, by definition, are likely to have top management or key decision maker(s) with the requisite characteristics. Their resource gap, probably, may arise from any of such areas of firm competencies as product quality, developing new market, intermediaries' network, and technology. These areas of resource slack (Bell and Young, 1998) would have to be addressed in order to enable these firms start exporting, as they apparently wish to do.

9.121 Firms

It is difficult to make specific recommendations to firms in this category, given that competency gaps usually vary across firms : it may be perceived low product quality for firm A; lack of access to relevant middlemen network for firm B; and so on. A general recommendation would be that such firms, simultaneous with working to improve on their area of weakness, seek the advice and/or support of relevant bodies (MAN Export Group, NACCIMA, NEPC, and so on). It could also, resources permitting, *invest* in proper professional (consultancy/research) help. One crucial, noteworthy point is that firms sometimes keep themselves out of exporting because of an overly high expectation of what would sell in the international market, only to have the same products smuggled across the border. The advice to such firms is to conduct a market survey when in doubt. This need not be expensive : it may simply involve an appropriate member of staff visiting the relevant market (s), which may, after all, be just across the various Nigeria land borders!

9.122 Government and Its Agencies

Firms within this category need specific support from government export promotion agencies in order to shore up their areas of weakness. These include access to market survey reports, consultancy and specifically targeted incentives. This is the idea behind one of the incentives being administered by the NEPC – export development fund scheme. Better implementation would enable firms in this category to benefit from this fund, redress their competency gap, and possibly commence exporting. Access to export development resources, available through the NEXIM and NERFUND[9], should also be improved. These funds, indeed, need to be administered with more transparency as is currently the case, so as to encourage their use by those who could most benefit the economy.

9.123 Private Sector Bodies

These private sector bodies can be particularly effective in assisting their non-exporting, but export-entrepreneurially orientated members. These organisations are known to have well-resourced, research-active secretariat. The accumulated experience and professional expertise of, say the MAN Export Group should be placed at the disposal of firms in this category. They should also be invited to training programmes, seminars, workshops, and more importantly, foreign trade fairs/missions – those who lack external market contacts, for example, may find same through these sources.

One particularly significant approach which this thesis recommends is an **export mentoring programme.** This means that experienced exporters, with the encourgement of the MAN/ANE[10], would take non-exporting firms (not necessarily in the same industry) under their wing and guide them through export market entry[11]. It is realised that this proposal may be fraught with problems, but the envisaged benefits would be worth the efforts. This proposal is in line with the earlier recommendation on the establishment of export trading companies, since both are essentially aimed at addressing gaps in export marketing competencies of non-exporting Nigerian firms.

[9] NERFUND stands for Nigerian Economic Reconstruction Fund.
[10] ANE stands for Association of Nigerian Exporters.
[11] Much in the same sense as piggy-backing.

9.13 Exporting/Low Export-entrepreneurial Firms

Firms in this category export, but appear to lack a strong motivation for so doing. Such firms may have entered exporting accidentally, with their export initiation originating from unsolicited foreign order or allied external-reactive stimulus (Albaum et al., 1994). The focus here should be on ensuring that such firms receive positive reinforcement (Schiffman and Kanuk, 1997) from their exporting experience. And it is with this in mind that the following recommendations are made.

9.131 Firms

This category of firms can benefit from sourcing more information about exporting and operational problems from such relevant institutions as the NEPC, MAN Export Group, ANE, and NEXIM. It is particularly advised that they join such voluntary exporter organisations as MAN Export Group and the ANE, where they would meet other exporters, share experiences, discuss common problems, and generally gain mutual reinforcement. It would also be helpful for such firms to employ more decision makers with international vision, connections, and possibly international business experience. Sponsoring relevant staff to such training programmes that are regularly run by the above-mentioned bodies, in addition to the Centre for Management Development (CMD), Lagos Business School, *etc* may also be worthwhile.

9.132 Government and Its Agencies

Given that firms in this category are particularly in need of reassurance and positive reinforcement, the NEPC must ensure prompt payment of the financial incentives to which these exporters are entitled. It is recommended that the NEPC be especially attentive to the needs and concerns **of those in their first year of exporting**, providing requisite assistance – information, training, consultancy – and generally encouraging them to a more positive view of exporting.

9.133 Private Sector Organisations

One very effective way in which these private sector bodies can assist here is by drawing this category of firms into their community of exporters, and providing opportunities for sharing of experiences and cross-fertilisation of ideas. Firms in this category may also be encouraged to join more **localised export clubs** – an enlarged and less paternalistic version of the export mentoring programme recommended earlier in respect of non-exporting, high export-entrepreneurial firms.

9.14 Exporting/High Export-entrepreneurial Firms

Firms in this category export as well as exhibit strong entrepreneurial orientation. By definition, they have top management (decision makers) that are previously experienced, and possessed of international vision and contact networks. They also have sufficient level of competency in such areas as product quality/uniqueness, developing new markets, access to intermediaries network, use of technology, sourcing of export information, and superior adaptability to environmental disincentives. In BCG matrix parlance, they are the 'stars' - apparently the future of Nigerian exporting, hence deserving of the most attention. They do, indeed, deserve a lot of attention judging by the overall unimpressive level of reported export activity and the rudimentary nature of export marketing practices observed among the sampled firms. For these firms to be effective flag bearers of Nigerian exporting, they need to improve in a number of respects. Considerations of these developmental imperatives weigh heavily on the recommendations made in this section.

9.141 Firms

At the level of the firms themselves, the general recommendation has to be that they continue to *progress* along the same line, and not be complacent[12] - shoring up their key competencies and renewing their international and entrepreneurial vision. More specifically, there appears to be a need to introduce some good marketing/entrepreneurial practices, such as the use of marketing research, developing organisational structures for export ventures, specific incentives for achieving members of staff, and so on. These are not terribly sophisticated practices,

[12] No better exponent of that than Tony Blair!

as they are commonly used in innovative SMEs (Carson et al., 1995; Thom, 1990), and by high innovative exporters (Samiee et al., 1993).

Increasingly, exporting should be seen less as an extension of the domestic market, and it behoves these companies to establish structures and practices that would reflect the peculiar demands of the export markets. One can understand the cost-effectiveness logic of initiating exporting with standardised products to psychically close (Johanson and Vahlne, 1977) and demand similar (Linder, 1961) West African markets. Growth-seeking firms should, however, be prepared to respond to the inevitable competitive challenges, through appropriate adjustments and innovations, in products, processes, organisations, markets, and technology (OECD, 1982; Hyvarinen, 1990). These may become particularly necessary as they seek entry into more profitable, developed (countries) markets. It will be recalled that the fashion designing exporter found that to be the case in the US market.

Increased attention needs to be given to relationships with distributors/agents (regular market visits and so on), particularly given the strength of empirical support on the potential benefits of so doing (Styles and Ambler, 1994, 1997; Bell, 1994). Still on relationships, high export-entrepreneurial exporters should cooperate more among themselves in order to improve the impact and reputation of Nigerian products in various export markets. This could be done under the aegis of the MAN Export Group, ANE, or related organised private sector groupings. More is to be said on this later.

9.142 Government and Its Agencies

Firms in this category need less assistance from the government and its relevant agencies relative to earlier discussed categories; obviously because they have both the requisite motivation and exporting experience. The direction in which government assistance would, nonetheless, be most appreciated is the minimisation of operational problems of exporting; within the country[13], but also in the export markets (Katsikeas,1994; Morgan and Katsikeas, 1995). One specific instance of a situation requiring the latter kind of assistance was the ban, in 1996, by the Ghanaian authorities, of Nigerian-made pharmaceutical products. The Nigerian government should, of course, intervene in such situations to re-secure market access. They

[13] These are more elaborately discussed under general recommendations.

should also act, using their leading role in the ECOWAS and AEC[14], to smoothen the path for its exporters, particularly in the various West African and African markets where the bulk of these exporters operate. This is the standard service provided by government to its businesses, the most notable example, arguably, being the U.S government's deployment of their might in favour of their international companies. As mentioned elsewhere in this discussion, actions should also be taken to restore the confidence of these committed exporters in the government and its agencies. Promised incentives, financial and otherwise[15], should be honoured. The NEXIM and the NERFUND should be seen to be providing the services for which were set up, and there should be no going back to the confused policy framework of the recent past. Again, more would be said on these under general recommendations on domestic environment.

9.143 Private Sector Organisations

The most significant way in which these organised private sector bodies can make a real difference for firms in this category is by **facilitating export cooperation** amongst them. What is being proposed here is a narrower version of the export cooperation arrangements encouraged among European firms (in various industries) to assist them meet the increasingly stiff competition from the U.S and Japan (Arnould and Gennaro, 1985). This really should be the responsibility of the NEPC, but in the absence of an effective government export promotion agency, these private sector organisations should pull together and engender sectoral level export cooperative arrangements. The potential benefits of this initiative are quite immense, extending to cost-sharing in R&D and technology sourcing, more innovative and quality products, better reputation of country's products in export markets, better leverage in relationships with distributors, agents, government officials (domestic and foreign), and indeed, a whole lot of other network-related spin-offs.

[14] ECOWAS stands for Economic Community of West African States, while AEC means African Economic Community.
[15] President's Award for Exporting Achievements is a good idea.

9.15 **General Remarks**

Comments under this section should, rightly, start with a case for an improved (domestic) operating environment. The enormity and variety of disincentives which this environment presents to Nigerian-based firms have been sufficiently shown in this research. What remains is to urge those with the authority to redress the situation to heed the numerous well-intentioned calls, and hasten action.

Actions are urgently needed to improve the inadequate and deteriorating infrastructural facilities. The government can hardly do this alone[16], hence the need for a more pragmatic consideration of the privatisation option. There is no doubt that the privatisation of government-owned NITEL and NEPA[17], would considerably improve the telecommunication and power supply situation in the country. This researcher considers as encouraging, some recent evidence of government-private sector corroboration – in road construction for example. This should be extended to the problematic petroleum refineries[18]. A situation where businesses are forced to close down several times a year, for weeks on end, owing to intermittent fuel shortages is clearly unacceptable. Another encouraging development in the area of infrastructure is the announced take-off of the Calabar Export Processing Zone. It is envisaged that this zone would meet the standards of equivalent facilities in other parts of the world, and would give Nigeria's export industry the boost it badly needs.

Steps should be taken to clarify the country's macro-economic policy direction and, more importantly, ensure committed, consistent, and transparent implementation. Poor implementation, clearly, is at the heart of the failure of government current export promotion programme. This has to change in order to that the confidence of the business community (actual and potential exporters) in government policy could be regained. The NEPC evidently has serious credibility problem, and part of this derives from poor funding of its operations. Government should do more to facilitate the operations of this bridge-head of its export promotion policy. Better funding is called for; political interference should cease; and the law which keeps the NEPC

[16] That much was said by a Nigerian Telecommunications minister, who put the immediate financial requirements of the system at US$6b, plus $600m yearly for network expansion.
[17] NITEL stands for Nigerian Telecommunication Limited, while NEPA means 'Never Expect Power Always' – sorry about that, National Electric Power Authority.
[18] These refineries were actually slated for leasing in the 1996 Budget Speech of the late Nigerian military ruler. That decision was not, however, IMPLEMENTED.

beholden to such other bodies as the Department of Customs and Excise, SON[19], and the CBN should be amended.

A lot of resolve and support is needed to sustain the recent wave of political reforms, actualise the promised return to democratic governance, ease the military out of government, and enthrone a stable political culture. Political instability has for so long blighted the economic fate of Nigeria, and its businesses. In no area has this been more apparent than in the dearth of non-oil foreign direct investments. This has deprived the economy, particularly its manufactured export sector, of the catalytic role of foreign partners and their international marketing networks. It is believed that determined government effort towards redressing the unattractive aspects of Nigeria's operating environment could transform it into another target location for international subcontractors, multinational buyers, and similar companies, ever in search of lower-cost sites and related efficiencies. The effect of this on manufacturing (particularly the non-exporting/high export-entrepreneurial) firms, in terms of providing them with established international marketing networks can be tremendous.

The international community, at national and supranational levels, can play a significant role here. A few comments are in order.

The idea of improving access to developed countries' market, for firms from developing countries such as Nigeria is one that deserves widespread international support. This researcher welcomes recent developments in the US in that direction, as well as the fairly favourable provisions, agreed between EU-ACP countries[20], under the Lomé IV Convention. Other major regional economic groupings and trading powers are hereby urged to do same. The higher interest of human kind demands that firms from under-performing countries, such as Nigeria, be **eased** into the international market place. Trade, to be sure, is less costly than aid. Better still, it may restore dignity to many who currently lack same.

Efforts by such bodies as the World Bank, UNCTAD, and so on to improve the export market participation of Nigerian manufacturing firms should embody programmes directed at developing the entrepreneurial capacities of business people,

[19] Standard Organisation of Nigeria (SON).
[20] European Union-African Caribbean-Pacific countries.

actual and potential. Scholarship opportunities, short courses and seminar programmes should be provided within Nigerian Universities and other capable institutions to train interested business managers on entrepreneurship, particularly international entrepreneurship.

There is also a very urgent need to encourage the Nigerian government to shore up its deteriorating institutions (law enforcement) and to generally act toward lifting the country out of the unenviable leading status which it holds in the corruption league. This would go along way in minimising the scale of unreported across-the-border trade, and hopefully engender the unleashing and redirection of these illegal trade into legitimate export business. It is heartening that the NEPC is already thinking along the line of establishing border markets and tapping these illicit trade. All encouragement and support should be provided to the NEPC to realise its plans.

9.2 SUGGESTIONS FOR FURTHER RESEARCH

There are a number of directions in which the contributions of this present study should be furthered and verified. These are discussed below.

The first suggested research direction is the replication of this study's contingency model of export entrepreneurship. Is exporting really an entrepreneurial act? This researcher obviously thinks so, and hopes that this thesis has not done the argument any harm. What this study has actually done was to formally model and explore a perspective which has always been implicit in exporting research – as exemplified in the earlier mentioned conclusion by Bell (1994), Yeoh and Jeong's (1995) conceptual framework, Samiee et al. (1993) export innovation construct, Simmonds and Smith's (1968) marketing innovation, and so on. More research is needed to assess the viability of this line of inquiry.

One way in which this can be done is to use an entirely exporters sample, as opposed to this study's inclusion of both exporters and non-exporters, and resort to *soft measures* of *export performance*. It is envisaged that a sample comprised only of exporters would yield more *hard data* on export performance, hence enable a more rigorous test of the relationship between export-entrepreneurial orientation and export performance.

The next research direction relates to the contingency perspective embodied in the above model. The contingency or moderating variables, it would be recalled, are domestic environment-related factors. Given that this present study was conducted in a clearly hostile domestic environment, further validation of the model requires a corresponding study in a munificent domestic environment. This proposed study should be testing the proposition that the adoption of low export-entrepreneurial orientation in a friendly domestic environment leads to favourable export performance.

The nature of the initial export stimuli in developing countries is another interesting area. The fact that this study's conclusion (predominantly proactive motivations) agrees with Leonidou's (1995b) and Jain and Kapoor's (1996) Cypriot and Indian studies respectively, but contradicts the weight of evidence in developed countries-dominated export stimulation research, raises the question of whether firms in developing countries are more proactively motivated. Further developing countries' studies on initial export stimulation are, therefore needed to provide fairly conclusive position on the issue. It is suggested that such studies focus separately on exporting and non-exporting firms. Where the study sample include both categories, collected data should be analysed separately. This is necessary so as to neutralise the effect of 'optimistic projections', possibly emanating from non-exporting part of the sample (Leonidou, 1995b).

Another potentially fruitful stream of research may explore perceptions on Nigerian-made products and exporting firms in the key export markets where they operate. It would be worthwhile to obtain, for example, the views of the importers, distributors, and users of Nigerian-made garments in the UK and US on the quality and overall presentation of these products. Studies similar to this have been conducted in the UK market, in respect of Israeli exporters (Jackson, 1981); Cyprus wines (Morgan and Sarris, 1991), and so on.

This may be difficult, but it is worth a try : a study on smuggling! This study, as envisaged, should originate from an export market. It may start from Ghana's pharmaceutical market, for example, and identify, in conjunction with the NEPC, those Nigerian brands which were not officially exported. Qualitative research should subsequently explore the chain of distribution for these products, starting from the manufacturer. It would be interesting to see what grounded theory could achieve in terms of illuminating this phenomenon.

Finally, the case for methodological pluralism in behaviour orientated research (Bell and Young, 1998; Kamath et al. 1987) has never been stronger. This study recommends same. It is important that sufficient care and attention be given to the qualitative dimension. Researchers who treat in-depth interviews merely as an 'add-on' may find at the interpretation/discussion stage of their work that they had missed much of the potentially illustrative insights which only qualitative research can provide. This is not discounting the importance of quantitative survey research. In view of the widely acknowledged unreliability of postal survey (Harzing, 1997), researchers in developing countries (particularly) should employ a more **interpersonal approach** to data collection. The 'drop and pick'[21] technique (Kinnear and Taylor, 1996) employed in this present study is recommended.

[21] This involves presenting the questionnaire in person to the targeted decision makers or their assistants, and making a return visit to collect same.

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APPENDIX 1

UNIVERSITY OF STRATHCLYDE
200 YEARS OF USEFUL LEARNING

Sir / Madam,

QUESTIONNAIRE

In fulfillment of the requirements for the award of a Ph.D. (Marketing) degree of the University of Strathclyde, Glasgow, United Kingdom, I am conducting a study on the *Critical Influences on Export Entrepreneurship in a Developing Country Environment, with special reference to Nigeria.*

The study aims at finding out why Nigerian manufacturing firms have not started exporting in significant numbers, by examining the critical influences on initial export venturing. The idea is to guide, based on sound research, the efforts of the organised private sector, government, and such multilateral institutions as the IMF, ADB[1], and so on towards improving export involvement among Nigerian manufacturers.

Your company is part of a representative sample of Nigerian firms selected to participate in this research, which indeed, is the first of its kind in a sub-Saharan African country. Your opinions and answers to the questions below will be highly appreciated, whether or not your firm is currently involved in exporting. It is hoped that your cooperation will, in addition to facilitating the realisation of this study's objectives, stimulate a reappraisal of the way your company does business, particularly its attitude towards export market opportunities.

Please be assured that your answers will be treated with utmost confidence, and will only be used in aggregate form. I will be very willing to send you a free copy of the summary of this report if you so indicate, by writing your company name and address in the space provided at the end of this questionnaire. I will be most grateful if you could assist in this important process.

Thank you for your support.

Yours Sincerely,

Kevin Iyk N. Ibeh.

[1] ADB stands for African Development Bank.

DEPARTMENT OF MARKETING

Student Research Projects*

STENHOUSE BUILDING, 173 CATHEDRAL STREET, GLASGOW G4 0RQ
Tel: 0141-552 4400 Telex: 77472 UNSLIB G Fax: 0141-552 2802
Head of Department: Professor Stephen Young
*Student Research Projects are an integral part of the undergraduate and postgraduate curricula of the department.

SECTION A (For all Respondents)

1. **Please give your <u>opinion</u> on how the following aspects of exporting compare with domestic market sales.** (Please circle the appropriate figure, using the following scale)

1 = Much less than domestic
2 = Somewhat less than domestic
3 = About the same as domestic
4 = Somewhat more than domestic
5 = Much more than domestic

	Much less than domestic				Much more than domestic
Risks of exporting	1	2	3	4	5
Profits (pre-tax) from exporting	1	2	3	4	5
Costs associated with exporting :					
Production costs	1	2	3	4	5
Packaging and handling costs	1	2	3	4	5
Insurance costs	1	2	3	4	5
In-transit damage costs	1	2	3	4	5
Management time required	1	2	3	4	5
Other costs	1	2	3	4	5

2. **Please assess the relative effect of each of the following factors in relation to your firm's decision on starting to export.** (Please circle, using the following scale)

1 = Very encouraging
2 = Encouraging
3 = No effect
4 = Discouraging
5 = Very discouraging

	Very Encouraging				Very Discouraging
Low capacity usage	1	2	3	4	5
High domestic demand	1	2	3	4	5
Low domestic demand	1	2	3	4	5
High production cost	1	2	3	4	5
Weak naira exchange rate	1	2	3	4	5
Poor quality of local infrastructure	1	2	3	4	5
Country's low technological level	1	2	3	4	5
Access to raw materials and other inputs	1	2	3	4	5
Type of product(s)	1	2	3	4	5
Access to export credit facility	1	2	3	4	5
Export procedure and documentation	1	2	3	4	5
Export incentives	1	2	3	4	5
Government Policies	1	2	3	4	5
Policy implementation	1	2	3	4	5
Unstable political climate	1	2	3	4	5
Country image abroad	1	2	3	4	5
Other (Please specify)					
____________	1	2	3	4	5

3. **Please assess the importance of the following factors on your firm's decision on starting to export.** (If your firm is not exporting, please indicate your thinking on likely importance; Please use the following scale)

1 = Not important
2 = Of minor importance
3 = Of average importance
4 = Fairly important
5 = Very important

	Not important				Very important
High level of unsold stock / overproduction	1	2	3	4	5
Benefits of large scale production	1	2	3	4	5
Existence of spare production capacity	1	2	3	4	5
Encouragement by external agents / organisations	1	2	3	4	5
Special interest in exporting by managers	1	2	3	4	5
Identification of better opportunities abroad	1	2	3	4	5
Starting of exporting by competitors	1	2	3	4	5
Intense competition in home market	1	2	3	4	5
Need to maintain sales of a seasonal product	1	2	3	4	5
Need to reduce dependence on home market	1	2	3	4	5
Having some competitive advantage in technology	1	2	3	4	5
Having some competitive advantage in finance	1	2	3	4	5
Having some competitive advantage in marketing	1	2	3	4	5
Having exclusive information on foreign markets	1	2	3	4	5
Having products with unique qualities	1	2	3	4	5
Possibility of extra growth resulting from exporting	1	2	3	4	5
Possibility of extra profits resulting from exporting	1	2	3	4	5
Possibility of extra sales resulting from exporting	1	2	3	4	5
Favourable foreign exchange rate	1	2	3	4	5
Government export-related incentives	1	2	3	4	5
Receipt of orders from trade fairs / missions	1	2	3	4	5
Receipt of unsolicited orders from abroad	1	2	3	4	5
Lack of growth in the domestic market	1	2	3	4	5
Decline in domestic sales / profits	1	2	3	4	5
Other (Please specify) ________________	1	2	3	4	5

4. **Which of these sources has your company used to obtain export information ?** (Please circle, using the following scale)

1 = Never used
2 = Used occasionally
3 = Frequently used

	Never used		Frequently used
Business publications	1	2	3
Nigerian Export Promotion Council	1	2	3
Local Chamber of Commerce	1	2	3
Association of Nigerian Exporters	1	2	3
Federal Ministry of Trade	1	2	3
Nigerian consulates / embassies abroad	1	2	3
Foreign embassies / trade delegations	1	2	3
Manufacturers Association of Nigeria	1	2	3
Nigerian Export-Import Bank	1	2	3
Banks' export divisions	1	2	3
Other financial institutions	1	2	3
Sales force feedback	1	2	3
Company's marketing research effort	1	2	3
Other (Please specify) ________________	1	2	3

5. **Please indicate your awareness of each of the following government export incentives / facilities.** (Please circle your level of usage on the following scale)

1 = Never benefited
2 = Benefited occasionally
3 = Benefited frequently

	Awareness	Never benefited		Benefited frequently
Retention of foreign exchange	Yes / No	1	2	3
Duty drawback / suspension scheme	Yes / No	1	2	3
Export Development Fund	Yes / No	1	2	3
Export Expansion Grant Fund	Yes / No	1	2	3
Export Adjustment Scheme Fund	Yes / No	1	2	3
Export Licence Waiver	Yes / No	1	2	3
Pioneer Status	Yes / No	1	2	3
Export Credit Guarantee and Insurance Scheme	Yes / No	1	2	3
Rediscounting and Refinancing Facility	Yes / No	1	2	3
ADB Export Stimulation Loan	Yes / No	1	2	3
National Economic Reconstruction Fund	Yes / No	1	2	3

6. **Please indicate your level of satisfaction or dissatisfaction with the facilities you have used.** (Please circle, using the following scale)

1 = Very satisfied
2 = Satisfied
3 = Moderately satisfied
4 = Dissatisfied
5 = Very dissatisfied

	Very satisfied				Very dissatisfied
Retention of foreign exchange	1	2	3	4	5
Duty Drawback / Suspension Scheme	1	2	3	4	5
Export Development Fund	1	2	3	4	5
Export Expansion Grant Fund	1	2	3	4	5
Export Adjustment Scheme Fund	1	2	3	4	5
Export Licence Waiver	1	2	3	4	5
Pioneer status	1	2	3	4	5
Export Credit Guarantee and Insurance Scheme	1	2	3	4	5
Rediscounting and Refinancing Facility	1	2	3	4	5
ADB Export Stimulation Loan	1	2	3	4	5
National Economic Reconstruction Fund	1	2	3	4	5

7. **What are the strengths / weaknesses of your company in respect of each of the following ?**(Please circle, using the following scale)

1 = Considerable strength
2 = Strength
3 = Neither strength nor weakness
4 = Weakness
5 = Considerable weakness

	Considerable strength				Considerable weakness
Product design / quality	1	2	3	4	5
Price	1	2	3	4	5
Terms of credit	1	2	3	4	5
Developing new markets	1	2	3	4	5
Developing new products	1	2	3	4	5
Customer service	1	2	3	4	5
Middlemen network in Nigeria	1	2	3	4	5
Middlemen network outside Nigeria	1	2	3	4	5
Customer satisfaction	1	2	3	4	5
Gathering market information	1	2	3	4	5
Overall quality of marketing	1	2	3	4	5
Overall quality of management	1	2	3	4	5
Finance	1	2	3	4	5
Purchasing	1	2	3	4	5
Innovation	1	2	3	4	5
Technology	1	2	3	4	5

8. **Using the list in question 7 above, please rank your company's three greatest strengths and three weakest areas.**

	Strength	Weakness
First	________________	________________
Second	________________	________________
Third	________________	________________

9. **Could you please provide the following background information about your company ?**
(Please tick)

Years in Operation		**Present Level of Employment**		**Institutional Affiliation**		**No. of Employees in Top Mgt.**	
Less than 2 years	☐						
2 - 5 years	☐	Less than 10	☐	NACCIMA	☐	1	☐
6 - 10 years	☐	11 - 25	☐	NASSI	☐	2	☐
11 - 20 years	☐	26 - 49	☐	MAN	☐	3 - 5	☐
21 - 30 years	☐	50 - 99	☐	ANE	☐	6 - 10	☐
31 - 50 years	☐	100 - 249	☐	Link to foreign chamber	☐	11 - 20	☐
Over 50 years	☐	250 - 499	☐	Other_____	☐	Above 20	☐
		500 - 999	☐				
		Over 1000	☐				

10. **How many members of your top management have the following characteristics ?**

Have lived abroad ________________
Have friends / family abroad ________________
Have travelled abroad ________________
Speak a foreign language other than English ________________
Are under 30 years ________________
Are under 40 years ________________
Are University graduates ________________
Have a postgraduate qualification ________________
Have previous business experience ________________
Come from business families ________________

11. **What do you consider the greatest strengths of your top management team ?**
(Please specify)

____

12. **Please indicate the extent to which each of the following statements applies to your company.** (Please circle, using the following scale)

1 = Very accurate
2 = Fairly accurate
3 = Neither accurate nor inaccurate
4 = Inaccurate
5 = Very inaccurate

	Very accurate				Very inaccurate
Exporting should wait until we have satisfied domestic demand	1	2	3	4	5
We are always working on new product ideas for exporting	1	2	3	4	5
We have not given any real thought to exporting	1	2	3	4	5
We have been to international fairs / export seminars in Nigeria	1	2	3	4	5
We have attended to a number of trade fairs / missions abroad	1	2	3	4	5
Our previous experience with exporting was disappointing	1	2	3	4	5
We are always considering new export markets to enter	1	2	3	4	5
We actively seek export market information	1	2	3	4	5
Export market is too risky, too problematic to venture into	1	2	3	4	5
Export risks are of less concern to us than the opportunities	1	2	3	4	5
We can accept short-term export losses so as to build market share	1	2	3	4	5

13. **Please indicate the extent to which the following statements describe your company's attitude to planning ?** (Please tick, using the scale in question 12 above)

	Very accurate				Very inaccurate
No real planning because the environment is too uncertain	1	2	3	4	5
Forward-thinking on the part of management, but not formal or written down	1	2	3	4	5
Crucial decisions are taken by management as situations arise	1	2	3	4	5
Formal process involving clear specification of all relevant objectives, in the short, medium, and long terms	1	2	3	4	5

14. **If your firm has written plans, please indicate the level of importance attached to export activities over the following plan periods** (Please tick, using the scale below)

1 = Extremely important
2 = Very important
3 = Moderately important
4 = important
5 = Not important

One Year Plan	1	2	3	4	5
Two - Three Year Plan	1	2	3	4	5
Five Year Plan	1	2	3	4	5

15. **Are there certain projects which your top management consider 'special' ?** (Please tick)

Yes ☐
No ☐

**If yes, please answer questions 16 and 17; if no, go to question 18.*

16. **How does your company treat such a project ?** (Please tick as many as are appropriate)

Plans formally for it ☐
Assigns it to a line manager ☐
Assigns it to a think-tank / task force / venture team ☐
Assigns it to a key staff member ☐
Employ new staff where necessary ☐
Offer different pay deal to venture champions ☐
Give enhanced status to venture champions ☐
Allows flexible working hours ☐
Allows direct access to top management ☐
Provides generous resource support ☐
Other (Please specify)
_______________ ☐

17. **Are export ventures treated as 'special' by your top management ?** (Please tick)

Definitely yes ☐
Generally yes ☐
Neutral ☐
Generally no ☐
Definitely no ☐

18. What was your company's sales revenue for the year 1995 ? (Please tick)

(Million naira)	
Less than 5	☐
5 - 9.999	☐
10 - 19.999	☐
20 - 49.999	☐
50 - 99.999	☐
100 - 499.999	☐
Over 500	☐

19. Approximately what percentage of your firm's sales revenue came from export sales in each of the following years ? (Please tick)

	1995	1994	1993	1992	1991
Zero	☐	☐	☐	☐	☐
Less than 5 %	☐	☐	☐	☐	☐
5 - 9 %	☐	☐	☐	☐	☐
10 - 19 %	☐	☐	☐	☐	☐
20 - 29 %	☐	☐	☐	☐	☐
30 - 50 %	☐	☐	☐	☐	☐
Over 50 %	☐	☐	☐	☐	☐

* *If zero, please go to section C.*

SECTION B (For Exporting firms only).

20. For how long has your firm been involved in exporting ? (Please tick)

Less than 2 years	☐
2 - 5 years	☐
6 - 10 years	☐
11 - 20 years	☐
Over 20 years	☐

21. Which was your company's first export market, and how many export markets do you currently serve ?

First export market ________________

Number of current export markets ________________

22. Which countries are your company's current major export markets ?
(Please list in order of importance)

	Country	Estimated % of 1995 sales
1.	______________	__________
2.	______________	__________
3.	______________	__________
4.	______________	__________
5.	______________	__________

23. What is your company's status in relation to each of the following export market zones ?
(Please circle, using the following scale)

1 = Export frequently
2 = Export occasionally
3 = Never exported
4 = Planning to export
5 = No immediate plan

	Export frequently				No immediate plan
West Africa	1	2	3	4	5
The U.K.	1	2	3	4	5
Other Western Europe	1	2	3	4	5
Eastern Europe	1	2	3	4	5
Japan	1	2	3	4	5
South America	1	2	3	4	5
North America	1	2	3	4	5
Central America	1	2	3	4	5
The Mediterranean & Middle-east	1	2	3	4	5
Rest of Asia	1	2	3	4	5
Rest of Africa	1	2	3	4	5

24. **Which of these channels does your company use to serve its export markets ?**
(Please tick as many as are applicable)

- Indirect channels* ☐
- Foreign agents ☐
- Foreign distributors ☐
- Company's export sales staff (based in Nigeria) ☐
- Company's export sales staff (based abroad) ☐
- Other (Please specify) ______________ ☐

25. **What is the average size of export order for your company?** (Please tick)

(Million naira)

- Less than 0.1 ☐
- 0.1 - 0.499 ☐
- 0.5 - 0.999 ☐
- 1 - 4.999 ☐
- 5 - 10 ☐
- Over 10 ☐

* Through Nigerian-based intermediaries (e.g. Export houses, Trading Companies, Multinational Customers, Other Exporters, and so on).

SECTION C (For all Respondents)

26. **What position do you hold in your company ?** (Please tick)

- Managing Director / CEO ☐
- General Manager ☐
- Marketing Manager ☐
- Sales Manager ☐
- Export Manager ☐
- Other (Please specify) ____________ ☐

27. **How long have you been with your present company ?** (Please tick)

- Less than 1 year ☐
- 1- 5 years ☐
- 6 - 10 years ☐
- 11 - 15 years ☐
- 16 - 25 years ☐
- Over 25 years ☐

28. **What did you do prior to joining this company ?** (Please tick as many as are appropriate)

- Went to school ☐
- Was in family business ☐
- Was running my own business ☐
- Was employed in a related business ☐
- Had worked for a number of companies ☐
- Was employed in the public sector ☐
- Other (Please specify) ____________ ☐

29. **If you had previously been in business, were your employers** active in the international market ?** (Please tick)

- Yes ☐
- No ☐

30. **What was your highest level of formal education ?** (Please tick)

- Less than primary school certificate ☐
- Completed primary school ☐
- Secondary education ☐
- Professional / technical education ☐
- Some tertiary education ☐
- University graduate ☐
- Postgraduate qualification ☐

** 'Employers' as used here include your private or family business

31. **Which of the following applies to you ?** (Please tick as appropriate)

- I received some / all of my education abroad ☐
- I was born outside Nigeria ☐
- My parents were born abroad ☐
- I was born into a business family ☐
- I lived / worked abroad for sometime ☐
- I maintain regular contact with friends / family abroad ☐
- I have done some travelling outside Nigeria ☐
- I speak one or more foreign languages in addition to English ☐
- None of the above ☐

32. **Please indicate the extent to which you agree or disagree with the following statements ?** (Please tick, using the following scale)

1 = Strongly agree
2 = Agree
3 = Undecided
4 = Disagree
5 = Strongly disagree

The pursuit of independence remains my top objective	1	2	3	4	5
I am at my best in any friendly, safe and regular work place	1	2	3	4	5
I am always looking for a platform to develop my ideas	1	2	3	4	5
'A bird at hand is worth two in the bush'	1	2	3	4	5
I dislike losing control	1	2	3	4	5
I like following rules	1	2	3	4	5
It is always better to agree than disagree	1	2	3	4	5
I am especially good at seeing many possibilities	1	2	3	4	5
I value politeness more than zeal and ambition	1	2	3	4	5
When I am not sure about something, I wait before making a decision	1	2	3	4	5
When faced with solving a problem, I rely on proven approaches rather than untested, new ideas	1	2	3	4	5

33. **To which of these age ranges do you belong ?** (Please tick)

- Under 25 ☐
- 25 - 30 ☐
- 31 - 40 ☐
- 41- 50 ☐
- Over 50 ☐

Thank you very much indeed for your assistance.

Company Name ______________________________
Address ______________________________
Telephone ________________ Fax ____________

APPENDIX 2

DETAILS OF THE CLUSTER ANALYSIS FOR PROPOSITION 1

At the first step, the hierarchical (average linkage) procedure was used to identify the appropriate number of clusters. A range of solutions (2-5 clusters) were initially obtained. These were critically screened for *outliers*[1], using a combination of the *dendogram*, *icicle plot*, and *mean scores* across the 4 possible cluster solutions. It was, however, the examination of the *clustering (agglomeration) coefficient*[2] which suggested the appropriate number of clusters. As can be seen in Table A2.1, these coefficient shows relatively large increases in going from five to one clusters (25.4), four to two clusters (33.3), and two to one cluster (50.2). Given that the largest relative increase was recorded in going from two to one cluster, the two cluster solution was chosen.

	Clusters Combined		Stage Cluster 1st Appears				
						Next	
Stage		Cluster 1	Cluster 2	Coefficient	Cluster 1	Cluster 2	Stage
1	42	72	.000000	0	0		8
2	67	71	.000000	0	0	5	
3	28	70	.000000	0	0		22
4	58	69	.000000	0	0	7	
5	59	67	.000000	0	2	19	
6	24	62	.000000	0	0	10	
7	41	58	.000000	0	4	17	
8	38	42	.000000	0	1	16	
9	23	29	.000000	0	0	11	
10	21	24	.000000	0	6	29	
11	9	23	.000000	0	9	26	
12	6	20	.000000	0	0	14	
13	1	7	.000000	0	0	25	
14	2	6	.000000	0	12	59	
15	63	68	1.000000	0	0	18	
16	38	57	1.000000	8	0	18	
17	41	56	1.000000	7	0	49	
18	38	63	1.750000	16	15	54	
19	43	59	2.000000	0	5	32	
20	15	75	3.000000	0	0	25	
21	39	65	4.000000	0	0	34	
22	13	28	4.000000	0	3	37	
23	31	37	5.000000	0	0	38	
24	4	12	5.000000	0	0	27	
25	1	15	5.500000	13	20	39	
26	9	48	6.000000	11	0	50	
27	4	30	6.500000	24	0	43	
28	22	32	7.000000	0	0	43	

[1]Eleven cases were identified as outliers and subsequently removed from the cluster analysis.
[2]The squared Euclidean distance between the two cases or clusters being combined

29	21	27	7.000000	10	0	51
30	17	18	7.000000	0	0	41
31	47	74	8.000000	0	0	44
32	43	46	8.500000	19	0	42
33	64	76	9.000000	0	0	39
34	14	39	9.000000	0	21	48
35	19	26	9.000000	0	0	38
36	5	11	9.000000	0	0	55
37	13	60	10.000000	22	0	40
38	19	31	12.000000	35	23	46
39	1	64	13.000000	25	33	50
40	13	45	13.000000	37	0	48
41	10	17	13.500000	0	30	51
42	36	43	13.600000	0	32	4
43	4	22	13.833333	27	28	46
44	47	61	14.000000	31	0	5
45	53	78	15.000000	0	0	49
46	4	19	15.000000	43	38	57
47	36	51	15.333333	42	0	60
48	13	14	16.133333	40	34	52
49	41	53	17.750000	17	45	53
50	1	9	17.750000	39	26	53
51	10	21	18.750000	41	29	58
52	8	13	22.000000	0	48	55
53	1	41	22.700001	50	49	56
54	38	47	22.777779	18	44	60
55	5	8	24.722221	36	52	56
56	1	5	25.386364	53	55	61
57	4	77	28.000000	46	0	58
58	4	10	29.942858	57	51	59
59	2	4	33.294117	14	58	62
60	36	38	33.857143	47	54	61
61	1	36	38.696758	56	60	62
62	1	2	50.160465	61	59	0

Table A2.1: Agglomeration Schedule of Hierarchical Cluster Analysis using Average Linkage (Between Groups)

In step two, the centroids obtained from the hierarchical method above were used as seed points (see initial cluster centres in Table A2.2), in a nonhierarchical (K means) procedure, to finetune the cluster solution. This procedure equally defined two clusters, with 34 and 29 firms respectively. The cluster centroids shown in Table A2.2 below are fairly similar to the results obtained from the hierarchical method. Again, only 'toorisky' showed no differences between the clusters, while 'mktideas' and 'pdtideas' in that order emerged as the most differentiating variables. This clear similarity in outcomes between the two methods underscores the stability of the cluster solution.

Initial Cluster Centres (From subcommand FILE).		
	Cluster 1 (n=34)*	Cluster 2 (n=29)
SHLDWAIT (exporting should wait until...)	1.7907	2.8000
PDTIDEAS (new product ideas)	2.1163	4.3000
NOTHINKG (no real thought to exporting)	3.3488	4.6000
NIGFAIRS (attended Nigerian fairs)	2.4651	4.4500
FRGNFAIR (attended fairs abroad)	1.4419	3.3500
MKTIDEAS (new export markets)	2.1395	4.4000
INFOSEEK (seek export information)	2.6744	4.2000
TOORISKY (exporting is too risky	3.1628	3.5500
MUCHOPPT (exporting involves more opportunities than risks)	2.8372	3.3000
BLDMKTSH (build market share)	2.5581	3.4500

Final Cluster Centres (From subcommand FILE).		
	Cluster 1 (n=34)*	Cluster 2 (n=29)
SHLDWAIT (exporting should wait until...)	1.6176	2.6897
PDTIDEAS (new product ideas)	1.7647	4.0345
NOTHINKG (no real thought to exporting)	3.2941	4.2759
NIGFAIRS (attended Nigerian fairs)	2.3235	4.0000
FRGNFAIR (attended fairs abroad)	1.4118	2.7931
MKTIDEAS (new export markets)	1.6765	4.2414
INFOSEEK (seek export information)	2.2059	4.2759
TOORISKY (exporting is too risky	3.3235	3.2414
MUCHOPPT (exporting involves more opportunities than risks)	2.6471	3.3793
BLDMKTSH (build market share)	2.2647	3.5172

*The two clusters add up to 63 because some sample elements were eliminated as outliers.

Variable	Cluster MS	DF	Error MS	DF	F	Prob.
SHLDWAIT	17.9859	1	1.315	61.0	13.6739	.000
PDTIDEAS	80.6311	1	1.1165	61.0	69.1936	.000
NOTHINKG	15.0846	1	1.095	61.0	13.7641	.000
NIGFAIRS	43.9874	1	1.761	61.0	24.9740	.000
FRGNFAIR	29.8632	1	1.131	61.0	26.4032	.000
MKTIDEAS	102.9628	1	.504	61.0	204.2412	.000
INFOSEEK	67.0608	1	1.169	61.0	57.3314	.000
TOORISKY	.1056	1	1.651	61.0	.0639	.801
MUCHOPPT	8.3918	1	1.878	61.0	4.4672	.039
BLDMKTSH	24.5537	1	1.440	61.0	17.0475	.000

Table A2.2 : **Results of Non-hierarchical Cluster Analysis with Initial Seed Points from Hierarchical Results.**

Stage Two : Interpretation

Table A2.2 contains information needed for the interpretation stage. Provided for each cluster are the mean values (centroid) on each of the ten variables, the univariate F ratios, as well as the significance levels for the differences between the group means. A close look at the significance levels for the ten clustering variables would show that only X8 (toorisky) do not differ significantly between the two clusters. This suggests that firms in the two clusters do not markedly differ on the statement 'export market is too risky, too problematic to venture into'. When this is considered alongside the fact that the next variable with a less-than-emphatic (but nonetheless significant) between-cluster difference was 'muchoppt'[3], another risk behaviour indicator, a safe conclusion can be reached that risk-acceptance defines export-entrepreneurial orientation less well than innovativeness and proactiveness. Do note also that for all these nine variables, Cluster II exhibit consistently higher mean rating than Cluster I, indicating that Cluster II has a higher level of export-entrepreneurial orientation than Cluster I. For the purposes of this study therefore, Cluster II refers to high export-entrepreneurial firms while Cluster I represent low export-entrepreneurial firms. Profiling of these clusters on other variables of interest was done through discriminant analysis in the next section.

In the final stage, the validity of the cluster solution was assessed through a second nonhierarchical analysis. On this occasion however, the (Quick cluster) procedure was allowed to randomly select the initial seed points for the two-cluster solution. The results in Table A2.3 underline the consistency of the results, as the cluster centroids and sizes respectively are clearly similar to previous results. It can thus be concluded with confidence that 'true' differences do exist among firms in terms of their export-entrepreneurial orientation.

Initial Cluster Centres (From subcommand FILE).		
	Cluster 1 (n=32)*	Cluster 2 (n=31)
BLDMKTSH (build market share)	1.0000	5.0000
FRGNFAIR (attended fairs abroad)	1.0000	4.0000
INFOSEEK (seek export information)	1.0000	4.0000
MKTIDEAS (new export markets)	1.0000	5.0000
MUCHOPPT (exporting involves more opportunities than risks)	1.0000	5.0000
NIGFAIRS (attended Nigerian fairs)	1.0000	5.0000
NOTHINKG (no real thought to exporting)	2.0000	4.0000
PDTIDEAS (new product ideas)	1.0000	5.0000
SHLDWAIT (exporting should wait until...)	3.0000	4.0000
TOORISKY (exporting is too risky	2.0000	5.0000

[3] The relevant statement was 'Export risks are of less concern to us than the opportunities'

Final Cluster Centres (From subcommand FILE).		
	Cluster 1 (n=32)*	Cluster 2 (n=31)
BLDMKTSH (build market share)	2.2188	3.4839
FRGNFAIR (attended fairs abroad)	1.4063	2.7097
INFOSEEK (seek export information)	2.0625	4.2903
MKTIDEAS (new export markets)	1.6563	4.0968
MUCHOPPT (exporting involves more opportunities than risks)	2.6563	3.3222
NIGFAIRS (attended Nigerian fairs)	2.2500	3.9677
NOTHINKG (no real thought to exporting)	3.2813	4.2258
PDTIDEAS (new product ideas)	1.6875	3.9677
SHLDWAIT (exporting should wait until...)	1.6250	2.6129
TOORISKY (exporting is too risky	3.2813	3.2903

Variable	Cluster MS	DF	Error MS	DF	F	Prob.
BLDMKTSH	25.2020	1	1.429	61.0	17.6277	.000
FRGNFAIR	26.7513	1	1.182	61.0	22.6310	.000
INFOSEEK	78.1506	1	.987	61.0	79.1075	.000
MKTIDEAS	93.7859	1	.654	61.0	143.2798	.000
MUCHOPPT	6.9912	1	1.901	61.0	3.6766	.060
NIGFAIRS	46.4608	1	1.720	61.0	26.9998	.000
NOTHINKG	14.0484	1	1.112	61.0	12.6230	.001
PDTIDEAS	81.8715	1	1.145	61.0	71.5058	.000
SHLDWAIT	15.3674	1	1.358	61.0	11.3139	.001
TOORISKY	.0013	1	1.653	61.0	.0008	.978

Table A2.3 : **Results of Nonhierarchical Cluster Analysis with Randomly Selected Initial Points**

APPENDIX 3

DETAILS OF THE DISCRIMINANT ANALYSIS FOR PROPOSITION 2a-f

Another major objective of this analysis is to identify those top management characteristics (see P2a-f) that differentiate between high export-entrepreneurial firms and low export-entrepreneurial firms. This was partly achieved through a **Stepwise discriminant analysis.** In addition to providing top management (demographic) characteristics on which high export-entrepreneurial firms are profiled (the final stage of the Cluster Analysis technique), this analysis enabled an evaluation of the antecedent factors contained in this researcher's model.

Discriminant analysis was preferred to linear regression method here because the dependent variable (level of export-entrepreneurial orientation) is nominal in nature. Also, the *stepwise procedure* was adopted because it is considered better suited than *simultaneous discriminant analysis*, for studies in which a large number of independent variables are involved (Das, 1993; Hair et al., 1992). An added benefit was its ability to rank-order the variables in terms of their discriminating power.

For the purposes of this analysis therefore, the two-cluster export-entrepreneurial orientation variable was taken as the dependent variable, while ten ratio-scaled demographic characteristics (see appendix 1, question 10) were the independent variables. In view of the total sample size for this analysis (less than 100), the decision was taken not to split it into analysis and holdout samples. Adopted rather was the compromise procedure[4] identified by Hair et al. (1992) of deriving the function on the entire sample and then using the function to classify the same group on which the function was developed. As noted earlier, the stepwise computational procedure was chosen over the simultaneous method to take advantage of its potential to rank-order variables. It starts with all the variables excluded from the model and selects the variable that maximises the *Mehalanobis distance*[5] between the groups. This combination of the *Stepwise* and *Mehalanobis* procedure (preferred to the Fisher's method) ensured maximum use of information on predictor variability - particularly critical given the large number of independent variables (Hair et al., 1992). The last decision at this derivation stage was to specify the use of sample proportions (relative size of the two clusters[6]) as prior probabilities for classification purposes.

Further details of this procedure are provided below. Suffice it to say that the validated discriminant function comprises four significant independent variables (**business experience, lived abroad, friends and family abroad, and under 40 years of age**). For interpretation purposes, these are ranked in terms of their *weights, loadings and F values* - indicators of their discriminating power.

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[4] It is recognised that 'this procedure results in an upward bias in the predictive accuracy of the function but is certainly better than not testing the function at all (Hair et al., 1992).

[12]This analysis adopted a minimum (distance) F value of 1.00, as used in Hair et al. (1992).

Dependent Variables			
Independent Variables	Group 1 mean (n=26)*	Group 2 mean (n=26)	Total (n=52)
LIVEABRD (Lived Abroad)	2.76923	7.07692	4.92308
FRIFAMAB (Friends/families abroad)	3.73077	7.42308	5.57692
TRVLABRD (Travelled Abroad)	4.73077	9.03846	6.88462
FRGNLANG (Foreign Language)	3.07692	4.30769	3.69231
UNDER30 (Under 30 years)	1.53846	3.73077	2.63462
UNDER40 (Under 40 years)	4.38462	7.50000	5.94231
GRADUATE (Graduate qualification))	5.57692	10.96154	8.26923
POSTGRAD (Postgraduate qualification)	2.69231	5.57692	4.13462
BIZEXPR (Business Experience)	3.76923	8.11538	5.94231
BIZFAMIL (Business Family)	2.96154	5.34615	4.15385

Group Standard Deviations			
Independent Variables	Group 1 mean (n=26)*	Group 2 mean (n=26)	Total (n=52)
LIVEABRD (Lived Abroad)	1.21021	2.37584	7.87362
FRIFAMAB (Friends/families abroad)	2.37584	6.87123	5.42090
TRVLABRD (Travelled Abroad)	3.60619	11.83378	8.93035
FRGNLANG (Foreign Language)	1.97834	4.18348	3.29907
UNDER30 (Under 30 years)	1.17408	9.65633	6.89993
UNDER40 (Under 40 years)	2.15549	15.19013	10.85630
GRADUATE (Graduate qualification))	5.57692	12.56815	9.98845
POSTGRAD (Postgraduate qualification)	2.96337	6.40733	5.15268
BIZEXPR (Business Experience)	2.14117	6.51354	5.27820
BIZFAMIL (Business Family)	4.06429	5.34372	4.85227

1=Low export-entrepreneurial firms; 2= High export-entrepreneurial firms.

Table A3.1 : **Group Descriptive Statistics for the Two-Group Discriminant Analysis Sample**

Independent Variables	Wilks' Lambda	F Ratio	Significance
LIVEABRD	.92370	4.1300	.0475
FRIFAMAB	.88174	6.7059	.0126
TRVLABRD	.94069	3.1525	.0819
FRGNLANG	.96452	1.8391	.1812
UNDER30	.97427	1.3206	.2559
UNDER40	.97901	1.0721	.3055
GRADUATE	.92592	4.0002	.0509
POSTGRAD	.92011	4.3412	.0423
BIZEXPR	.82717	10.4469	.0022
BIZFAMIL	.93844	3.2801	.0761

Wilks' Lambda (U-statistic) and univariate F-ratio with 1 and 50 degrees of freedom

Table A3.2 : **Test for Equality of Group Means between Firms at Different Levels of**

6The two clusters were of equal size in this analysis, obviously because cases with missing values were eliminated listwise.

Export-entrepreneurial Orientation

Table A3.1 shows the unweighted group means for each of the independent variables (all of which appear to diverge), while Table A3.2 contains the univariate analysis of variance, assessing the significance between means of the independent variables for the two groups. The sizes of the F ratios in Table A3.2 gives a first hint of the variables that may enter the discriminant function, and those that may not. No variable was eliminated at step 0 because they all met the minimum F value of 1.00 specified earlier.

Step 1, BIZEXPR was included in the analysis.

Summary Statistics

		Degrees of Freedom			Signif.	Between Groups	
Wilks' Lambda	.82717	1	1	50.0			
Equivalent F	10.44687		1	50.0	.0022		
Minimum D squared	.803605					1	2
Equivalent F	10.446870	1		50.0	.0022		

---------------- *Variables in the Analysis after Step 1* ----------------

Variable	Tolerance	F to Remove
BIZEXPR	1.0000000	10.4469

---------------- *Variables not in the Analysis after Step 1* ----------------

Variable	Tolerance	Minimum Tolerance	F to Enter	D Squared	Between Groups	
LIVEABRD	.9691536	.9691536	1.7941215	.9738550	1	2
FRIFAMAB	.6444337	.6444337	.5516806	.8559560	1	2
TRVLABRD	.6917802	.6917802	.0004186	.8036451	1	2
FRGNLANG	.7746719	.7746719	.0332066	.8067564	1	2
UNDER30	.7289787	.7289787	.3164661	.8336358	1	2
UNDER40	.7072923	.7072923	.5831003	.8589375	1	2
GRADUATE	.5584706	.5584706	.0316428	.8066080	1	2
POSTGRAD	.6245803	.6245803	.0138132	.8049161	1	2
BIZFAMIL	.7052975	.7052975	.0036655	.8039532	1	2

* *

Step 2, LIVEABRD was included in the analysis.

Summary Statistics

		Degrees of Freedom			Signif.	Between Groups	
Wilks' Lambda	.79796	2	1	50.0			
Equivalent F	6.20346	2		49.0	.0040		
Minimum D squared	.973855					1	2
Equivalent F	6.203456	2		49.0	.0040		

-------------- **Variables in the Analysis after Step 2** ----------------

Variable	Tolerance	F to Remove	D Squared	Between Groups	
LIVEABRD	.9691536	1.7941	.8036054	1	2
BIZEXPR	.9691536	7.7217	.3176932	1	2

---------------- Variables not in the Analysis after Step 2 ----------------						
Variable	Tolerance	Tolerance	F to Enter	Minimum D Squared	Between Groups	
FRIFAMAB	.6240966	.6240966	.2486568	.9988244	1	2
TRVLABRD	.6505291	.6505291	.1213810	.9860437	1	2
FRGNLANG	.6972151	.6972151	.3852947	1.0125451	1	2
UNDER30	.7018178	.7018178	.6617761	1.0403085	1	2
UNDER40	.6733950	.6733950	1.1086023	1.0851774	1	2
GRADUATE	.5536458	.5536458	.0871583	.9826072	1	2
POSTGRAD	.6245560	.6117495	.0149786	.9753591	1	2
BIZFAMIL	.6960341	.6745642	.0438732	.9782606	1	2

Table A3.3 : **Results from Steps 1 and 2 of Stepwise Two-Group Discriminant Analysis Model.**

At step 1, 'bizexpr' which was associated with the highest *Mehalanobis distance* entered the model (see Table A3.3). The remaining variables were then evaluated based on the distance between their means after the removal of the variance associated with 'bizexpr'. The variable 'liveabrd' was the next to enter the model, at step 2 because it had the highest 'F to enter' (1.79). Note that though only this variable achieved the requisite F value of 1.0, the analysis was not abandoned at that stage because the relevant F values are those calculated after the effect of variables already in the model are removed. This explains why two other variables ('under40' and 'frifamab') were able to enter the discriminant model at step 3 and 4 respectively (see Table A3.4).

Summary Table

Step	Action (Entered Removed)	Vars in	Wilks' Lambda	Sig.	Minimum D Squared	Sig.	Between Groups
1	BIZEXPR	1	.82717	.0022	.80361	.0022	1 2
2	LIVEABRD	2	.79796	.0040	.97386	.0040	1 2
3	UNDER40	3	.77994	.0072	1.08518	.0072	1 2
4	FRIFAMAB	4	.74773	.0075	1.29760	.0075	1 2

Canonical Discriminant Functions

Fcn	Eigenvalue	Pct of Variance	Cum Pct	Canonical Corr	After Fcn	Wilks' Lambda	Chi-square	df	Sig
					: 0	.747734	13.954	4	.0074
1*	.3374	100.00	100.00	.5023 :					

* Marks the 1 canonical discriminant functions remaining in the analysis.

Standardized Canonical Discriminant Function Coefficients

	Func 1
LIVEABRD	.41255
FRIFAMAB	.64970
UNDER40	-.74179
BIZEXPR	.72841

Structure matrix+

Loadings: Func 1

	Discriminant Function
BIZEXPR	.78696
POSTGRAD	.63300
FRIFAMAB	.63050
LIVEABRD	.49481
GRADUATE	.47117
FRGNLANG	.42283
TRVLABRD	.36555
BIZFAMIL	.36507
UNDER40	.25210
UNDER30	.21781

+Pooled within-groups correlations between discriminating variables and canonical discriminant functions (Variables ordered by size of correlation within function).

Canonical discriminant functions evaluated at group means (centroids)

Group	Func 1
1	-.56956
2	.56956

Table A3.4 : **Summary of Two-Group Stepwise Discriminant Analysis Results**

Table A3.4 provides the overall stepwise discriminant analysis results after all significant discriminators have been included in the estimation of the discriminant function. As the summary table indicates, four variables ('bizexpr', 'liveabrd', 'under40', and 'frifamab') entered the model and are significant discriminators based on their Wilks' lambda and minimum D squared values. The multivariate aspects of the model as reported under the heading 'Canonical Discriminant Functions' show that the model is highly significant (.0074). Its canonical correlation (.5023)[7] however is low - which is understandable given that the dependent variable (level of export-entrepreneurial orientation) used in deriving the discriminant model was itself a derivative.

In order to validate the discriminant function above, a classification matrix was developed to assess its predictive accuracy. As Table A3.5 below shows, 73.6% of grouped cases were correctly classified. This is substantially higher than the 50% that would be expected by chance classification in an equal sample size, two-group function (Hair, et al., 1992). It is also significantly higher than these last authors' recommended acceptable level of predictive accuracy ('at least 25% greater than that achieved by chance[8]), leaving sufficient margin of safety for any upward bias inherent in using the function to classify the same group with which the function was developed.

Actual Group	No. of Cases	Predicted Group Membership 1	2
Group 1	27	25 92.6%	2 7.4%
Group 2	26	12 46.2%	14 53.8%
Ungrouped cases	11	8 72.7%	3 27.3%

Percentage of "grouped" cases correctly classified: 73.58%

Table A3.5 : **Classification Matrices for Two-Group Discriminant Analysis**

A further test of the discriminatory power of the classification matrix relative to a chance model was performed using the **Press's Q statistic**, which compares the number of correct classifications with the total sample size and the number of groups. The outcome (see appendix) was that the calculated statistic (13.0) exceeds the critical (chi square) value at .01 significance level (6.63), meaning the predictions were significantly better than would have been obtained through chance classification. Similar

[7]This means that only 25% (.5023 squared) of the variance in the dependent variable can be explained by this model composed of 4 independent variables)

[8]This means 62.5 % given that chance accuracy is 50%.

positive result was obtained from a **t test** of the level of significance of the obtained classification accuracy.

The discriminant function which has been validated above comprises four significant independent variables (bizexpr, liveabrd, frifamab, and under40). For intrepretation purposes, these are ranked in terms of their weights, loadings and F values - indicators of their discriminating power.

	Standardized Weights	Discriminant Loadings		Univariate F Ratio	
Variable	Value	Value	Rank	Value	Rank
BIZEXPR	.72841	.78696	1	10.4469	1
POSTGRAD	NI	.63300	2	4.3412	3
FRIFAMAB	.64970	.63050	3	6.7059	2
LIVEABRD	.41255	.49481	4	4.1300	4
GRADUATE	NI	.47117	5	4.0002	5
FRGNLANG	NI	.42283	6	1.8391	8
TRVLABRD	NI	.36555	7	3.1525	7
BIZFAMIL	NI	.36507	8	3.2801	6
UNDER40	-74179	.25210	9	1.0721	10
UNDER30	NI	.21781	10	1.3206	9

NI = Not included in the stepwise solution.

Table A3.6 : **Summary of Interpretative Measures for Two-Group Discriminant Analysis**

As can be seen from Table A3.6, 'bizexpr' discriminates the most and 'under40' the least. Note that many of the variables not included in the model have higher loadings (structure matrix) than 'under40'. They were included, however, because their discriminating potential was reduced by their collinearity with variables already included in the model. 'Under40', though lower, provides a unique and statistically significant source of discrimination not found in the other variables. Referring back to Table A3.1 on descriptive statistics, it can be seen that the means for firms in cluster 2 were higher for all the independent variables included in the model. **The conclusion therefore is that firms with high export-entrepreneurial orientation have more staff with business experience, friends and family abroad, have lived abroad, and under 40 years of age than low export-entrepreneurial firms.**

APPENDIX 4

DETAILS OF THE FACTOR ANALYSIS FOR PROPOSITION 10

Given that this analysis seeks to uncover the underlying relationships between variables (24 of them as referred to above), the R-type[9] approach was used in calculating the correlation matrix. Listwise elimination of cases with missing values brought the size of analysis sample to 71 - a good enough (3 :1) ratio of observations to variables[10] (Hair et al., 1992). The principal component model[11] was used in this analysis as there exist empirical evidence[12] that 'the subjective choice of procedure ultimately has little bearing on the results of an analysis' (Stewart, 1981). Adopted also was the orthogonal rotational (varimax) method which, more than the oblique approach, meets the need of this analysis to obtain uncorrelated, simple factor structure[13].

The more interesting aspects of this analysis starts with a consideration of the produced correlation matrix. This shows that 59 of the variables are related at .30 level or above, thus providing an initial indication of the appropriateness of the matrix for factoring[14]. The vast number of relationships (276) involved however limits the clarity with which these relationships can be understood. A principal component analysis, as the following pages show, makes things much clearer.

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[9]This is distinct from the Q-type which derives a correlation matrix based on correlations between respondents

[10]The debate has continued in the literature about the most appropriate ratio. Guadagnoli and Velicer (1988) have however challenged such rules and argued that no sound theoretical or empirical basis exists for across-the-board participant-to-variable recommendations.

[11] This is without prejudice to Stewart (1981), Gorsuch (1983), and Widaman's (1993) findings that at higher levels of communalities (.40 and above), number of variables (above 30), and number of indicators per factor there are virtually no differences between the procedures

[12]Studies by Tucker, Koopman, and Linn (1969) have demonstrated that practically any technique other than the multiple group analysis will lead to the same interpretations'. Others researchers agree, provided the number of variables are moderately large, communalities are high (Floyd and Widaman, 1995; Stewart, 1981; Gorsuch, 1983), and number of indicators per factor are sizeable (Widaman, 1993).

[13]Floyd and Widaman (1995) had noted that allowing factors to be highly correlated, as the oblique method does, may run counter to the purpose of identifying latent constructs that are distinct. A number of researchers (Dielman, Cattell, and Wagner, 1972; Gorsuch, 1970; Horn, 1963) have however found that basic factor structure was not affected by the method chosen. Yet others (Floyd and Widaman, 1995; Stewart, 1981) suggested that results be obtained using the two methods, particularly in exploratory works, for comparative purposes.
*This suggestion was not taken up in this analysis owing to the absence of the oblique rotational method in the computer package available to this researcher.

[14]According to Stewart (1981), if the correlation matrix are small throughout the matrix, factoring may be inappropriate'. Other indicators of the appropriateness of this study's data for factor analysis obtained include (i) Kaiser-Meyer-Olkin measure of sampling adequacy, which reached an acceptable level of .60+; a plot of the obtained latent roots, which revealed a number of sharp breaks (see); and the communality estimates which are generally high (see Table A4.1).

Variable *	Communality	*		Factor	Eigenvalue	Pct of Var	Cum Pct
OVERPROD	.75703	*		1	5.22822	21.8	21.8
SCALEECO		.61230	*		2	2.88133	12.0
33.8							
SPARECAP		.68969	*		3	2.36208	9.8
43.6							
EXTAGENT	.68575	*		4	1.81972	7.6	51.2
MGRINTRS		.70831	*		5	1.39651	5.8
57.0							
OPPABROD		.52848	*		6	1.32416	5.5
62.6							
COMPSTAT	.60092	*		7	1.11844	4.7	67.2
DOMCOMP	.63681	*		8	1.07278	4.5	71.7
SEASONAL		.71443	*				
REHMKTDP		.73113	*				
TECHNADV		.78361	*				
FINADV		.83292	*				
MKTGADV		.81764	*				
FMKTINFO	.68375	*					
PDTQLITY	.68034	*					
EXTRGRTH		.76882	*				
EXTRPRFT	.76486	*					
EXTRSALE	.75320	*					
FAVFOREX		.86747	*				
EXPTINCE		.65018	*				
ORDERSF		.74832	*				
ORDERSUN	.66046	*					
DOMKTSTG	.76545	*					
DOMKTDCL	.76135	*					

Table A4.1 : **Results from the Extraction of Components**

The decision on the number of factors to retain for examination and possible rotation was made based on multiple criteria[15] (Cattell, 1978; Gorsuch, 1974; Harman, 1976; Hair et al., 1992; Stewart, 1981; Churchill, 1996). As can be seen from Table A4.1, 8 factors were extracted based on the latent roots criterion[16] - a solution which an examination of the scree plot (see Figure A4.1) and factor loadings (see Table A4.2) appear to support, and which held up even when common factor analysis procedure was applied. These eight factors retained account for 71.7% of the variance[17] of the 24 variables. The first, as anticipated accounts for the largest amount of variance (21.8%), and is general factor. The second factor takes care of another 12%, with remaining factors accounting for successively less amount of variance. Also, the amount of variance in each of the variables extracted by the eight factors taken together

[15]These include the roots criterion, scree test, number of significant factor loading per factor, and stability of factor solution across different factor analytic methods.

[16]Kaiser-Guttman's roots criterion, essentially devised for component analysis involving population correlations, extracts only factors with eigenvalues of above 1.0 (Stewart, 1981; Floyd and Widaman, 1995).

[17]According to Hair et al. (1992), a solution that accounts for 60% or even less may be considered satisfactory in the social sciences. This 72.1% also represents the total percentage of trace extracted from the factor solution; a fairly high index which suggests that the variables are sufficiently related to each other.

(communalites) are generally high. Note from Table A4.1 that about 60% of the variables have communalities of .70+, with only one variable ('Oppabrod') recording a low communality figure of .53.

Variables	Factors 1	2	3	4	5	6	7	8
DOMKTSTG	.62641	-.47702						
FMKTINFO	.59062						.41095	
OVERPROD	.58697	-.42432	-.38227					
EXTRPRFT	.57510	.43508	-.31370				-.31589	
SPARECAP	.55564				-.49504			
EXTAGENT	.55075				-.34778			
EXPTINCE	.55038				.46201			
ORDERSF	.48884			.40198	.40123			
OPPABROD	.39621		.39318					.32951
DOMKTDCL	.42059	-.69226						
PDTQLITY	.38443	.58265						
EXTRGRTH	.52862	.58245						
SCALEECO	.39611		-.55272					
REHMKTDP	.50807		-.55121		-.34721			
ORDERSUN	.50185		.51352					
FINADV	.39752		.30392	-.54054				
EXTRSALE	.35191	.38083			.53999			
SEASONAL	.43090	-.31986		-.53111				
MKTGADV	.47450			-.52966				
DOMCOMP		-.31167				.62322		
COMPSTAT		-.41880				. 52048		
MGRINTRS				.37287	.30043	-.35418		.44205
FAVFOREX	.41477						-.56250	.45910
TECHNADV	.47660				-.37674			.51916

Values under .30 are suppressed.

Table A4.2: **Unrotated Component Analysis Factor Matrix**

An examination of Table A4.2, unrotated component analysis factor matrix, gives an idea of the factor loading patterns. Given the size of the analysis sample (less than 100) and the number of variables, a factor loading is considered significant here only if it is .30 and above[18]. It can be seen that the first factor which is a general factor has all but 3 variables loading significantly on it. The second factor also has 10 significant loadings. More specifically, Variables 1, 10, 11, 12 load significantly on factors 1 and 2; Variables 5, 6 on Factors 1 and 5; Variables 14, 15 on Factors 1 and 3; Variables 21, 22 on Factors 2 and 6; Variables 7, 9, 13 on Factors 1, 3 and 5; Variable 18 on Factors 1,2,3 and 4; and so on. No

[18]For sample sizes of less than 100, the lowest factor loading to be considered significant would in most instances be +.30. Generally, (1) the larger the sample size, the smaller the loading to be considered significant; (2) the larger the number of variables being analyzed, the smaller the loading to be considered significant; (3) the larger the number of factors, the larger the size of the loading on later factors to be considered significant for interpretation (Hair, et al., 1992).

variable loads on only one factor[19]. Clearly, not much sense can be made out of this factor loading pattern. Varimax rotation (see Table A4.3 below) was therefore undertaken to obtain a simpler and theoretically more meaningful factor pattern.

Variables	Factors							
	1	2	3	4	5	6	7	8
OVERPROD	.80730							
DOMKTSTG	.76887							
REHMKTDP	.70390	.37068						
DOMKTDCL	.70255				-.31135			
EXTAGENT	.49428		.46040	.46114				
EXTRGRTH		.81243						
EXTRPRFT		.77669	.30939					
EXTRSALE		.70927				-.44096		
SCALEECO		.61918	-.32282					
FMKTINFO		.55171	.38704			.34594		
ORDERSF			.78243					
OPPABROD			.62212	.31105				
PDTQLITY		.38335	.44944		.43490			
MGRINTRS				.79661				
SPARECAP	.46601			.47338			-.32462	
TECHNADV						.80364		
FINADV				.39191	.68132		.42152	
ORDERSUN			.37800	.36489	.43721			
MKTGADV						.79717		
SEASONAL	.42036					.69233		
DOMCOMP							.78386	
COMPSTAT							.70486	
FAVFOREX								.87203
EXPTINCE				.31472				.49676

Table A4.3 : **Varimax Rotated Component Analysis Factor Matrix.**

The result was that variables 'overprod', 'domktstg', 'rehmktdp', 'domktdcl', and 'extagent' load significantly on factor 1; variables 'extrgrth', 'extrprft', 'extrsale', 'scaleeco', and 'fmktinfo' load significantly on factor 2; variables 'ordersf', 'oppabrod', 'pdtqlity' load significantly on factor 3; variables 'technadv', 'finadv', and 'ordersun' load significantly on factor 4; variables 'seasonal' and 'mktadv' load significantly on factor 5; variable 'mgrintrs' and 'sparecap' load signifcantly on factor 6; variables 'domcomp' and 'compstat' load significantly on factor 7; and variables 'favforex' and 'exptince' on factor 8. A number of variables also have significant loadings on more than one factor.

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[19]This meets Widaman's (1993) criterion above, on number of indicators per factor

It should be noted that for interpretation purposes, the minimum acceptable level of significance for a factor loading was increased to .50[20]. Factor 1 therefore now has four significant loadings; five significant loadings for factor 2; two for factor 3; one for factor 4; two for factor 5; two for factor 6; two for factor 7; and two for factor 8.

The four variables with significant loadings on factor 1 ('overprod', 'domktstg', 'rehmktdp', and 'domktdcl') all suggest the stimulating effect of **weak domestic market demand** on firms' export initiation decision. The significant loadings on factor 2 are attributed to 'extrgrth', 'extrprft', 'extrsale', 'scaleeco' and 'fmktinfo' which capture firms' **growth aspirations.** Factor 3 is characterised by two variables ('ordersf' and 'oppabrod') both of which capture deliberate **search for export opportunities.** Factor 4 is best characterised by 'mgrintrs', which underlines the stimulating effect of **managerial interest and support** on export initiation. The significant loading variables on factor 5 are 'technadv' and 'finadv', both of which suggest the stimulating effect of firm's **internal strengths** on export initiation. Two variables have significant loadings on factor 6, namely 'mktgadv' and 'seasonal'. While 'seasonal' suggest that firms initiate exporting to meet seasonal flux in demand (a reactive posture), 'mktgadv' suggest export initiation motivated by firms' need to exploit their marketing competence (a proactive posture). No meaningful interpretation has been found for these irreconcilable variables. Factor 6 is thus considered **undefined**. The two variables with significant loadings on factor 7 ('domcomp' and 'compstat') both capture the impact of **competitors' activities** on export initiation decision. Factor 8 clearly represents **government export incentives**, as indicated by the two variables which load significantly on it ('favforex' and 'exptince').

In order to evaluate the reliability of these revealed factors, the Cronbach (1951) alpha coefficient was applied on additive scales constructed therefrom. As can be seen from Table A4.4, all but one of these scales meet Nunally's (1967) reliability criterion for exploratory research, that is, 0.5 or greater.

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[20]This cut-off point reflects the occurrence of high loadings, as well as the need to ensure simple structure factor solution (Hair et al., 1992)

	Factor (% of Variance Explained)	Loading	Alpha
FACTOR 1	*Weak Domestic Demand (21.8%)*		0.80
	Overprod	.81	
	Domktstg	.77	
	Rhmktdp	.70	
	Domktdcl	.70	
FACTOR 2	*Growth Aspirations (12%)*		0.80
	Extrgrth	.81	
	Extrprft	.77	
	Extrsale	.71	
	Scaleeco	.62	
	Fmktinfo	.55	
FACTOR 3	*Search for Export Opportunities (9.8%)*		0.50
	Ordersf	.78	
	Oppoabrd	.62	
FACTOR 4	*Managerial Interest and Support (7.6%)*		
	Manager's Interest		0.80
FACTOR 5	*Internal Strength (5.8%)*		0.58
	Technadv	.80	
	Finadv	.68	
FACTOR 6	*Undefined (5.5%)*		0.52
	Mktgadv	.80	
	Seasonal	.69	
FACTOR 7	*Competitors' Activities (4.7%)*		
0.43			
	Domcomp	.78	
	Compstat	.70	
FACTOR 8	*Government Export Incentives (4.5%)*		0.62
	Favforex	.87	
	Exptince	.50	

Loadings of less than .50 are supressed.

Table A4.4 : **Reliability Coefficients for Revealed Factors (additive scales)**

In summary, the composite factors which underlie the export initiation decision of Nigerian firms have been identified as weak domestic demand, growth aspirations, search for export opportunities, need to exploit internal strengths, managerial interest and support, response to competitors' activities, and government export incentives. A cursory look would show that all but two of these factors (weak domestic demand and response to competitors' activities) suggest proactive motivations. It is therefore safe to say that proactive considerations weigh more among factors influencing the export initiation decision of Nigerian factors than reactive factors.

APPENDIX 5

DETAILS OF CHI-SQUARE ANALYSIS FOR PROPOSITION 11

Proposition 11 of this study is that high export-entrepreneurial firms enter the export market more than those with low export-entrepreneurial orientation. This was subjected to a chi-square goodness of fit test, best suited for the nominal nature of the measured variable (export market entry/non-entry). The number of (export entry) cases *expected* in each category was calculated and compared with the *observed* number actually falling into the category (Churchill, 1996; Kinnear and Taylor, 1996); the null hypothesis of course being that there is no difference between the expected and observed number of export entry cases.

	Low EeO*	**High EeO**	**Total+**
Observed	8	22	30
Expected	16	14	30

*Export-entrepreneurial Orientation

+Missing value = 4

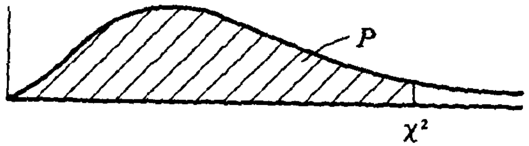
Table A5.1. : **Export Entry Cases**

The calculated test statistic, at 8.57, was higher than the tabled chi-square value at one degree of freedom and 0.05 significance level (3.84). This result suggests that the higher than expected proportion of firms with high export-entrepreneurial orientation among the export entry cases could not have occurred by chance. The null hypothesis was therefore rejected.

APPENDIX 6

A

Selected Percentiles of the χ^2 Distribution



Values of χ^2 corresponding to P

ν	$\chi^2_{.005}$	$\chi^2_{.01}$	$\chi^2_{.025}$	$\chi^2_{.05}$	$\chi^2_{.10}$	$\chi^2_{.90}$	$\chi^2_{.95}$	$\chi^2_{.975}$	$\chi^2_{.99}$	$\chi^2_{.995}$
1	.000039	.00016	.00098	.0039	.0158	2.71	3.84	5.02	6.63	7.88
2	.0100	.0201	.0506	.1026	.2107	4.61	5.99	7.38	9.21	10.60
3	.0717	.115	.216	.352	.584	6.25	7.81	9.35	11.34	12.84
4	.207	.297	.484	.711	1.064	7.78	9.49	11.14	13.28	14.86
5	.412	.554	.831	1.15	1.61	9.24	11.07	12.83	15.09	16.75
6	.676	.872	1.24	1.64	2.20	10.64	12.59	14.45	16.81	18.55
7	.989	1.24	1.69	2.17	2.83	12.02	14.07	16.01	18.48	20.28
8	1.34	1.65	2.18	2.73	3.49	13.36	15.51	17.53	20.09	21.96
9	1.73	2.09	2.70	3.33	4.17	14.68	16.92	19.02	21.67	23.59
10	2.16	2.56	3.25	3.94	4.87	15.99	18.31	20.48	23.21	25.19
11	2.60	3.05	3.82	4.57	5.58	17.28	19.68	21.92	24.73	26.76
12	3.07	3.57	4.40	5.23	6.30	18.55	21.03	23.34	26.22	28.30
13	3.57	4.11	5.01	5.89	7.04	19.81	22.36	24.74	27.69	29.82
14	4.07	4.66	5.63	6.57	7.79	21.06	23.68	26.12	29.14	31.32
15	4.60	5.23	6.26	7.26	8.55	22.31	25.00	27.49	30.58	32.80
16	5.14	5.81	6.91	7.96	9.31	23.54	26.30	28.85	32.00	34.27
18	6.26	7.01	8.23	9.39	10.86	25.99	28.87	31.53	34.81	37.16
20	7.43	8.26	9.59	10.85	12.44	28.41	31.41	34.17	37.57	40.00
24	9.89	10.86	12.40	13.85	15.66	33.20	36.42	39.36	42.98	45.56
30	13.79	14.95	16.79	18.49	20.60	40.26	43.77	46.98	50.89	53.67
40	20.71	22.16	24.43	26.51	29.05	51.81	55.76	59.34	63.69	66.77
60	35.53	37.48	40.48	43.19	46.46	74.40	79.08	83.30	88.38	91.95
120	83.85	86.92	91.58	95.70	100.62	140.23	146.57	152.21	158.95	163.64

Source: Adapted with permission from *Introduction to Statistical Analysis* (2d ed.) by W. J. Dixon and F. J. Massey, Jr., McGraw-Hill Book Company, Inc., copyright 1957.

$F_{95}(\nu_1, \nu_2)$ $\alpha = 0.05$

ν_1 = *degrees of freedom for numerator*

ν_2 = degrees of freedom for denominator

ν_2 \ ν_1	1	2	3	4	5	6	7	8	9	10	12	15	20	24	30	40	60	120	∞
1	161.4	199.5	215.7	224.6	230.2	234.0	236.8	238.9	240.5	241.9	243.9	245.9	248.0	249.1	250.1	251.1	252.2	253.3	254.3
2	18.51	19.00	19.16	19.25	19.30	19.33	19.35	19.37	19.38	19.40	19.41	19.43	19.45	19.45	19.46	19.47	19.48	19.49	19.50
3	10.13	9.55	9.28	9.12	9.01	8.94	8.89	8.85	8.81	8.79	8.74	8.70	8.66	8.64	8.62	8.59	8.57	8.55	8.53
4	7.71	6.94	6.59	6.39	6.26	6.16	6.09	6.04	6.00	5.96	5.91	5.86	5.80	5.77	5.75	5.72	5.69	5.66	5.63
5	6.61	5.79	5.41	5.19	5.05	4.95	4.88	4.82	4.77	4.74	4.68	4.62	4.56	4.53	4.50	4.46	4.43	4.40	4.36
6	5.99	5.14	4.76	4.53	4.39	4.28	4.21	4.15	4.10	4.06	4.00	3.94	3.87	3.84	3.81	3.77	3.74	3.70	3.67
7	5.59	4.74	4.35	4.12	3.97	3.87	3.79	3.73	3.68	3.64	3.57	3.51	3.44	3.41	3.38	3.34	3.30	3.27	3.23
8	5.32	4.46	4.07	3.84	3.69	3.58	3.50	3.44	3.39	3.35	3.28	3.22	3.15	3.12	3.08	3.04	3.01	2.97	2.93
9	5.12	4.26	3.86	3.63	3.48	3.37	3.29	3.23	3.18	3.14	3.07	3.01	2.94	2.90	2.86	2.83	2.79	2.75	2.71
10	4.96	4.10	3.71	3.48	3.33	3.22	3.14	3.07	3.02	2.98	2.91	2.85	2.77	2.74	2.70	2.66	2.62	2.58	2.54
11	4.84	3.98	3.59	3.36	3.20	3.09	3.01	2.95	2.90	2.85	2.79	2.72	2.65	2.61	2.57	2.53	2.49	2.45	2.40
12	4.75	3.89	3.49	3.26	3.11	3.00	2.91	2.85	2.80	2.75	2.69	2.62	2.54	2.51	2.47	2.43	2.38	2.34	2.30
13	4.67	3.81	3.41	3.18	3.03	2.92	2.83	2.77	2.71	2.67	2.60	2.53	2.46	2.42	2.38	2.34	2.30	2.25	2.21
14	4.60	3.74	3.34	3.11	2.96	2.85	2.76	2.70	2.65	2.60	2.53	2.46	2.39	2.35	2.31	2.27	2.22	2.18	2.13
15	4.54	3.68	3.29	3.06	2.90	2.79	2.71	2.64	2.59	2.54	2.48	2.40	2.33	2.29	2.25	2.20	2.16	2.11	2.07
16	4.49	3.63	3.24	3.01	2.85	2.74	2.66	2.59	2.54	2.49	2.42	2.35	2.28	2.24	2.19	2.15	2.11	2.06	2.01
17	4.45	3.59	3.20	2.96	2.81	2.70	2.61	2.55	2.49	2.45	2.38	2.31	2.23	2.19	2.15	2.10	2.06	2.01	1.96
18	4.41	3.55	3.16	2.93	2.77	2.66	2.58	2.51	2.46	2.41	2.34	2.27	2.19	2.15	2.11	2.06	2.02	1.97	1.92
19	4.38	3.52	3.13	2.90	2.74	2.63	2.54	2.48	2.42	2.38	2.31	2.23	2.16	2.11	2.07	2.03	1.98	1.93	1.88
20	4.35	3.49	3.10	2.87	2.71	2.60	2.51	2.45	2.39	2.35	2.28	2.20	2.12	2.08	2.04	1.99	1.95	1.90	1.84
21	4.32	3.47	3.07	2.84	2.68	2.57	2.49	2.42	2.37	2.32	2.25	2.18	2.10	2.05	2.01	1.96	1.92	1.87	1.81
22	4.30	3.44	3.05	2.82	2.66	2.55	2.46	2.40	2.34	2.30	2.23	2.15	2.07	2.03	1.98	1.94	1.89	1.84	1.78
23	4.28	3.42	3.03	2.80	2.64	2.53	2.44	2.37	2.32	2.27	2.20	2.13	2.05	2.01	1.96	1.91	1.86	1.81	1.76
24	4.26	3.40	3.01	2.78	2.62	2.51	2.42	2.36	2.30	2.25	2.18	2.11	2.03	1.98	1.94	1.89	1.84	1.79	1.73
25	4.24	3.39	2.99	2.76	2.60	2.49	2.40	2.34	2.28	2.24	2.16	2.09	2.01	1.96	1.92	1.87	1.82	1.77	1.71
26	4.23	3.37	2.98	2.74	2.59	2.47	2.39	2.32	2.27	2.22	2.15	2.07	1.99	1.95	1.90	1.85	1.80	1.75	1.69
27	4.21	3.35	2.96	2.73	2.57	2.46	2.37	2.31	2.25	2.20	2.13	2.06	1.97	1.93	1.88	1.84	1.79	1.73	1.67
28	4.20	3.34	2.95	2.71	2.56	2.45	2.36	2.29	2.24	2.19	2.12	2.04	1.96	1.91	1.87	1.82	1.77	1.71	1.65
29	4.18	3.33	2.93	2.70	2.55	2.43	2.35	2.28	2.22	2.18	2.10	2.03	1.94	1.90	1.85	1.81	1.75	1.70	1.64
30	4.17	3.32	2.92	2.69	2.53	2.42	2.33	2.27	2.21	2.16	2.09	2.01	1.93	1.89	1.84	1.79	1.74	1.68	1.62
40	4.08	3.23	2.84	2.61	2.45	2.34	2.25	2.18	2.12	2.08	2.00	1.92	1.84	1.79	1.74	1.69	1.64	1.58	1.51
60	4.00	3.15	2.76	2.53	2.37	2.25	2.17	2.10	2.04	1.99	1.92	1.84	1.75	1.70	1.65	1.59	1.53	1.47	1.39
120	3.92	3.07	2.68	2.45	2.29	2.17	2.09	2.02	1.96	1.91	1.83	1.75	1.66	1.61	1.55	1.50	1.43	1.35	1.25
∞	3.84	3.00	2.60	2.37	2.21	2.10	2.01	1.94	1.88	1.83	1.75	1.67	1.57	1.52	1.46	1.39	1.32	1.22	1.00

-tiles of the *t* Distribution

ν \ $1-\alpha$	.75	.90	.95	.975	.99	.995	.9995
1	1.000	3.078	6.314	12.706	31.821	63.657	636.619
2	.816	1.886	2.920	4.303	6.965	9.925	31.598
3	.765	1.638	2.353	3.182	4.541	5.841	12.941
4	.741	1.533	2.132	2.776	3.747	4.604	8.610
5	.727	1.476	2.015	2.571	3.365	4.032	6.859
6	.718	1.440	1.943	2.447	3.143	3.707	5.959
7	.711	1.415	1.895	2.365	2.998	3.499	5.405
8	.706	1.397	1.860	2.306	2.896	3.355	5.041
9	.703	1.383	1.833	2.262	2.821	3.250	4.781
10	.700	1.372	1.812	2.228	2.764	3.169	4.587
11	.697	1.363	1.796	2.201	2.718	3.106	4.437
12	.695	1.356	1.782	2.179	2.681	3.055	4.318
13	.694	1.350	1.771	2.160	2.650	3.012	4.221
14	.692	1.345	1.761	2.145	2.624	2.977	4.140
15	.691	1.341	1.753	2.131	2.602	2.947	4.073
16	.690	1.337	1.746	2.120	2.583	2.921	4.015
17	.689	1.333	1.740	2.110	2.567	2.898	3.965
18	.688	1.330	1.734	2.101	2.552	2.878	3.922
19	.688	1.328	1.729	2.093	2.339	2.861	3.883
20	.687	1.325	1.725	2.086	2.528	2.845	3.850
21	.686	1.323	1.721	2.080	2.518	2.831	3.819
22	.686	1.321	1.717	2.074	2.508	2.819	3.792
23	.685	1.319	1.714	2.069	2.500	2.807	3.767
24	.685	1.318	1.711	2.064	2.492	2.797	3.745
25	.684	1.316	1.708	2.060	2.485	2.787	3.725
26	.684	1.315	1.706	2.056	2.479	2.779	3.707
27	.684	1.314	1.703	2.052	2.473	2.771	3.690
28	.683	1.313	1.701	2.048	2.467	2.763	3.674
29	.683	1.311	1.699	2.045	2.462	2.756	3.659
30	.683	1.310	1.697	2.042	2.457	2.750	3.646
40	.681	1.303	1.684	2.021	2.423	2.704	3.551
60	.679	1.296	1.671	2.000	2.390	2.660	3.460
120	.677	1.289	1.658	1.980	2.358	2.617	3.373
∞	.674	1.282	1.645	1.960	2.326	2.576	3.291

ν = degrees of freedom

Source: Table taken from Table III of Fisher and Yates: *Statistical Tables for Biological, Agricultural and Medical Research* (6th Edition 1974) published by Longman Group UK Ltd., London (previously published by Oliver and Boyd Ltd, Edinburgh) and by permission of the authors and publishers.

APPENDIX 7

EXPORT INCENTIVE SCHEMES IN NIGERIA

S/No.	Incentive Scheme	Operating Agent	Objectives and Comments
i	Retention of Export Proceeds	CBN and the Commercial/Merchant Banks	Exporters are free to retain as much as 100% of their proceeds in foreign exchange domicilary accounts in Nigeria to assist them in procuring inputs for their export operations.
ii	Export Development Fund	NEPC	To assist exporters in partly paying the costs of participation in trade fairs, foreign market research, etc.
iii	Export Expansion Grant Fund	NEPC	This Fund is available specifically for genuine exporters of manufactured products in order to widen their export market coverage, provided of course, their proceeds are paid into the domicilary account in Nigeria.
iv	Duty Draw Back/Suspension Scheme	Customs Department, Standard Organisation of Nigeria, NEPC, Commercial and Merchant Banks, and CBN	To reimburse customs duty paid by exporters on imported input used for export production. To some extent, also, duty suspension/exemption is provided for in the scheme.
v	Manufacturing in Bond Scheme	Federal Ministry of Commerce and Tourism	Imported inputs designed for export which include prohibited items are allowed to remain in bond in the surveillance of Nigeria Customs Service to avoid leakage into the domestic markets.
vi	Pioneer Status	Federal Ministry of Commerce and Tourism	An exporter of manufactures having at least 50% annual turnover exported does enjoy tax relief as spelled out in the pioneer Status of Industrial Development (Income Relief) Act of 1971.
vii	Capital Assets Depreciation Allowance	Federal Ministry of Commerce and Tourism	There is the provision of 50% annual depreciation allowance for plants and machinery exporters of manufactures, who not only utilise at least 40% local input or 35% value-added but also export over 50% of their annual turnover
viii	Tax Relief Interest Income	Banks and Federal Board of Internal Revenue	Through this scheme interest accrued on loans granted by banks for exporting activities is tax free. This is to encourage banks to finance exports by reducing their tax burden.
ix	Export Price Adjustment Scheme	NEPC	This is a Fund that serves as supplementary export subsidy for dealing with such problems as : high cost of production arising mainly from infrastructural deficiencies; and purchasing commodities at prices higher than prevailing world market prices but fixed by government

x	Rediscounting of Short Term Bills	Nigerian Export-Import Bank (NEXIM)/Other Banks	To make up for the effect of any lag in receiving export proceeds, exporters can discount bills of exchange and promissory notes with their banks as covered by this scheme
xi	Export Credit Guarantee and Insurance Scheme No 15 of 1986	CBN/NEXIM	Assists banks to bear the risks in export business, thereby facilitating export financing and export volumes. Offers credits to foreign importers of Nigerian products as well as providing fund for pre-shipment activities to meet orders.
xii	Abolition of Export Licensing	Federal Ministry of Commerce and Industry	To remove administrative obstacles from the export sector as much as possible.

Sources : The Asian Wall Street Journal (1998).
Ezenwe U. (1994), 'Comments on Non-Oil Export Policies in Nigeria'.

Figure A7.I : **Summary of Export Incentive Schemes Currently in Operation in Nigeria.**