

THE EXPORT BEHAVIOUR AND ASSISTANCE
REQUIREMENTS OF U.K. SMEs: THE EFFECT OF
ETHNICITY

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Submitted in partial fulfilment of the requirements for the degree of

Doctor of Philosophy

De Montfort University

November 1996

ACKNOWLEDGEMENTS

I would like to extend my sincere gratitude to my Director of Studies, Dr David Crick whose guidance, support and encouragement throughout the course of this study has been invaluable. At times, what often appeared to be an onerous task was made possible by his reassurances.

I should also like to thank my Head of Department, Professor Peter J Baron for his constant support during my time at De Montfort University.

My thanks to Maggie Coultas for meeting what seemed at times unachievable typing deadlines.

Also, my thanks go to my wife, Geet, for her help in the final stages of this study, and to my family for their unending love and affection.

Finally, I would like to record my gratitude to my parents, to whom I dedicate this work.

ABSTRACT

This study provides comparative empirical evidence concerning selected aspects of the export behaviour and government export assistance required by Asian and indigenous (white)-owned small and medium-sized enterprises in the U.K. It provides a contribution to the literature since, although a body of literature exists on the areas of firstly, various issues associated with export behaviour, and secondly, business practices of ethnic minority-owned firms, there is a need to bring these two research topics together in the form of a single study to establish whether current government support and procedures are suitable for addressing the problems and assistance requirements of managers from different sub-cultures. The rationale for such a study is that if managers from particular sub-cultures differ in their export behaviour and government assistance requirements, policy makers may need to reconsider the way in which services are provided to avoid wasting scarce resources.

With this in mind, findings are discussed from a government funded study in order to address the following objective, namely whether differences exist between firms from particular sub-cultures in relation to their export behaviour and assistance requirements. The findings indicate that certain behavioural differences exist between the two groups of managers in relation to particular export practices. Furthermore, statistical differences exist in relation to perceptions towards key aspects of managers' export behaviour and assistance requirements. Together, this leads to the formulation of an export policy model which offers a structure for the effective provision of targeted assistance to the respective groups of managers. Moreover, the results provide a foundation on which future academic work can build in the areas of public sector management and marketing anthropology, in addition to offering managers and policy makers an insight into selective aspects of the export behaviour and assistance requirements of these firms.

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CHAPTER 1. INTRODUCTION AND PURPOSE OF THE STUDY

1.1 Introduction

As Crick and Chaudhry (1995) point out, it is a well established practice of many governments, both in developed and less developed countries, to provide export promotion schemes in order to assist their exporting firms. Included within this is the support offered by the U.K. government to address its widely reported balance of payments problem. Unfortunately, a gap exists in the academic literature concerning ways to differentiate between firms for the targeting of export assistance programmes. It is therefore evident that unless studies are carried out into both the characteristics of groups of firms and the ways in which they differ, generic rather than tailored export assistance programmes may be adopted by governments. As a result, respective governments run the risk of wasting resources due to incorrect targeting since different firms may require alternative forms of assistance.

It is possible that large firms with greater resources could export without the support of government services, however it is likely that smaller firms may need more and different kinds of support due to their smaller human and financial resources (Crick, 1993). Moreover, it is well documented (see, for example, Czinkota, 1982 in the U.S.; Pointon, 1977 in the U.K.) that approximately 20 percent of firms that are large in size, tend in line with the Pareto effect, to contribute in the region of 80 percent of export sales. This reinforces the need for empirical work to be conducted looking at the export activities of small and medium-sized enterprises (SMEs), and especially the need for conclusions on how to encourage successful export operations within them.

This thesis is primarily concerned with ways of differentiating U.K. SMEs for the targeting of export assistance programmes by concentrating on a comparison of the characteristics of two groups of firms, namely indigenous¹ (White) and ethnic minority-owned SMEs operating in the U.K. manufacturing sector. Furthermore, the secondary aim of this exploratory study is to formulate areas of research that can be studied further in future investigations. In addressing these issues, the empirical findings are based on a large scale survey of the two groups of firms concerned and can therefore be considered as a solid foundation on which to construct future research propositions. In order to place this study into context, two main areas of interest are considered. Firstly, the importance of exporting as a subject of academic study is discussed from a U.K. perspective. Secondly, how this study relates to the research literature in order to specifically identify its contribution to existing knowledge.

1.2 The Importance of Research into Exporting

The importance of international trade to nations is well known (see for example, Hibbert, 1990; Milner, 1990 for recent coverage), with the need to import goods that cannot be produced domestically and the need to export in order to generate funds to pay for these goods. As Czinkota (1982) indicates, in the short-term it is acceptable for nations to import more than they export, but in the longer term a trade deficit cannot be maintained indefinitely otherwise the reserves of a country will be exhausted and its government will be forced to borrow financial resources to pay for the imports. Nations have endeavoured to overcome such problems in a variety of ways, for example, import substitution, however, this thesis is concerned with another area of international business, namely exporting.

The importance of exporting to the U.K. economy can be put into perspective by focusing on recent trade figures. First, however, in determining the need for this study, it is important to consider the efficiency of U.K. firms in their international operations. Looking back, Treasure (1966, p.19), provided this comment:

"The case for spending time and money on improving our export marketing efficiency does not and should not depend on the assumption that we are poor exporters but on the assumption that our efficiency can be improved."

In other words, Treasure was suggesting that the "efficiency" of firms should be improved if the U.K. was to improve its export performance, implying a need for the correct support to be offered to firms if they were to achieve the "efficiency" criterion. Approximately 30 years later, the U.K. does not seem to have achieved this if one considers aggregate statistics which show how the U.K. has performed internationally in recent times.

This said, it would not be relevant to consider an economic history of performance in depth because this study looks at performance in recent years. Moreover, notwithstanding trade cycles, it is well recognised that there are numerous factors influencing international economic activity. Consequently, the further one goes back in quoting statistics, potentially the less relevant they are to current events. The figures in this thesis therefore concentrate on the most recent economic performance statistics available, i.e. up to 1994.

Table 1.1 provides selected trade data for the last decade. It shows a steady rise in visible export earnings has been matched with a similar rise in visible imports and this has resulted in a fluctuating, but still negative, visible balance over the period. In previous years, the U.K. had relied on North Sea oil revenue together with financial

services and other invisible earnings (see government data such as Business Monitor for more trade statistics) to maintain a total positive balance. However, during the mid-1980's the trade position worsened and this is reflected in a move from a positive to a negative total balance between 1985-1986. More recently, the overall trade pattern has fluctuated, but with a series of negative balances being apparent. In short, while the overall trade balance for 1994 appears to be more encouraging, the U.K. government needs to ensure that effective mechanisms are in place to assist exporters.

It is perhaps appropriate at this stage to look at some examples of the types of export assistance programmes offered by the U.K. government's Overseas Trade Services section of the Joint Export Promotion Directorate (JEPD) in order to gain some appreciation of the magnitude of resources which are allocated for the purposes of export assistance.

The British Overseas Trade Board's (BOTB) most recent (1994/95) Annual Report and Forward Plan highlights that the cost of Overseas Trade Services' export promotion programmes in 1994/95 was estimated to be approximately £199.8 million, of which £144.3 million (which includes overheads) is the cost of the 1002 staff in the Department of Trade and Industry (DTI), the 66 staff in Scotland, Wales and Northern Ireland and the 1213 man-years of staff time in the 205 Foreign and Commonwealth Office (FCO) posts overseas within commercial sections. Gross direct expenditure on export promotion schemes was estimated at £55.5 million, in 1994/95, against receipts of £10.3 million. The net spend was about £45.2 million compared to £36.8 million in 1993/94. Part of the cost of the services was offset by business and the majority of receipts came from the contributions paid by firms participating in Overseas Trade Fairs. Table 1.2

details the major recent expenditure net of receipts from users of services in order to provide more detail on how funding has been allocated. Furthermore, Table 1.3 details the take-up of the main programmes on offer to U.K. firms by the JEPD.

Year	Visible Exports	Visible Imports	Visible Balance	Invisible Credits	Invisible Debits	Invisible Balance	Total Balance
1984	70.3	75.6	-5.3	77.0	70.2	6.8	1.5
1985	78.0	81.3	-3.3	79.6	74.0	5.6	2.2
1986	72.6	82.2	-9.6	76.5	67.8	8.7	-0.9
1987	79.2	90.7	-11.6	79.2	72.6	6.6	-5.0
1988	80.3	101.8	-21.5	87.3	82.4	4.9	-16.6
1989	92.2	116.8	-24.7	107.2	105.0	2.2	-22.5
1990	101.7	120.5	-18.8	114.5	114.7	-0.2	-19.0
1991	103.4	113.7	-10.3	114.6	112.5	2.1	-8.2
1992	107.3	120.4	-13.1	107.2	103.9	3.3	-9.8
1993	121.3	134.7	-13.4	115.4	113.8	1.6	-11.8
1994	135.2	145.7	-10.5	122.8	112.4	10.4	-0.2

Source: Central Statistical Office, 1995

Unfortunately, it is difficult to evaluate how successful this expenditure has proved to be in order to offer a pragmatic cost benefit analysis. Indeed, recent studies by Balabanis and Crilly (1996) and Spence (1996) highlight the problems in evaluating one specific programme, namely Outward Missions, in that a number of criteria are used by policy makers, but normally focus on the number of participants and the value of orders received. Even so, these measures in themselves are problematic. For example, the

authors argue that policy makers should consider the type of participants involved, i.e. are they new exporters or merely ones who have established contacts and are using missions to obtain a cost effective way of visiting overseas markets. Also, contracts may be received long after the event is over and could be a function of a number of factors of which the mission is just one.

It needs to be recognised that the figures illustrated in Tables 1.2 and 1.3 are aggregated, and if studies are to achieve an understanding of the underlying reasons behind the numbers then it is necessary to investigate firms at the micro level.

Wills (1966, p. 247) stresses the importance of the behavioural viewpoint of individual motivations of managers by commenting:

"To state that costs can be compared on a macro level of course ignores the fact that, save in a limited number of instances, decisions to embark on inter-nation trading are taken on a micro basis.... The reality of the micro situation is that firms operate in conditions of imperfect awareness of their own cost structures and almost total ignorance of competitive cost structures in the foreign market. Decisions on whether or not to enter markets are normally the outcome of the relative profitability of a wide range of alternatives open to the firm for employment of its resources."

Within the research addressing micro level issues, a wide body of literature exists on the export behaviour of SMEs (see, for example, literature reviews such as Aaby and Slater, 1989; Bilkey, 1978; Miesenbock, 1988). Many empirical studies have tended to concentrate on factors associated with managers' perceptions towards a variety of export activities (recent studies have included: motives for exporting, Katsikeas and Piercy, 1993; Naidu and Rao, 1993; problem areas, Katsikeas and Morgan, 1994; Samiee and Walters, 1991; and information sources and requirements, Diamantopoulos et al., 1990; Schlegelmilch et al., 1993). Also, studies have investigated perceptual differences

towards the types of assistance required by managers from firms based on their background characteristics, such as the size of firm and level of export development (Crick, 1992; Czinkota, 1982).

Table 1.2. Selected BOTB Expenditure

<u>Source of Expenditure</u>	<u>1993/4</u>	<u>1994/5 Est</u>
Export Promotion Expenditure, Net of Receipts from Users of Services (£ Million)		
Overseas trade fairs	13.5	17.1
Overseas store promotions	0.6	0.5
Outward missions	1.6	1.6
Overseas seminars	0.3	0.4
Inward missions	0.6	0.5
Export Marketing Research Scheme	1.1	0.8
Market Entry Guarantee Scheme (closed to new applications - figures for receipts)	(0.1)	(0.1)
Overseas Projects Fund	4.8	5.2
Marketing and publicity	2.8	3.2
Simpler Trade Procedures Board	0.8	0.9
Technical Help to Exporters (THE)	0.3	0.3
Other schemes of assistance to industry	2.4	2.2
Area Advisory Groups and other non-official trade organisations	4.0	4.8
Export Promoters Initiative	1.8	4.9
Export Market Information Centre Publications	0.4	0.4
Other	1.7	2.4
Production of Export Publications	<u>0.2</u>	<u>0.1</u>
Net total direct expenditure	36.8	45.2
Staff Costs and Overheads (£ Million)		
DTI HQ Divisions	44.6	42.3
Export Sections of Government Offices	5.1	5.8
Export Sections of Territorial Departments	1.3	1.4
FCO commercial staff overseas	<u>92.1</u>	<u>94.8</u>
Total staff costs and overheads	143.1	144.3
Tot Net Direct Expenditure on Overseas Trade Services	179.9	189.5

Source: BOTB Annual Report 1994/95 and Forward Plan

Table 1.3. Take-Up of Overseas Trade Services (Volume)

<u>Services</u>	<u>1993/4</u>	<u>1994/5 Est</u>
Overseas trade fairs		
Number of exhibitions	282	334
Participants	6439	8021
Outward missions		
Number of missions	127	126
Participants	2478	2450
Inward missions		
Number of missions	33	34
Participants	341	397
Overseas seminars		
Number of seminars	20	16
Participants	246	320
Store promotions		
Total supported	11	13
VIP visits		
Number of visits	8	11
Participants	19	42
Export Marketing Research Scheme		
Total offers of support	197	160
Overseas Projects Fund		
Total offers of support	46	40
Market Information Enquiries		
Total number sold	5263	5900
Export Representation Service		
Total applications	312	380
New Products from Britain Service		
Total applications	346	450
Overseas Status Report Service		
Total applications	228	300

Source: BOTB Annual Report 1994/95 and Forward Plan

As a result of a number of empirical studies investigating various export related factors in a number of countries, a series of policy recommendations have been put forward in the literature focusing on areas which government policy makers can address in order to assist firms in export activities. For example, proposals have been offered concerning factors which are likely to motivate managers to engage in or increase export activities; also, perceived and actual problems which need to be overcome, each allowing for the fact that governments are restricted in their export promotion activities by international regulations from bodies such as the World Trade Organisation (WTO) and respective budgetary constraints.

Although there is a plethora of research activity looking at the export behaviour of SMEs, the behaviour of ethnic minority business, particularly in relation to exporting is a neglected area of study. From the U.K. government's perspective, this issue is further compounded by the fact that there is a very low take-up of export assistance programmes by ethnic minority-owned firms (Source: various government departments' internal reports) which resulted in the JEPD funding this study in order to examine whether differences exist between firms from particular sub-cultures in relation to certain aspects of their export behaviour and assistance requirements.

1.3 Contribution of the Study

This study provides a contribution to the literature since, although a limited body of literature exists on both the areas of export assistance, and the business practices of ethnic minority-owned firms, there is a need to bring these two research topics together

in the form of a single study to establish whether current export assistance and targeting procedures are suitable for managers from different sub-cultures.

This research has implications for policy makers in that it offers a substantial contribution to knowledge concerning the characteristics of these two groups of firms and provides empirical results addressing the ways in which these firms can be differentiated in terms of their background characteristics, allowing a basis for the effective and efficient targeting of export promotion. Significant statistical differences are reported between the two groups of firms based on a representative sample of U.K. companies in the manufacturing sector. As a result, support in export promotion can be targeted more effectively and efficiently at these two groups of firms so that the needs of the two groups of managers can be addressed to avoid wastage of scarce resources. In the long term, it is hoped that this study will add insight into ways of stimulating a more successful export performance by indigenous and ethnic minority-owned firms based in the U.K., although this cannot be measured in this thesis.

1.4 Objectives of the Study

As previously mentioned, the overall objective of this study is to see if export assistance can be targeted more effectively and efficiently by the government providing tailored rather than generic support to meet more specifically the requirements of the two groups of managers. Nevertheless, the specific objectives are as follows:

1.4.1 Are There Differences Between Indigenous and Ethnic Minority-Owned Firms in Relation to Export Behaviour and Assistance Requirements

The major thrust of this study is to question whether differences exist between indigenous and ethnic minority-owned firms concerning selected aspects of their export

behaviour and government assistance requirements. Ethnicity, therefore, represents the major independent variable in this study, and through multi-variate analysis, significant differences are examined between this and a series of issues deemed to be important in the literature which are dependent variables in this research (refer to Chapter 3 for greater detail).

1.4.2 Are There Differences Between the Two Groups of Firms' Requirements When Differentiated by Other Background Characteristics.

Although establishing whether ethnicity plays a role in differentiating between firms is the major aim of this study, it is nevertheless appreciated that unless other measures are taken into account, then a very limited part of managerial activity is investigated. Therefore, in addition to the major independent variable, i.e. ethnicity, three other independent variables were used which were shown in the literature to be the most widely cited criteria. First, the size of the firms, in which differences based on number of employees are considered. Second, the internationalisation process of firms, in other words, whether firms differ based on their commitment to exporting. Third, performance of firms, where differences are based on profitability, growth, and a subjective measurement, namely whether objectives were met. The sub-objective in this study is to see if differences exist between indigenous and ethnic minority-owned firms based on their background characteristics.

1.4.3 Formulation of Future Research Directions

Although the findings in this study are based on a large scale survey of two groups of firms in the manufacturing sector, the research is essentially exploratory in nature leading

to an initial understanding of the issues involved. Therefore, a specific objective of this study is to recommend further possibilities for research in this area.

1.5 Limitations of the Study

This study investigates firms within the U.K. manufacturing sector. Therefore, conclusions derived from this research may be inappropriate for other sectors or indeed countries. Moreover, as with all studies of this nature, the time frame could be an important factor. The main primary data was collected in September 1995, and therefore the perceptions, attitudes and actions of existing managers compared to future managers who work for such firms may differ between time frames.

A further limitation is acknowledged with the vagueness associated with the definition of 'ethnic minorities', (more specifically Asian, refer to Chapter 2 for more details). However, as previous studies have indicated, there is no single agreed method of surmounting this problem.

As with most studies, limited resources was a problem and therefore the methodology would have been different had greater resources been available. For example, various sectors could have been investigated by a large scale qualitative approach to attain an understanding of the intrinsic reasons behind the statistical findings. Furthermore, a more longitudinal perspective would have been desirable, something constraining most related studies. However, the study followed a structured methodological approach to minimise the effects of the lack of resources.

The thesis was somewhat constrained by the relative lack of published material in the areas of export promotion and the behaviour of ethnic minority-owned firms. However,

it could be argued that this study contributes to the limited amount of published work in the area.

It is important to note that the term 'indigenous' might be considered to be misleading when it could be argued that 'white' should have been used instead (albeit the term white was incorporated in brackets immediately after the first mention of the word indigenous to clarify the matter). Asian-owned firms are as much indigenous as those firms owned by white managers, especially where second and sometimes third generation Asian managers own them. Even so, after receiving academic advice on the matter, the term indigenous was used for two reasons. First, in an attempt, where possible, to avoid black/white images associated with the study, although even with changes in terminology, such an issue is difficult to resolve. Second, since interviews with managers and certain advisors associated with this study suggested that many Asian firms were owned by first generation managers as compared with the majority of the comparative group, the distinction should be made on the grounds of ethnicity. Also, it should be recognised that for the purposes of this study, the term 'Asian' is used in the normally agreed U.K. context, i.e. originating from the Indian sub-continent, rather than, for example, South East Asia.

Finally, as with other studies that are not observational in nature, this thesis relies on the subjective views of managers and therefore it could be the case that what respondents claimed in the primary data collection may be at variance with practice. However, responses were considered as valid after statistical testing was carried out (see Chapter 4).

1.6 Structure of the Research Process

The research process conducted to investigate the identified gap in the literature involved five major phases. The initial phase entailed a thorough literature search of the areas pertinent to this investigation (Chapter 2 refers) these included micro-environmental factors relating to the characteristics of the decision-makers in the formation and development of SMEs through to their perceived problems, information requirements and motives with respect to exporting. In relation to the macro-environmental factors, issues relating to the provision of government assistance, the measurement of success levels of firms and current policies administered to provide a framework for export assistance were investigated. At this stage, it transpired that there were a number of factors worthy of investigation in relation to the export behaviour and assistance requirements of SMEs in the U.K. Finally, in order to address the main objective of this thesis, it was deemed important to review the literature on the formation and development of ethnic enterprises in the U.K., the rationale being that an appreciation of the culturally-specific characteristics of these firms in the U.K. would enable the identification of their behaviour patterns and assistance requirements.

From the literature search, it was established that there is no published work on the effect of ethnicity in relation to the export behaviour and assistance requirements of U.K. SMEs.

The second phase in the research process facilitated the problem definition and enabled the conception of a theoretical framework and hypotheses (Chapter 3 refers).

The third phase of the research process involved the development and implementation of a valid and reliable measurement instrument for the assessment of the hypotheses

(Chapter 4 refers). It needs to be highlighted at this point, that although in-depth interviews were conducted in the exploratory stages of the research process, their aim was to discuss general issues in relation to firstly, gaining sufficient input to construct a reliable and valid questionnaire and secondly, to attain greater insight into firms' perceptions on export behaviour and assistance requirements. Therefore, the approach taken was a conscious effort to comprehensively test the hypotheses under investigation rather than to offer a verified model. Nevertheless, as a consequence of the wealth of information collated during the research process a tentative model is proposed in the final chapter.

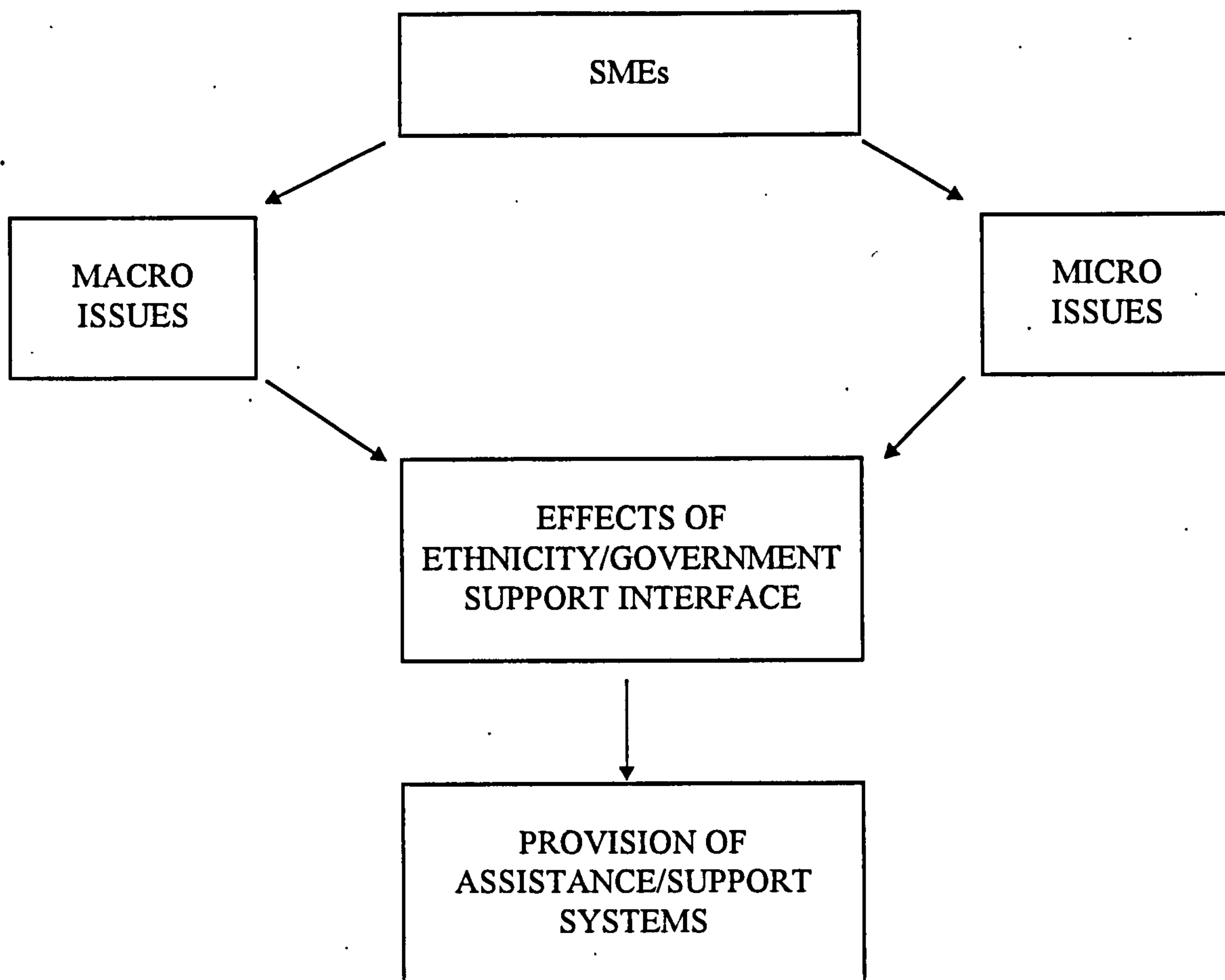
The fourth phase of the research process involved the analysis and interpretation of the primary research (Chapter 5 refers). Examination of the data resulted in the null hypotheses being rejected in addition highlighting areas of concern with respect to the major factors under investigation in this study.

The final phase of the research process (Chapter 6 refers), puts forward a number of proposals for policy makers to consider. In order to assist the usability of the findings, the proposals are divided with respect to SMEs in each stage of the internationalisation process. Furthermore proposals are offered for managers so that greater interaction takes place between SMEs and government support providers. Lastly, based on the knowledge gained from this investigation, a tentative model is proposed to provide a framework for policy makers to consider and for academics to take further in future research.

Within the overall structure of this thesis it is appropriate to classify the broad spectrum of literature within a diagrammatical format in order to provide an easily identifiable structure to the secondary data collection within this study. Indeed, this helps in the

subsequent conceptualisation of the research (Chapter 3) and adds clarity to the findings (Chapter 5) in terms of why particular issues are being focused upon.

Figure 1 The Organisation of the Research.



1.7 Organisation of the Thesis

The thesis is organised into six chapters commencing with an overview of the study and this has been undertaken within this chapter.

Next, Chapter 2 provides a review of the literature pertaining to ways of differentiating between firms, for the targeting of export assistance. In so doing, it raises the question as

to whether indigenous and ethnic minority-owned firms in the U.K. are homogenous and consequently also calls into question whether export assistance targeted at these two groups of firms should be administered by offering generic strategies. The chapter proceeds to investigate managerial issues in exporting to provide a review of the literature at the operational level of the firms. In order to put the study into context, this section also looks at the limited body of literature which is available in the area of export assistance.

Chapter 3 develops the review of literature and provides the conceptual framework for the research. It augments the conclusions from the literature review and provides the formulation of the hypotheses that are tested in this research.

The methodology used in the research is addressed in Chapter 4 and this specifically looks at the development of the questionnaire, the collection of the data, and the quantification of the collected data. Overall, it bridges the gap between the theoretical framework and the empirical findings.

Chapter 5 provides the findings from the primary research, exhibiting the statistical results from the data and whether the hypotheses were rejected. In addition, selected comments are provided from responses to the questionnaires to supplement the quantitative part of the research.

Finally, Chapter 6 presents the main conclusions from the study. It also considers the implications and limitations of the research and offers recommendations for future research.

1.8 Conclusion

It can be concluded from this chapter that a rather mixed set of results has been achieved by the U.K. in relation to its balance of payments. In addressing a recent negative balance of trade, the U.K. government has invested a considerable sum in export assistance programmes aimed at SMEs in an attempt to facilitate more export involvement by these firms.

Unfortunately, internal government reports highlight a very low take-up rate by ethnic minority-owned SMEs of export assistance programmes. Consequently, it can be concluded that a need exists to research the export practices and assistance requirements of ethnic minority-owned SMEs in relation to their indigenous counterparts to determine whether differences exist between the groups of firms and if so, how policy makers can address the needs of the respective sets of managers.

Nevertheless, the way in which the research approach to investigate this issue needs to be operationalised is open to criticism. Consequently this chapter has placed the study into context by providing a discussion concerning both the research objective itself and an argument to support the research approach adopted to investigate the objective.

In short, this introductory chapter has provided an overview of the thesis. The next chapter will review the major studies that have been carried out into ways of differentiating firms, managerial and operational issues in exporting, export assistance and the behaviour of ethnic minority businesses in order to provide an overview of the pertinent issues highlighted within previous investigations.

CHAPTER 2. A REVIEW OF THE LITERATURE

2.1 Introduction

The last chapter provided an introduction to this investigation and discussed the background, objectives and organisation of the thesis. The purpose of this chapter is to review the salient literature in this area of research in order to establish where gaps in the literature exist and to provide a framework within which the study can be conceptualised.

This chapter reviews the literature in a number of discrete sections reflecting the individual areas under investigation. It commences with a review of the literature on SMEs, placing the importance of these firms in a U.K. context in doing so it discusses these firms within the context of both macro and micro perspectives. Next, the development of ethnic minority enterprises is discussed in order to place such firms within the background of the U.K. SME sector. This is followed by a review of the literature pertaining to government assistance. In doing so, it provides a stepwise approach in accordance with Figure 1 (page 27) towards reviewing the literature which reflect the areas surrounding the objectives described within the last chapter and refined further in the form of hypotheses in the proceeding chapter.

2.2 A Review of the Literature on SMEs

2.2.1 Definition of Small Firms

As studies have shown (see for example, Carson, 1993; 1995), finding an appropriate definition of small firms has elicited extensive international debate even before the Bolton Report (1971). Fundamentally, the problem is in arriving at a suitable set of criteria which can be used in order to define a small firm. The difficulty with the term 'small' is its questionable applicability to a number of diverse factors, for example, industry sector and markets served. Furthermore, it is arguable whether the criteria should relate to the size of

turnover, the number of employees, or indeed a combination of both. Even if an acceptable definition could be agreed upon, there still remains the dilemma of the relevance of this on a longitudinal basis taking into consideration micro and macro economic changes.

The definitions of the Bolton Committee (1971) are shown in Table 2.1, illustrating the use of different definitions of small firms in a number of industry sectors. Two different sets of criteria are used, namely, economic and statistical.

TABLE 2.1	
BOLTON COMMITTEE DEFINITIONS OF A SMALL FIRM	
Sector.	Definition.
Manufacturing.	200 Employees or less
Construction, Mining and Quarrying.	25 Employees or less
Retailing, Miscellaneous Services.	Turnover of £50,000 or less
Motor Trades	Turnover of £100,000 or less
Wholesale Trades	Turnover of £200,000 or less
Road Transport	Five Vehicles or less
Catering	All excluding multiples and brewery managed houses.
Source: Bolton Report (1971)	

The economic criteria encompassed firms who held a small share of their market, the requirement being that firms were managed by their owners or part owners in a personalised manner, not by a formalised management structure and also they must be independent (not part of a large group). In formulating the definition of statistical criteria, both macro economic and international comparative data were examined. There were three considerations: firstly, an attempt to quantify the current size of the small company sector and its contribution to criteria such as gross domestic product, employment, exports and innovation. Secondly, to examine the extent to which the small firm sector had changed its

economic contribution over time. Thirdly, to compare the contribution of small firms in one country with another.

A number of different definitions were used to differentiate between sectors. The respective criteria used in manufacturing and construction was employment, in retailing, motor trades and wholesale trades it was turnover, in road transport it was the number of vehicles in the business, and catering was based on ownership.

The weaknesses of these definitions became apparent over time. The criteria previously decided upon became subject to alteration, for example, in retailing the criterion of turnover with the upper limit set at £50,000 in 1971, had by 1990 increased to £450,000.

The Bolton Committee's definitions have since been criticised by a number of researchers.

Atkinson and Meager (1994) provided evidence to suggest that small firms employ managers when they reach a size of between 10 and 20 employees, on reaching an employment level of 100 employees extensive management structures were established with a significant part of the management decision making being devolved from the owners of the firms.

Wynarczyk et al (1993) suggested that small and large firms are intrinsically different from each other in three ways. Firstly, small firms with their limited customer and product base perceived themselves as vulnerable to major customers withdrawing their business. This is consistent with the findings of Lyons and Bailey (1993) in their study of small sub-contractors in the U.K. engineering sector. Secondly, there exists within small firms a greater diversity of objectives, with many owners pursuing only a minimum level of income to support lifestyles rather than maximisation of sales or profit objectives. Finally, small firms are dictated to by their large customers and therefore often become price takers.

The European Commission examined the problems surrounding the Bolton Committee definitions (Storey, 1994), and introduced the term small and medium-sized enterprises (SMEs). The SME sector comprises of three categories, micro enterprises (0-9 employees), small enterprises (10-99 employees), and medium enterprises (100-499 employees). Precedent exists (Curran, Blackburn and Woods, 1991; Storey, 1994) to adjust definitions to suit the needs of particular research requirements.

To summarise, the definitions of small firms recommended by the Bolton Committee (1971) are no longer acceptable and have been replaced by a number of definitions including the European Commission definition of small and medium-sized enterprises, using the sole criterion of employment.

2.2.2 Stages of Small Business Development

Differentiation/segmentation of firms by criteria such as size of turnover or number of employees provides a potentially inaccurate delineation of the total SME sector. Although firms may be in a particular categorised segment, they may not necessarily be the same as they will be at different stages of development.

In the 1960s and early 1970s, four stage models were developed which endeavoured to provide a framework for understanding the development and growth of small firms. The main features of these early models are illustrated in Table 2.2

Stage one of the models identifies owners starting the business with a simple organisation and management style, typified by direct supervision and nominal formal planning. A small customer base, division of managerial tasks and the need to raise capital to fund growth emerges as the firm progresses to stage two.

TABLE 2.2

Review of The Business Development Models of the 1960s and Early 1970s

Authors	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
McGuire J	Traditional small Company	Planning for growth	Take off or departure from existing conditions	Drive to professional management	Mass production marked by a diffusion of objectives and an interest in the welfare of society
Steinmetz L	Direct supervision. The simplest stage, at the end of which the owner must become a manager by learning to delegate to others	Supervised supervision, to move on managers must devote attention to growth and expansion, manage increased overheads, complex finances and learn to administer	Indirect control. Growth and survive by delegating tasks to key managers. Deal with diminishing rate of return	Divisional organisation. The company has "arrived", has resources and organisational structure to enable it to remain viable.	
Christianson R. Bruce S	One-unit management with no specialised organisational parts.	One unit management with functional parts such as marketing and finance	Multiple operating units such as divisions, that act on their own behalf in the market place.		
Greiner L	Growth through creativity. Crisis of leadership	Growth through direction. Crisis of autonomy	Growth through delegation. Crisis of control	Growth through co-ordination Crisis of control	Growth through collaboration crisis.

Adapted from Pardesi, 1992

The stages that follow present the critical decision of whether to expand the company or to focus on stability and profitability. From an organisational point of view, the firm tends to become bureaucratic, recruiting functional managers. Consequently, the foundations of marketing, financial and production systems are introduced.

In the later stages, the main issues are company growth and its momentum, the financing of that growth, also whether the firm's performance will be improved by the owner devolving managerial responsibilities to others. Finally, the ability of the owner to develop the relevant skills to achieve long-term progression is considered, proposing an alternative framework of organisational development. According to Greiner (1972) there are five phases of growth: creativity, direction, delegation, co-ordination and collaboration. Each phase is determined by an evolution from the preceding phase and then a revolution, which causes the firm to move into the next phase. Therefore, each phase is represented by a particular management style, the revolutionary period is identified by management crises. Velu (1980) modified this model by collapsing the five stages into three, namely :

1. The Pioneer Stage: The founder tends to be autocratic, internal communications are simple and activities are developed towards profitable sales.
2. The Differentiated Stage: This starts with the introduction of a scientific and professional approach to business management. Systems are introduced and formal planning implemented as the organisation expands to include separate departments and functions.
3. The Integrated Stage: The management concern is to continue a growth rate through the introduction of a series of new products.

There has been criticism of the early models and stage theories of growth. These criticisms pertain to five areas. Firstly, there is inadequate discussion or explanation relating to whether the sequence of growth is a necessary pre-condition for progression, or alternatively, whether one or more of the stages may be avoided, or variations in the sequence can arise under certain conditions. It has been argued that the absence of such qualifications stem from a lack of empirical underpinning of the models (Stanworth and Curran, 1976), suggesting that many of these models have been based on small samples of firms and in the majority of cases researching them at particular points in time. The lack of longitudinal research and sufficient linking of data from the various studies conducted makes these models subjective and open to criticism. Secondly, the assumption that a small firm will either grow and pass through all stages or fail in the attempt, is unsatisfactory (Stanworth and Curran, 1976). They argue that an adequate theory of small firm growth should be able to account for the rarity of the process and for the tendency for most firms, once they have survived infancy, to plateau and remain essentially the same for many years.

O'Farrell and Hitchens (1988) suggest that there are fundamental differences between the characteristics of the founders of firms, some of whom strive for and achieve growth, and others who are content to let their firms remain the same. They propose that there are three types of firms: fast growers, satisfiers who constitute the majority and those that attempt fast growth but fail to achieve it.

Churchill and Lewis (1983) indicate a third criticism, in that the models fail to capture the important early stages in the origin and growth of a firm. Instead, the focus is upon the growth of a firm from a small unit of operation to a large corporation and as such a detailed understanding of the process of change and growth of the small, independently owned firm itself, is not attempted (Gibb and Scott, 1985).

A fourth criticism is that the models do not encapsulate all the relevant factors. The definition of company size is restricted to annual sales or number of employees, ignoring factors such as complexity of product lines, rate of change in products and production technology.

The fifth area of criticism relates to the discursive nature of the literature, and suggests that the models tend to reflect the symptoms of growth, rather than the process underlying the phenomenon. Stanworth and Curran (1976) argue that the models are based on a theoretical perspective that is highly 'positivist'. They suggest that the models, seldom, if ever, attain the level of precision required for the development of law-like propositions which can be used to predict the behaviour of small firms.

Subsequently, Stanworth and Curran (1976) put forward an alternative perspective of small business development and growth. They maintained that the major influence on management and ensuing growth of the firm depended on the objectives and motivations of the owner. The key to growth lies in a social action perspective linking the meanings and actions of the participants in small firms with their wider social environment.

By implementing a longitudinal research strategy and using their own research and that of others, they formulated the concept of "latent social identity" which categorised the changing role of the entrepreneur. Three latent identities resulted from this research, these being the artisan (the worker), the classical entrepreneur and the manager.

The artisan entrepreneur is primarily concerned with intrinsic or personal satisfaction. The main motivation of the classical entrepreneur is profit maximisation. As growth occurs through the maximisation of financial returns, the identity of a manager surfaces as the entrepreneur takes action to secure the continued success of the firm. This new identity involves the delegation of managerial functions and as a result a more formal organisational

structure. Importantly, their research revealed that the personal characteristics of owner managers are the most influential factor in determining managerial strategies.

Together with later research (Scase and Goffee, 1980; 1982; and Goffee and Scase, 1985) the authors suggest that the small business owner places significant emphasis on independence and autonomy. Therefore, owners are reluctant to delegate management tasks, authority, or formulate well defined role structures. From their perspective, reluctance to expand is a rationale for avoiding a high risk growth strategy which may threaten their independence.

It could be suggested that the stage models offer an idealistic perspective of growth. Stanworth and Curran's proposition offers a rationale why growth is, in the main, not as common as the prevalent ideology might indicate.

Stanworth and Curran's concept of latent social identities is used by Clifford et al (1991) to propose a small business development framework that is based on size (number of employees), structure and self (owner). This framework suggests that the entrepreneur's role develops from owner-operator (artisan) when the firm employs 8-10 people, to owner-manager (classical entrepreneur) when the firm employs 40-50 people, to owner-director (manager) when the firm employs more than 50 people. Supporting Stanworth and Curran's view, Clifford et al. accept that their framework floats uncomfortably around the "stages" model of small business development.

The criticism of the "stages" models was considered in a study by Churchill and Lewis (1983) who developed the work of Steinmetz (1969) and Greiner (1972), basing their results on responses from 83 owner-managers of successful small businesses. The resulting framework proposed five stages of small firm development, each stage being characterised by an index of size, diversity and complexity.

In addition, the model highlighted the changes in the management style, organisational structure, extent of formal systems, major strategic goals and the owner's involvement in the business that occur over the five stages of development. The major characteristics of the five stages are outlined in Table 2.3. Also identified in the study were eight factors which vary in prominence as the business expands, in addition these factors are important in influencing the ultimate success or failure of the firm. Table 2.4 identifies four of these factors pertaining to the firm and four to the owner.

Churchill and Lewis's (1983) study advanced some aspects of the theory, but has been criticised for not succeeding in addressing many of the central weaknesses inherent in the earlier 'stages' models and because of the research methodology utilised. Curran (1991) has suggested two weaknesses with the research methodology employed. The first is the normal methodological problems associated with respondents' recall of previous events, the second being that the respondents' answers were lead because they were asked to read Greiner's (1972) article detailing the model of stages of growth before recalling the stages their companies had passed through.

A number of other criticisms have been directed at the Churchill and Lewis model:

- i) The research was based on a small, unrepresentative sample of firms although the model attempted to cover a very wide range of firms.
- ii) Curran (1991) advocates that as a social phenomenon, the owner-managed enterprise does not operate in a linear, causally linked pattern required by such a theory.
- iii) The model is confined to a single time scale, from young to mature, with stages in terms of size and maturity at intervals along the life cycle. Hall (1991) concurs that small firms whilst being very young can, with appropriate funding and a professional management team, reach the same life cycle stage and be much larger than a small

business which although mature, has been growing relatively slowly for a period of time. Scott (1990) has attempted to illustrate this to be the case with a growth trajectories model.

iv) The model does not allow a business to miss out stages, as with earlier models.

v) The model makes the growth, non-growth dichotomy explicit whereas Hall (1991) argues that as a business can stop growing at any stage, there should be a non-growth stage for every growth stage.

vi) The size of the firm is used as one of the independent variables. Consequently, it follows that the stages of development of the firm have to be explained by reference to the definition of the small firm employed. The problem therefore arises that even though the model is concerned with small businesses, the last two stages may be more relevant to medium-sized rather than small firms.

vii) There is an implication that each owner has only one business. However, Storey et al. (1987) and Scott (1990) have shown this not to be so for several types of businesses.

Churchill and Lewis's model was developed further by Scott and Bruce (1987) who proposed an alternative, but similar model. However, this model is subject to the same criticisms as the Churchill and Lewis model.

Another model was proposed by Stevenson and Jarillo-Mossi (1986) which recognised that there may be the possibility of preserving entrepreneurship as a firm grows. They maintain that:

“ the strict functional format of organisations has become an anachronism in the modern corporation”

and therefore should not be seen as a model for the growing firm.

TABLE 2.3

CHURCHILL AND LEWIS (1983) MODEL DETAILING THE CHARACTERISTICS OF SMALL BUSINESSES AT EACH STAGE OF DEVELOPMENT

	Stage One	Stage Two	Stage Three-D	Stage Three G	Stage four	Stage five
Characteristics	Existence	Survival	Success-Disengagement	Success-Growth	Take-Off	Resources Maturity
Key Problems	Securing customer base and delivery of the required product or service. Business folds due to lack of sales and/or capital.	Cash flow Inadequate customer base to generate revenue	Decision to expand or remain stable to enable the owner to disengage. Has a customer base serves a niche market	Consolidation of resources for growth. Risk of financing growth	How to grow rapidly and how to finance growth	Control of business and finance
Management Style	Direct supervision, owner does most tasks, also makes most decisions	Supervised. Owner still makes all of the decisions	Functional managers brought in at middle management level	Functional owner taking key decisions and risks but delegating tasks to functional managers	Divisional development.	Line and staff

	Stage one	Stage two	Stage three -D	Stage three - G	Stage four	Stage Five
Organisation	Simple. Owner provides direction. Use of family or friends as subordinates.	Few employees from outside the family. May employ a manager or supervisor	Owner delegates to functional managers such as finance, marketing and production	Employ middle managers to functional positions	Decentralised and divisionalised (sales and production). Delegation and managerial competence are key requirements	Functions have departments with managers and supervisors
Extent of Formal Systems and planning	Minimal to non-existent. Little or no business planning.	Minimal some cash forecasting of budgets emerge	Basic systems develop planning in form of operational plans.	Developing systems, Operational Plans, and extensive strategic involving the owner.	Systems are more refined and maturing. Operational and strategic planning done by divisional managers. Stock control becomes crucial	Extensive and well developed
Major Strategy	Existence	Survival	Maintain profitable status quo.	Secure and manage resources for growth.	Growth	Maximise return on investment.
The Importance of The Owner in Relation to the Business.	The owner is the business.	Owner is still synonymous with the business	The owner is equally important but moves apart to engage in other activity	The business becomes more important. The owner is still deeply involved.	The owner is reasonably separate, but the influence is dominant.	The owner is separate from the business, financially and operationally.

(Adapted from Pardesi, 1992.)

TABLE 2.4

**KEY FACTORS RELATING TO THE FIRM AND OWNER THAT DETERMINE SUCCESS OR FAILURE OF SMALL FIRM DEVELOPMENT.
CHURCHILL AND LEWIS (1983)**

FACTORS RELATING TO THE FIRM	FACTORS RELATING TO THE OWNER
Financial resources, including cash and borrowing power	Owners personal goals and goals for the company
Human resources, in terms of numbers, depth, quality, competencies and skills, in particular at management and supervisory level	Owners operational abilities in carrying out important tasks such as marketing, inventing, producing and managing distribution
Systems resources - information and planning control	Owners managerial ability and willingness to delegate responsibility, also the ability to manage the activities of others
Business resources, including :-	Owners strategic abilities and vision for the future, also competence at matching company strengths and weaknesses to personal goals
Customer relations	
Market share	
Supplier relations	
Manufacturing and distribution processes	
Technology	
Reputation	
(Adapted from Pardesi, 1992)	

Arguably the most pronounced criticism of stage theory is provided by Gibb and Davies (1990), who state that:

“the reductionist and somewhat normative theories of stages of growth can largely be credited with characterising various types of company without throwing light on what are the growth triggers. Indeed it can be argued that they obscure real issues in terms of preserving the role of entrepreneurship as the business grows and they underpin the metaphor of the business becoming more “professional” and the leadership style necessarily changing substantially from entrepreneur to manager with the company becoming more functionally managed.”

This section has reviewed the major literature on the formation and development of SMEs. In doing so, it provided an overview of the pertinent issues surrounding this area of study, while at the same time highlighting the disagreements in both firms’ initial classifications and subsequent development (growth).

Nevertheless, the issue of growth in exporting is the focus of this study rather than growth per se, and consequently models such as those provided by Churchill and Lewis are not taken further and are included for background purposes only. With this in mind, it is important to turn to the literature surrounding particular aspects of the export practices of SMEs.

2.3 Internationalisation

A number of models have been developed from studies in recent years concerning the internationalisation process of the firm (see for example, literature reviews such as Andersen, 1993; Leonidou and Katsikeas, 1996). Figure 2 details major contributions in the area of investigation. Indeed, as Crick (1995) points out, the JEPD currently use a three stage model of non-exporters, passive exporters and active exporters for differentiating between firms. Unfortunately, the exact criteria of the model is unknown,

although interviews with government officials in the course of this study corroborated Crick's assertion that it had been developed by a U.K. based consultancy.

It is important to distinguish between internationalisation models concerned only with exporting in line with this study and those which involve other forms of international business such as managing foreign direct investment (which are not included). Indeed, Bell and Young (1996) highlight a number of limitations associated with this perspective.

Andersen (1993) suggests that in broad terms, export models developed in previous studies have tended to fall into one of two categories: first, the establishment chain model named after a phrase taken from a major study carried out at the Uppsala School; second, what Andersen terms the innovation-related models. The term 'innovation-related' is derived from the work of Rogers (1962), in which the internationalisation decision is considered as an innovation for the firm.

Starting with the establishment chain model, Johanson and Wiedersheim-Paul (1975) developed a broad four staged model based on four Swedish case studies. Johanson and Vahlne (1977) expand on the work and suggest that the basic mechanism for internationalisation is a combination of market knowledge, commitment decisions, and current activities. The model looks at the development of a firm in its increasing activities overseas and concentrates on acquisition, integration, and the source and use of knowledge about foreign markets and activities.

Figure 2 A Review of the Internationalisation Models

Author (Year)	Stage 1	Stage 2	Stage 3	Stage 4
Johanson and Wiedersheim-Paul (1975)	No regular export activities	Export via independent representatives (agents)	Establishment of an overseas subsidiary	Overseas production/manufacturing units
Pavord and Bogart (1975)	No activity	Passive activity	Minor activity	Aggressive strategy
Bilkey and Tesar (1977)	Management is not interested in exporting	Management is willing to fill unsolicited orders, but makes no effort to explore the feasibility of active exporting	Management actively explores the feasibility of active exporting	The firm exports on an experimental basis to some psychologically close country
Khan (1978)	New exporter's market ventures	Buyer initiated export market ventures	Carelessly planned export market ventures	Carefully planned export market ventures
Cavusgil (1980)	Domestic marketing: The firm sells only in the home market	Pre export stage: The firm searches for information and evaluates expectancy about exports the feasibility of undertaking exporting	Experimental involvement: The firm starts exporting on a limited basis to some psychologically close country	Active involvement: Exporting to more new countries - direct exporting - increase in sales volume
Reid (1981)	Export awareness: Problem of opportunity recognition arousal of need	Export intention: Motivation, attitude, beliefs, and expectancy about exports	Export trial: Personal experience from limited exporting	Export evaluation: Results from engaging in exporting
Czinkota (1982)	The completely uninterested firm	The partially interested firm	The exploring firm	The experimental firm

Stage 5 The firm is an experienced exporter	Stage 5 Experienced exporter's market ventures	Stage 5 Committed involvement: Management constantly makes choices in allocating limited resources between domestic and foreign markets	Stage 5 Export acceptance: Adoption of exporting/rejection of exporting	Stage 5 The experienced small exporter
Stage 6 Management explores the feasibility of exporting to other more psychologically distant countries	Stage 6 Exports through own sales subsidiary			Stage 6 The experienced large exporter
	Stage 7 Export ventures in Communist countries			

Taken from Crick (1995); Adaptation of Andersen (1993)

It is suggested that the lack of knowledge impedes the development of overseas operations and that the necessary information to help firms will primarily be obtained through international experience in operations. The authors proceed to discuss the difference between increasing involvement of the firm in the individual foreign country and successive establishment of operations in new countries. The pattern and pace of the former is what they term as the internationalisation process, although other models which are discussed in this section include the latter too, adding to the problem of a standardised definition. They believe, based on empirical evidence, that this results from a series of incremental decisions, including commencing exporting, establishing distribution channels, then moving up to a higher commitment. It is the consequence of a process of incremental adjustments to changing conditions of the firm and its environment that reveal new problems and opportunities rather than as a strategy for optimal resource allocation to different markets.

Unfortunately (and what is important for the JEPD to consider with its own approach), although the research proposals could be argued to be sound in overall terms, their broadly based nature could be criticised insofar as the stages might be separated further. As a researcher's conceptualisation moves away from a continuum and towards a number of discrete steps, within group homogeneity is more easily achieved. The more stages a researcher specifies in a process, the less difference there will be between the stages; hence, the more difficult it may be to observe between-group heterogeneity. A small number of stages (e.g. the 3 stages used by the JEPD) eases the observation of between-group heterogeneity as each stage in a small number of stages provides more of a change in the pertinent variables than each stage in a larger number of stages. This thought is of crucial

importance to researchers, since although it is probable that there will be some degree of subjectivity applied to formulating stages of internationalisation depending on the methodology used, it is important that firms in each stage must be seen to be different, but categorisation must be based on pragmatic considerations.

Turning now to the innovation-related models, Bilkey and Tesar (1977) offer a six stage process based on research undertaken involving U.S. (Wisconsin) exporters. It should be noted that in stages 4 and 6 the term 'psychologically' is used, whereas arguably it could read as 'psychically' after the term 'psychic distance'. In this study the term psychologically will be used in line with the Bilkey and Tesar model. The authors argue that the determinants of firms' behaviour are ascertainable empirically, and that they differ from one export stage to another. This is important because if the model is transferable across countries and firms in the U.K. do in fact vary in their behaviour between stages, export assistance may be targeted more effectively and efficiently using similar criteria to differentiate between firms. However, the fact that they found difficulty in identifying firms in all six stages casts doubts on the validity of the model.

Khan (1978) proposed a seven staged grouping based on Swedish firms. As Czinkota (1982) points out, despite the use of some statistical analysis, the fact that Khan states that the categories were largely derived through the use of intuition, casts doubts on the academic validity of the model. Furthermore, there is no clear criteria concerning how firms are placed within the model and whether it is evolutionary (the final stage casts doubts on this). Another major problem is the fact that only current exporters are considered, whereas other models discuss firms that are not presently involved with exporting.

Cavusgil (1984b) has offered three models of the internationalisation process (adapted variations on a basic model), each of which involves a 5 stage process and the earliest classification is shown in Figure 2. The models show the progression from the pre-export stage through to a high commitment in exporting, with various levels of commitment in between. This progression is primarily determined by the information that managers receive. An important point is that Cavusgil implies that non-exporters are not capable of exporting. This is not necessarily the case as managers may believe their firms to be capable of exporting, but may not want to for a variety of reasons, such as perceived obstacles where few really exist, or that managers are quite content to supply the domestic market.

Reid (1981) also proposed a 5 stage model focusing on the decision-maker. Reid later provided some interesting considerations involving the internationalisation process. He notes that since exporting results from a choice among competing expansion 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. Indeed, it will also influence whether firms 'jump' certain stages. The choice of market entry strategy can therefore be seen to be determined on a transaction cost basis.

Czinkota (1982) and Crick (1995) refined the Bilkey and Tesar model to incorporate an additional two stages, since it was argued that firms could be found that did not correspond to the criteria detailed in this model. Therefore, between stages four and five they added the 'disappointed exporter' and the 'temporarily declining exporter' to fill this gap in the model.

The former stage deals with firms that have engaged in exporting in the past and are perhaps even exporting currently but are decreasing their export activities. The latter stage deals with firms that have exported in the past and currently have reduced the size of their export activities. These firms, however, unlike the disappointed firms, are planning to increase their activities again over time. The importance of these stages was later reduced, since both authors received a poor response rate from these groups of firms in his study and collapsed them to form the 6 stage model. Even so, the points provide useful criticisms of the Bilkey and Tesar model.

Campbell (1987) provided a more detailed model overcoming to some extent the limitations outlined previously within this chapter. Therefore, this model forms the conceptual basis for this investigation (see Chapter 3 for more details).

The review of the major models concerning the internationalisation process highlighted certain similarities. Indeed, Andersen (1993) highlights the fact that the main differences occur between the number of stages and their descriptions. Otherwise, the main differences occur at the export initiation stage with the respective influence of either internal or external change agents. He points out that the gradual pattern of the firm's internationalisation can mainly be attributed to two reasons: first, the lack of knowledge by the firm, especially experiential knowledge; and second, uncertainty associated with the decision to internationalise.

Criticisms have been made about the stages models of the internationalisation process which policy makers should recognise if such a model is used in differentiating between firms. Morgan and Katsikeas (1995) point out that previous models treat non-exporters as too

general in their categorisation, suggesting that the single broad stage could be further developed to represent firms with different degrees of commitment towards engaging in export activities. Turnbull (1987) argues that proper classification is necessary for both descriptive and analytical purposes. He points out that none of the classifications offer organisations with pure export properties or characteristics that are practically consistent, in fact they provide scope for potential confusion.

Cannon and Willis (1983) suggest that a further point to consider is the superficial treatment of time in categorising stages of internationalisation. While particular models such as Czinkota (1982) and Crick (1995) do recognise that firms move between stages over time, there is no agreed explanation about the factors influencing this to take place. Nevertheless, as previously mentioned within this section, both Czinkota and Crick's proposed eight stage models designed in an attempt to accommodate a movement of firms between stages, categories had to be collapsed to form six staged models because of low response rates.

Although it is recognised that a longitudinal element within studies is both costly and time consuming, only paying lip service to this factor leaves research methodology restricted in its approach. Indeed, Cannon and Willis (1983) found what they term 'transients', i.e. firms that move between stages over time. This is not to say that longitudinal studies, while desirable, are in fact necessary, only that changes in internationalisation over time should be considered and this could mean asking managers about previous performance together with perceived future activities. However, a movement through the internationalisation process in no way implies success for exporters since some firms (depending on the criteria used) may be

successful at earlier stages of particular models. Therefore, it is now important to develop the theme of success further.

2.4 Success Levels of Firms

2.4.1 Introduction

This section summarises the main points with respect to the performance measurement of firms. Since studies classify success in different ways, it is important to review the literature in the area of success and competitive performance in an attempt to find an appropriate measurement.

2.4.2 Measuring Success

With regard to the terms “success” and “performance” in exporting (the two terms being synonymous in this thesis) it is evident that the literature is conflicting in the way measurement has taken place. From one point of view it could be argued that so long as a sound methodology has been put forward to justify measurement, this is acceptable to form the basis of a one-off study. However, alternatively, it could be argued that if a standard measurement is not available, the comparison of studies is not methodologically sound.

Perhaps an appropriate starting point to address this question would be to ask: what is meant by success? Baker et al (1986) suggest that at the simplest level it may be viewed as the consistent achievement of company objectives, which can vary from a definition of the role the company seeks to play in its selected industry to targets related to innovation and technology. Bell (1979) and Kotler (1984) indicate a common view that the most usual type

of company objective is finance related, for example, sales volume, return on investment and market share.

Some researchers have considered other measures to financial ones, for example, employment prospects, employee conditions, innovativeness, environmental responsibility, ethical standing, industrial relations and legal standing (Saul, 1983; Carrol, 1979; Goldsmith and Clutterbuck, 1984). Ferguson and Dickenson (1982) state that performance should be measured from the point of view of how the organisation manages its critical success factors. To take Baker et al's suggestion further, McKinsey (1983) looked at the characteristics of medium-sized growth companies in the U.S. and found that successful companies reflect a strong sense of mission, that is, members of the organisation have an unusually clear vision of the distinctive role of the company.

To link the McKinsey study within the context of general performance issues, Hooley and Lynch (1985) noticed that high-flyers displayed a heightened strategic sensitivity and responsiveness than the also-rans. High-flyers are more likely to be active in growth markets as a result of superior planning systems. Chaganti and Chaganti (1983) suggest that the most profitable firms achieve this status by identifying a niche in the marketplace. Saunders and Wong (1985) in their study of British companies, found that the successful ones were much more oriented towards long range planning than were the less successful companies.

Walsh and Roy (1983) looked into the practices and policies of winners of the Design Council awards and found that all companies paid attention to market research and many ideas for new market opportunities came from market or consumer research. Webster (1981) points out that where segmentation has been implemented, it appears to be associated with company

success. McConnell (1979) emphasises customer interaction and inter-departmental co-operation in product development, which helped distinguish Japanese firms from British ones. In short, studies have shown the successful firms (broadly defined) exhibit a number of characteristics, although care must be taken in making comparisons due to the different criteria used in determining the samples under investigation.

Even so, it is perhaps more important to realise that although firms may be successful at a point in time, this by no means implies that performance can be sustained. Indeed, Peters and Waterman (1982) study of the characteristics of successful firms was criticised by Saunders and Wong (1985) who pointed out that a number of firms in the Peters and Waterman study were no longer successful several years later when applying the same criteria for success.

With these points in mind, the next section will critically look at ways in which success has been analysed in a more recent U.K. study in an attempt to arrive at conclusions in the way in which future research should address the topic.

2.4.3 At What Level of Activity Should we Consider Success?

Buckley et al (1988) point out that the first stage when thinking about the measurement of success should concentrate on the level of analysis. They suggest that this could be at the national, industry, firm or product level. In this thesis the major consideration is success at the level of the firm in order that we can differentiate between them to see if statistical differences exist. Nevertheless, this in itself provides problems in that should each firm be classified based on some performance standard or standards, alternatively, should firms be compared to industry norms (which in themselves may have sub-sectors with different performance levels) from historical figures which may be dated? This argument could be

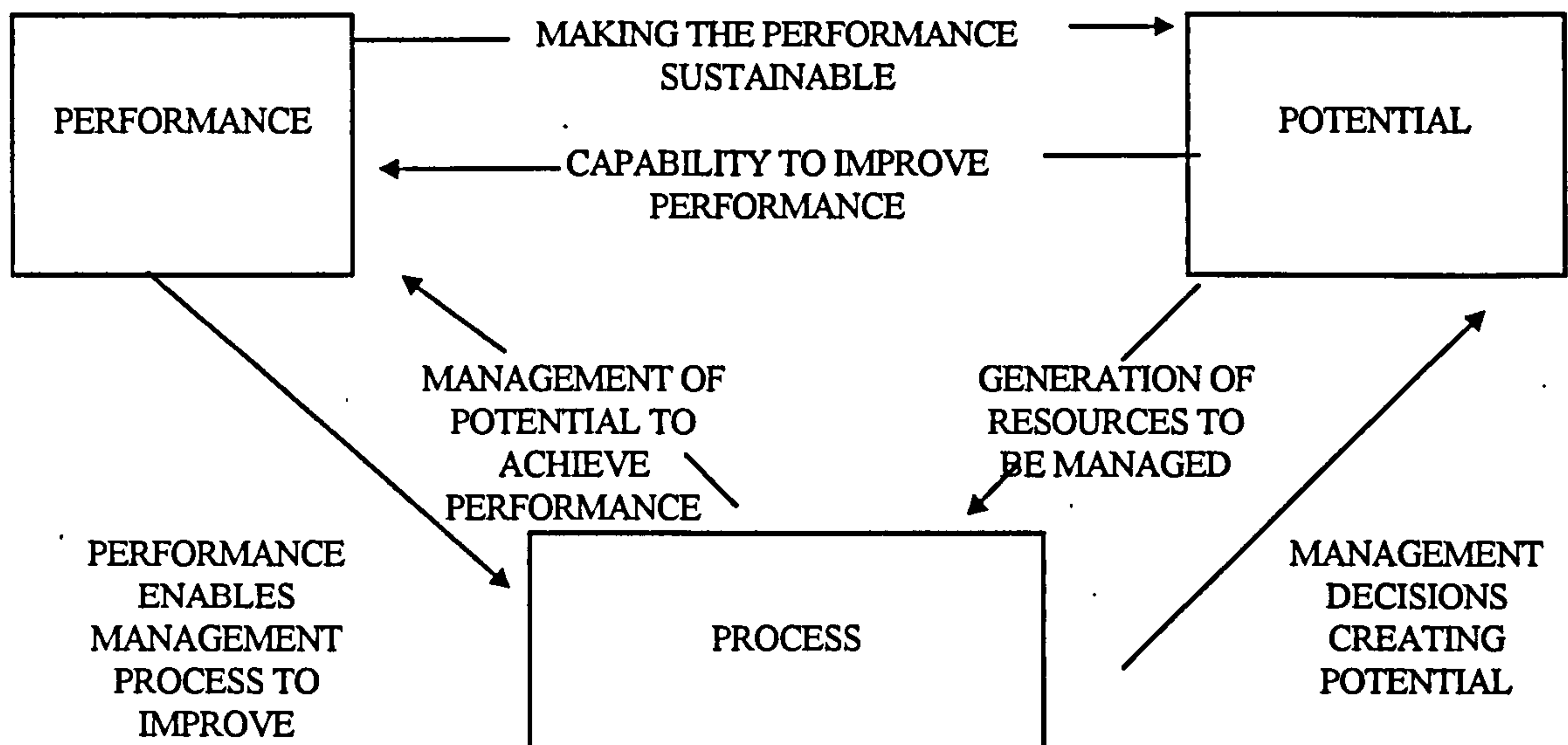
taken further to suggest that some firms may be successful or unsuccessful in overall terms, yet parts of their portfolio are more or less successful than others. This discussion helps us to recognise the inter-relationship of the variables and problems that exist in related studies.

2.4.4 Categorisation of Measures of Success

Buckley et al. proceed to state that depending on the level of analysis, success can be categorised in a number of ways. In order to offer a focus, they provide a useful framework by which success measurement can be categorised and they see this as a three way inter-related categorisation as shown in Figure 3.

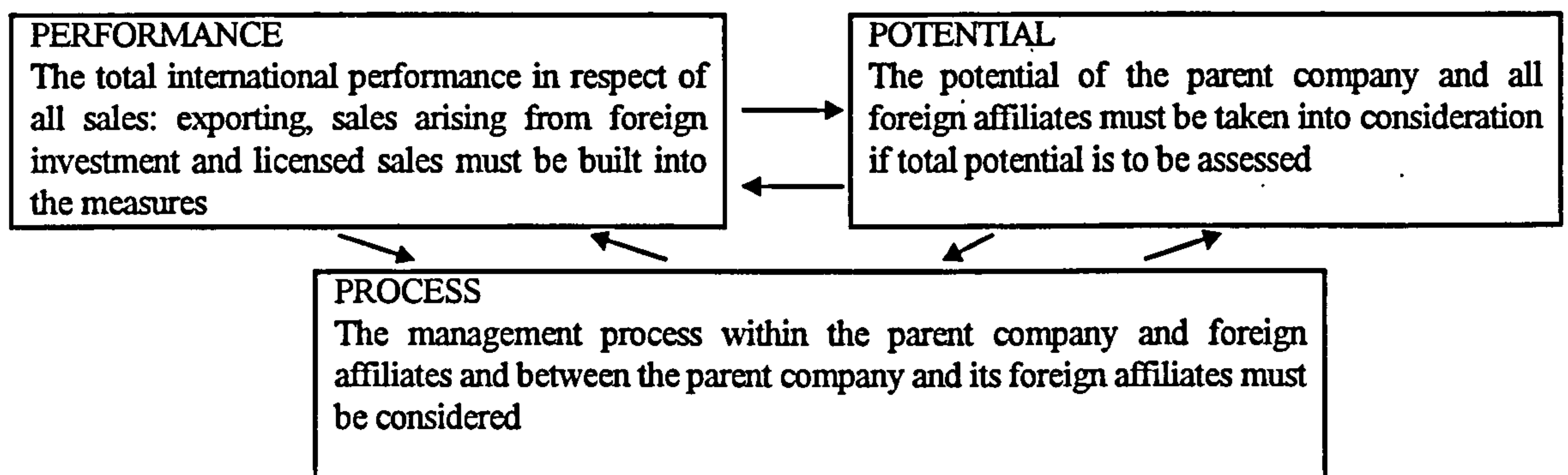
Figure 3 Buckley et al's Model to Show the Inter-Relationship Between the

Measures of Success



Leading on from this, Buckley et al provide more detail on the three sets of international issues in measures of competitiveness and this is illustrated in Figure 4.

Figure 4 Buckley et al's International Issues in Measures of Competitiveness



Therefore, to summarise, it can be suggested that 'performance' is the measurement by which success is categorised and it has been established that this can be carried out in a number of ways. 'Potential' takes the time dimension into account by suggesting that the situation may be encountered whereby a firm is successful in one time frame, but using the same criteria may not be successful in a future period. Finally, the 'process' is the method by which success is achieved. As indicated earlier, competitiveness can be measured at four levels so it is now useful to look at these in greater detail as shown in Tables 2.5, 2.6 and 2.7 which are drawn from the Buckley et al. study.

Table 2.5 Performance Measures by Level of Analysis

Country
Export market share
% manufacturing in total output
Balance of trade
Export growth
Profitability
Industry
Export market share
Balance of trade
Export growth
Profitability

Firm

Export market share
Export dependency
Export growth
Profitability

Product

Export market share
Export growth
Profitability

Table 2.6 Measures of Potential by Level of Analysis

Country

Comparative advantage
Cost competitiveness
Productivity
Price competitiveness
Technology indicators
Access to resources (may vary by industry)

Industry

Cost competitiveness
Productivity
Price competitiveness
Technology indicators

Firm

Cost competitiveness
Productivity
Price competitiveness
Technology indicators

Product

Cost competitiveness
Productivity
Price competitiveness
Quality competitiveness
Technology indicators

Table 2.7 Management Process Measures by Level of Analysis

Country

Commitment to international business

Government policies

Education/Training

Industry

Commitment to international business (trade associations, etc)

Firm

Ownership Advantage

Commitment to international business

Marketing aptitude

Management relations

Closeness to customer

Economies of scale and scope

Product

Product champion

A useful summary of the major points is provided by the same authors in a paper written two years later (Buckley et al. 1990). They summarise the key indicators for performance, potential and process as follows:

- i) Competitive performance is best measured by profitability and market share.
- ii) Competitive potential is best measured by investment in R & D and commercialisation of these activities.
- iii) Management process is best proxied by management focus, internal and external relationships, and internal functional integration and communication.

It is evident that these points correspond, to some extent, with those used by other researchers.

Nevertheless, Buckley et al's study is useful in that it both standardises the component parts

of the consideration of what constitutes success and offers the best variables in measuring it. At this point, it is important to consider the “major” measures of competitive performance in greater detail as derived from other studies (see Crick et al, 1994 for more details).

Export Sales Ratio

The export ratio is basically a ratio of export sales to total company sales. Arguably this ratio has been pointed out most frequently as a way of measuring export success in previous studies either as a criterion in its own right or as a part of other criteria (see, for example, Cunningham and Spigel, 1971; NEDO Mechanical Engineering EDC, 1969; Criteria for Queen's Award for Export Winners; Tookey, 1964).

The fundamental assumption underlying this measure is that firms with a higher export ratio have performed better than those with a lower export ratio. However, academic criticisms suggest that this is not the case in all circumstances and the assumption is based on a simplistic basis.

Hunt et al (1967) state that the export ratio does not give any indication of whether a firm is exploiting all the profitable export opportunities open to it. Furthermore, empirical evidence is provided by Tookey (1964) to suggest that there is no clear association between the export ratio and profitability, therefore indicating the need for it to form part of other measurement criteria.

Criticism has also been directed at this measurement when used as a part of other criteria. For example, a survey of firms in the mechanical engineering industry NEDO (1969) used three criteria, namely export ratio and its growth over a five year period, export sales value, and a subjective element based on respondents' opinions on reasons for recent changes in their

respective company's export performance. Within the Queen's Award for Export, the criteria include: absolute value and growth of company export sales; export ratio relative to the industry average and its short and long term growth; and a breakthrough in a particularly difficult market. However, Cunningham and Spigel (1971) criticised the Queen's Award criteria insofar as no indication was given to the relative weighting of the awards, or, whether compensation across the criteria was permitted, despite its apparent indication. Also, they highlighted the difficulties of inter-firm comparison and subjective interpretation of criteria statements. Associated with this is the problem of measurement relative to a company's total objectives, since it is difficult to determine the optimum balance of exports to total sales. The exact criteria does to some extent overcome some of the criticisms, since it emphasises that the award is based on a substantial and sustained increase in export earnings to a level which is outstanding for the products or services concerned and for the size of the applicant unit's operations. However, leading on from this discussion, two considerations are worthy of note. Firstly, the term substantial and sustained seems to be rather subjective; does this mean relative to other applicants or other firms in the same industry? Secondly, for firms which have a multi-product range, it may be difficult to assess each product's contribution, especially in smaller firms with their limited or nonexistent management information systems.

Export Sales Growth

Export sales growth has frequently been used as a measure either in its own right or as a part of other criteria, for example, Queen's Award for Export. A higher export sales growth is taken to be a better indication of success than a lower export sales growth.

However, export sales growth as a measurement of success has been subject to criticism. As a sole criterion, it does not account for export earnings as a realisable profit, only the value of export sales. To put this into context, ignoring anti-dumping legislation, a company may “buy” its way into a market by selling large quantities of goods and receiving a large market share, yet may only be breaking even or realising a loss. In the long term this may be acceptable if losses are recovered over a number of years, indeed, this may be part of the management’s long-term objectives.

Export Profitability

Export profitability is a very subjective term in that it can be measured in a number of ways, for example, profits before or after tax as a percentage of net assets, and could include a comparison of export and domestic profitability. Also, the complicated issue of different accounting standards across countries may lead to direct comparative studies of profitability being not strictly correct.

The literature highlights two further issues. Firstly, the assertion that many smaller firms do not employ sophisticated accounting systems and therefore may not have accurate measurements of profitability over different products in their portfolio, only knowledge of overall figures with a degree of accuracy. Furthermore, detailed breakdowns of differences between domestic and export profitability is unlikely (see, for example, ITI Research 1975). Secondly, presuming that managers are aware of their detailed profitability figures, this information is likely to be deemed as confidential. For example, Tookey (1964) in a study of the hosiery industry found that firms were reluctant to reveal details of costs or profits. Taking these points together highlights the difficult task of making industry comparisons.

2.4.5 A Discussion on the Relationship Between Marketing and Success.

This section has investigated the academic considerations pertaining to the measurement of success which have implications for research methodology. Firstly, the literature has suggested that whichever criteria are used, they will be open to criticism due to the lack of an accepted set of criteria in previous research. Secondly, it is suggested that a single measurement of export performance is inappropriate because of the inter-relationship between the criteria. Buckley et al. (1988; 1990) state that any methodology should appreciate the inter-relationship between measures of performance, future potential; and, the process by which success is achieved. Consequently, any measurement of performance will of necessity need to include these criteria in some form, this form probably being a weighted function. However, it is impossible to be specific about what the weighted function should be since measures of performance, potential and process will vary between both industries and countries. For example, the investment in and commercialisation of R & D will be of greater importance in technology based industries compared to those with fewer significant changes in technology. It is important to recognise that further investigation of this issue is beyond the scope of this study.

Nevertheless, government policy makers may be able to differentiate between firms (using some criteria) and see whether there are significant differences between successful and less successful firms and therefore be able to offer the support necessary to improve the probability of firms becoming successful exporters.

2.5 Export Marketing Information Use

2.5.1 Introduction

In order to gain a relative competitive advantage, decision makers need to be aware of the information available to them, seek out potential sources, and finally, make good and effective use of the information (Zaltman and Moorman, 1988; Moorman et al, 1992; Menon and Varadarajan, 1992).

In exporting, the importance of effective information use is highlighted by Seringhaus (1988) who states that competitive competence rests in a major way on a firm's level of export-related skill, the learning that takes place and the knowledge that flows from it. When entering the international arena, first time exporters often cite uncertainty stemming from lack of knowledge as a main obstacle (Johanson and Vahlne, 1977; Walters, 1983; Reid, 1984).

The complex and diverse nature of the international environment necessitates the obtaining of information prior to making export-related decisions, concerning factors such as: market entry, product positioning, and the export marketing mix (Douglas and Craig, 1983).

Therefore, the organisation will need to acquire and use information about the unfamiliar environment (Permut, 1977; Diamantopoulos et al, 1991; McAuley, 1993) to reduce uncertainty and gain a competitive edge.

Although sources of export information have been examined together with their actual and perceived usefulness (e.g. Walters, 1983; Wheeler and Fletcher, 1989 and McAuley, 1993), little research has been undertaken to date on the subject of export marketing information use per se.

2.5.2 Definitions of Information Use

A definition which encompasses both research based information (research findings) and ordinary information (knowledge) is provided by Larsen (1983) as being “specific ideas or suggestions provided by the consultant to address some aspects of the organisation’s programme”.

In a marketing context, knowledge has been broken down into objective and experiential knowledge (Penrose, 1966; Johanson and Vahlne, 1977; Sood and Adams, 1984; Seringhaus, 1985). Objective market knowledge is seen by Penrose (1966) as conceptually independent of any particular individual or group of individuals; such knowledge is gained through communication, research and instruction (Sood and Adams, 1984). On the other hand, experiential knowledge is specific to the person or group of people who have acquired it, as experience itself can never be transmitted (Penrose, 1966).

With regard to information use, the majority of researchers view it as a purely descriptive concept, in that it does not provide a judgement upon the results (Kilmann et al., 1983; Weiss and Bucavalas, 1977) describing it as “taking research into account”. Moorman et al. (1992) define it as “the extent to which the research influences the user’s decision making”.

Two commonly used terms within this field of study are credibility and usefulness and while both affect usability and use of information, they remain independent of each other. Menon and Varadarajan (1992) point out that a study which is high in credibility may be judged not very useful for various reasons, either for the specific decision at hand or for the particular decision maker at that period in time. Usability is assessed prior to actual use, as it reflects the likelihood that the information will be used. Only when the information has actually been

used can effectiveness be assessed in retrospect, effectiveness being the information use outcome.

2.5.3 Dimensions of Information Use to the Decision-Maker

With respect to decision-making, Knorr (1977) identified four different, mutually exclusive roles that research results play, namely:

- a) Decision-preparatory role, (knowledge is used as an information base for decisions to be made).
- b) Decision-constitutive role (whereby knowledge is directly translated into practical measures).
- c) Substitute role (i.e. research is used as an excuse/delaying tactic).
- d) Legitimizing role (knowledge is distorted to support a decision already made).

Weiss and Bucavalas (1977) took a different perspective by studying the dimensions of information usefulness, an evaluative judgement upon information use; they identified three such dimensions, namely :

- a) Technical competence
- b) Implementability of conclusions
- c) Political acceptability

Havelock (1986) identified four different types of knowledge utilisation, notably :

- a) Communicative utilisation (the transfer of knowledge from one person or a group of people to another).
- b) Confirmatory/disconfirmatory utilisation (the use of new knowledge to reinforce or weaken previously held beliefs and adopted behaviour).
- c) Conceptual utilisation (indirect application of knowledge, in that information is used to broaden managerial knowledge base without serving one particular project).

d) Behavioural utilisation (the transformation of received knowledge messages into specific behaviour).

2.5.4 Influences on Marketing Information Use

A number of factors influence information use, these include environmental, company specific and project specific variables (Table 2.8 refers). These variables have been investigated by many researchers (e.g. Deshpande and Zaltman, 1982; 1984 and Menon and Varadarajan, 1992) whose findings often overlap and complement each other. However, most academics have chosen to concentrate on knowledge stemming from marketing research (e.g. Deshpande and Jeffries, 1981; Deshpande and Zaltman, 1982; 1984; Lee et al, 1987; Moorman et al, 1992; 1993) rather than on marketing information in general. Deshpande and Zaltman (1987) recognised the need to explore marketing information as a whole, as their pre-test had shown that formal market research was a relatively small and sometimes non-existent part of the information collection and utilisation activity in industrial product marketing decisions.

Environmental factors such as geography, culture, education - philosophy, sociology, economics and politics affect the extent of use, as well as the gathering process of marketing information (Loudon, 1975). These factors can hinder or facilitate the use of information, for example: low levels of literacy function as barriers to marketing research because of the difficulties of communication, whereas a high level of economic development will result in an increased use of marketing research (Loudon, 1975).

Menon and Varadarajan (1992) argue that volatility or stability of a company's environment will impact upon the firm's organisational structure and upon the perceived certainty or

uncertainty of the decision-makers. Consequently, it will indirectly affect the need for information, as well as the managerial propensity to seek and use information. The following suggestions have been made by Menon and Varadarajan (1992) regarding the impact of environmental factors upon the use of marketing information. Firstly, the more unstable the environment, the greater the need for information; secondly, where an environment is unstable, marketing information will be used mainly in a knowledge-enhancing and affective manner (to increase the general confidence in decision making).

Table 2.8: Influences on Marketing Information Use

Influences	Studies
Environmental Factors	
Geography, culture, education-philosophy, sociology, economy, politics	Loudon (1975)
Environmental stability/turbulence	Menon and Varadarajan (1992)
Company-specific influences	
Organisational structure (centralisation and formalisation)	Deshpande and Zaltman (1982, 1987) John and Martin (1984) Menon and Varadarajan (1992)
Sector of activity (consumer goods, versus industrial companies)	Deshpande and Zaltman (1987)
Project-specific influences	
Quality of the research undertaken	Deshpande and Jeffries (1981) Deshpande and Zaltman (1982, 1984)
Conformity of the research report to managers' expectations (level of surprise)	Deshpande and Jeffries (1981) Deshpande and Zaltman (1982, 1984, 1987) Lee et al. (1987)
Exploratory versus confirmatory objective	Deshpande and Zaltman (1982, 1987)
Challenge to status quo	Deshpande and Jeffries (1981)
Manager-researcher interaction	Deshpande and Zaltman (1982, 1984) Zaltman and Moorman (1988) Moorman et al (1992, 1993)
Political acceptability of findings	Deshpande and Zaltman (1982, 1984)
Actionability	Deshpande and Zaltman (1982, 1984)
Perceived credibility/usefulness of information	John and Martin (1984) Menon and Varadarajan (1992)

Source : Diamantopoulos (1995)

Company-specific influences upon the use of marketing information include the level of formalisation and the degree of centralisation which characterise the firm (Deshpande and Zaltman, 1982; 1987; John and Martin, 1984; Menon and Varadarajan, 1992). The way in which these two dimensions of organisational structure affect the use of marketing information is still unclear since findings are contradictory (see, for example : Deshpande and Zaltman, 1987; Corwin and Louis, 1982 and Menon and Varadarajan, 1992). Another organisational influence upon the use of marketing information is the sector in which the company evolves (i.e. industrial or consumer goods). Following a comparison of the factors affecting the use of marketing information in industrial and consumer firms, Deshpande and Zaltman (1987) concluded that entirely new variables that are specific to industrial marketing contexts are needed for the development and testing of a more comprehensive model of industrial marketing information utilisation.

Project-specific influences affecting the use of marketing information include:

- a) Quality of the research undertaken.
- b) Conformity of the research report to managers' expectations.
- c) Type of objective of the research undertaken, i.e. whether exploratory or confirmatory.
- d) Challenge to the status quo.
- e) Interaction between manager and researcher.
- f) Political acceptability of the findings.
- g) Actionability of the findings.
- h) Perceived credibility and usefulness of the information.

A number of empirical studies (Deshpande and Jeffries, 1981; Deshpande and Zaltman, 1982; 1984; 1987; Lee et al, 1987) have found that the more surprising new marketing information is to decision-makers the less likely the latter are to use it. This is related to the fact that managers' beliefs and opinions, once formed, are slow to change and decision-makers tend to reject findings which do not confirm their expectations.

Deshpande and Zaltman (1982) emphasise that the greater the extent of interaction between marketing managers (users of information) and researchers (marketing information providers), the greater is the use of marketing information; one key dimension of research/user interaction is the element of trust between the two parties (Moorman et al, 1992;1993).

With respect to the political acceptability of research results, this factor is an ambiguous one. It's importance varies, for example Deshpande and Jeffries (1981) found that managers reviewed its impact on marketing information use as relatively less important. In contrast, Deshpande and Zaltman (1984) showed that researchers, who view their interaction with decision-makers as the most important factor, believe the political acceptability of their findings to be very important. Similarly, decision-makers did not rank the "actionability of results" very highly, but researchers ranked it as very high.

Finally, Menon and Varadarajan (1992) suggested that the greater the perceived credibility and usefulness of information, the greater its use.

2.5.5 Information Use in an Export Setting

The use of information within an export setting has been investigated in the past in terms of:

- a) Export information needs.
- b) Sources of export information.
- c) Process of gathering export information.
- d) Differences between user and non-user firms of export marketing research.
- e) Comparative studies of export marketing research users across countries.
- f) The extent of export marketing information use.

2.5.6 Export Information Needs, Information Sources and Gathering Process

Export information needs arise even at the pre-export stage (Seringhaus, 1987). In this context, information plays two roles which are to provide an assessment of the suitability of a market for entry, and to assess the various means of entry (Hart et al, 1992), while export information requirements are threefold in that they encompass product, process and market knowledge (Wheeler and Fletcher, 1989). The first two reflect internal information needs (strengths and weaknesses) and the latter deals with uncontrollable environmental variables, the importance of which is stressed by Cavusgil (1985).

Cavusgil proceeded to observe the following market information requirements: identification of overseas opportunities, assessment of sales potential abroad and identification, selection, motivation, and evaluation of foreign distributors and agents. Hart et al (1992) presented a list of the types of information useful to exporters, ranked according to their degree of importance (for example, competitive products, international competition and buyers' preferences). Wood and Goolsby (1987) confirmed in their survey the importance of knowledge on foreign demand and competition, and have stressed that beyond those needs, requirements vary across industries. Indeed, export marketing information needs are far from

standardised across industries (Cavusgil, 1984a) and countries (Albaum et al, 1989). They may also vary according to company-specific factors, such as the stage of internationalisation at which the company finds itself (Cavusgil, 1984a; Seringhaus, 1986; Hart et al, 1992; and McAuley, 1993) and the size of the firm (Hart et al, 1992).

A number of researchers have considered the information sources used by exporting firms, or those considering exporting (for example: Walters, 1983; Hart et al., 1992). A list of these sources ranked according to use of frequency was provided by McAuley (1993). His findings confirmed those of Walters (1983) and Amine and Cavusgil (1986), that overseas agents were the favourite export information source, followed by personal contacts overseas and trade fairs. Trips abroad are also a popular way of meeting foreign customers and competitors (Cunningham and Spigel, 1971; Cavusgil, 1985; Hart et al., 1992). The least used information sources appear to be institutional sources (export assistance), as these are often considered as not specific enough to provide accurate data (Reid, 1984). Finally, knowledge which has been described as “conceptual information” in the domestic information use literature, must not be ignored in an export setting (Reid, 1984). Albaum et al (1989) and Cavusgil (1985) also advise of the dangers of “information overload” when there are a large number of sources available.

Sources of export information can be classified into three categories which represent the procedure by which they are ‘gathered’: export marketing research, export assistance and export market intelligence. However, there is no clear cut distinction between the three in the literature.

Export market research has been defined by Cavusgil (1984a) as “the research activities of firms carried out either in the home market or in foreign markets for the purpose of reducing uncertainty surrounding international marketing decisions”. He suggests that in comparison to domestic market research the process is less rigorous, less formal, more subjective, less precise and less quantitative. Three reasons are offered for this: firstly, a company has to go through an incremental internationalisation process, during which managers learn and acquire experience about exporting (or other appropriate foreign market entry methods); secondly, little resources are administered during the initial stages of internationalisation, as companies are unlikely to take high risks while at the start of their internationalisation process; and finally costs involved are higher and data is often unavailable.

The second type of information collection method, export marketing assistance, is a form of direct governmental export promotion, which encompasses the following activities: “firstly, standardised and customised market information and guidance on exporting and export marketing, and secondly, more comprehensive programmes ranging from helping firms research specific foreign markets, market visits - individual or with trade missions, trade fairs, to actual market entry” (Serinhaus, 1985). Its objective is to provide knowledge to small and medium-sized companies who are at different levels of internationalisation (Pointon, 1978; Serinhaus, 1985; Diamantopoulos et al., 1993).

The stage of internationalisation at which companies are situated is a crucial issue in this context because companies at different stages of internationalisation have different needs (Diamantopoulos et al., 1993). Welch and Wiedersheim-Paul (1979) believe that government assistance should be tailored to suit every stage of the process, as actual and perceived

usefulness of export assistance is related to the stage of export involvement; thus “when exporting experience or knowledge is absent or low, awareness of external informational assistance is growing and perceived as beneficial to exporting activity. As experience and internal capability develops, assistance is seen as playing a diminishing role” (Seringhaus, 1987).

Finally, with respect to export marketing intelligence, there seems to be a lack of a clear-cut definition. However, it can be viewed as an informal approach of potential customers, distributors and competitors, through attendance at international trade fairs and shows, or more directly through foreign visits. Companies generally rate this information collection method very highly in terms of effectiveness (Cavusgil, 1985).

2.5.7 Influences Upon the Gathering of Export Information

The influences on export information gathering (see Table 2.9) can be classified by environmental and organisation-specific factors (Diamantopoulos et al., 1991). Environmental factors encompass remote factors, including political, economic variables and operational factors, for example, focus of competition. Usunier (1993) and Loudon (1975) emphasise the importance of cultural factors, for example: literacy. As far as the operational environment is concerned, “the perceived effectiveness of export marketing research seems to be negatively related to the intensity of competition in export markets..... this may reflect..... the increased difficulty of collecting export market data in a turbulent competitive environment” (Diamantopoulos et al., 1991).

Two major company-specific influences on export information gathering have been stressed by numerous studies: company size and level of internationalisation. Company size has an affect on the type of information collected, the types of collection methods employed, as well as the use to which the information is put (Hart et al, 1992). Therefore “the perceived importance and the complexity of international marketing research increase with company size. Larger companies are also likely to engage in foreign marketing research more frequently and to use more rigorous techniques” (Cavusgil, 1984a). Moreover, company size is a variable which differentiates between users and non-users of export marketing research: users tend to be larger companies, as they are more likely to be able to devote resources (both in terms of personnel and in terms of finance) to export information gathering activities, than small firms (Diamantopoulos et al, 1990, Schlegelmilch et al, 1993).

With respect to the role of international experience, “firms tend to utilise different providers based on the length of exporting experience which they have” (McAuley, 1993). Indeed, experienced exporters prefer to rely on sources of information overseas, and disdain institutional sources which are often aimed at first-time exporters (Young et al, 1989). Furthermore, experienced exporters use more sources of information than new exporters (Cavusgil, 1984b).

Usunier (1993) and Diamantopoulos and Winklhofer (1994) have suggested that there may be differences in the collection and utilisation of export information sources according to country-specific factors. Usunier’s study revealed that decision-making styles are a function of a particular country’s culture. In Diamantopoulos and Winklhofer’s study of British and Finnish firms, differences appeared which were linked to general export strategies and focus

of competition (for example, market spreading versus concentration and price versus non-price dimensions). In relation to types of information preferred, Wood and Goolsby (1987) found major differences across industries.

The relationship between the nature of international marketing research and the level of a company's dependence on export markets, measured in terms of profits derived from foreign markets to total profits was shown by Cavusgil (1984a) who stated "dependence on foreign markets as a source of profits has a strong influence on the nature of international marketing research. Companies which derive a greater percentage of their profits from international sales place greater emphasis on international marketing research.... In addition, the degree of formalization of foreign marketing research in such companies is greater". Schegelmilch et al. (1993) concurred with this view and reported that users and non-users of export marketing research differed where this variable was concerned, as "users.... derive a substantially higher proportion of their total sales from export activity than non-users".

With respect to the degree of export complexity, Diamantopoulos et al. (1990; 1991) observed a positive link between the amount of human resources devoted to export marketing research and export complexity.

They presented two interpretations of the effect of export complexity upon marketing research. Firstly, when a company is engaged in a large number of markets, experiential knowledge of managers does not suffice. Secondly, the causal affect would not be from export complexity onto export marketing research, but the other way around, whereby companies who conduct marketing research gain the ability to operate in a larger number of markets.

Table: 2.9 Influences on Export Information Gathering

Influences on Export Information Gathering	Examples of Studies
Environmental Factors	
Remote environment	Loudon (1975), Usunier (1993)
Extent of competition within the sector	Diamantopoulos et al. (1990, 1991)
Firm Characteristics	
Size (in terms of number of people employed and turnover)	Cavusgil (1984a), Diamantopoulos et al (1990), Schlegelmilch et al. (1991, 1993). Hart et al (1992)
Level of internationalisation (export experience)	Cavusgil (1984a and b), Yaprak (1985), Young et al. (1989), Schlegelmilch et al. (1991, 1993), Diamantopoulos et al. (1991), Hart et al. (1992). McAuley (1993).
Country of origin	Usunier (1993), Diamantopoulos and Winklhofer (1994).
Focus of competition	Diamantopoulos and Winklhofer (1994).
Sector served (industrial vs. consumer vs. services)	Cavusgil (1984a) Wood and Goolsby (1987)
Degree of export complexity	Diamantopoulos et al. (1990, 1991), Schlegelmilch et al. (1993).
Dependence on export markets	Cavusgil (1984a), Diamantopoulos et al. (1990), Schlegelmilch et al. (1993)

Source: Diamantopoulos (1995)

2.5.8 The Impact of Export Marketing Information Use Upon Decision-Making

Having considered the influences upon export information use, the impact of these upon the decision-making activity of export managers needs to be examined. This examination has strong managerial implications, since decisions are linked to performance (Cooper and Kleinschmidt, 1985); consequent optimisation of decision-making through rationalisation of information utilisation would result in better export performance.

Young et al. (1989) suggest that the nature of a company's decision-making changes as the firm becomes more committed to its export markets and gains international experience. As the risks and the costs associated with an organisation's international operations increase, so does the level of information used, and the sophistication of the methods (Cavusgil, 1984a).

Four types of international marketing decisions require the use of export information, namely:

- a) Market coverage (market spreading versus market concentration).
- b) Market selection and targeting.
- c) Foreign market entry strategy.
- d) Export marketing mix.

Before contemplating on a target market(s), managers need to decide on their general export strategy (Douglas and Craig, 1983) in terms of market spreading versus market concentration (Albaum et al., 1989). In order for this decision-making process to occur, external as well as internal information is required so that the company can attempt to balance its opportunities/risks with its internal resources.

When selecting a foreign market or markets, an emphasis towards external information becomes evident, acquired through export market research, export intelligence or assistance.

A match of internal strengths (for example, product portfolio) and external opportunities (for example, favourable exchange rate) needs to be undertaken necessitating sound, reliable, precise and up to date knowledge.

If exporting is chosen as the foreign market entry strategy, then the choice between direct and indirect exporting needs to be made. Again, both internal and external knowledge is

necessary (Young et al., 1989). It is important to determine which types of export information collection methods are mostly used for this particular decision, and how and to what extent is the gathered information actually used. The choice between using an export agent or an export house is likely to be based upon market intelligence or export assistance. For the small company which has never operated abroad, assistance is most likely to provide guidance in making that important market entry decision. The more experienced firm may rely on its own gathering of information. However, these are merely assumptions which are in need of empirical investigation.

The final major export decision involves the marketing mix i.e. should the mix be standardised or adapted to the new market. In order to aid this decision, specific information about the target market customers is required to identify their needs and decide upon the correct mix. With this in mind, export marketing research seems most appropriate, as it puts the company directly into contact with potential customers, however, marketing intelligence, perhaps obtained from potential distributors, could also prove useful.

2.6 Problems in Exporting

Before the findings from previous empirical studies are discussed, it is important to summarise the elements common to these studies concerning problems in exporting. Within the literature, arguably, the broad topic of exporting problems has been approached from a number of directions. In a study investigating differences in managers' perceptions of exporting problems based on firm size and export market experience, Katsikeas and Morgan (1994) categorised the relevant literature into several areas. Drawing on an extensive review of the literature in which they particularly highlight studies by Kedia and Chhokar (1986),

Samiee and Walters (1991) and Yang et al. (1992), the following categories are proposed: external problems, operational problems, internal problems and informational problems.

Even so, if these categories were to be further refined, there appears to be two common themes. Firstly, there are problems that are managerial in nature and these tend to be perceptual rather than actual. They focus on the risks perceived by managers that usually emanate from a lack of experience in the early stages of export development through to those seen to be more serious once export operations have been experienced. Secondly, there are those problems that are either resource based or infrastructural in nature. Studies highlight factors associated with domestic and foreign government regulations, resources and knowledge (for a full discussion see Katsikeas, 1991; Katsikeas and Morgan, 1994). This becomes a multi-dimensional issue when one considers that both sets of studies suggest this is also a function of many factors, not least of which is firm size, highlighting factors associated with a lack of experienced employees.

It is now important to look in a little more depth at research into the problems that are perceived by managers, because these tend to limit the expectation of the desirability and profitability of exporting. Particular areas detailed in the literature appear to be: limited demand (Groke and Kreidle, 1967), bureaucratic procedures (O'Rourke, 1985), trade impediments (Kaynak and Kothari, 1984), and that the firm's costs will be too high abroad (Cannon, 1980).

Edmunds and Khoury (1986) discuss the lack of human and financial resources, and inadequate management skills for small and medium-sized firms. Moreover, Berryman (1982) suggests inadequate management skills specifically in the area of marketing is a major

contributory factor in the failure of small firms. The issue of management skills extend to a number of areas, not least of which is the problem of a lack of language skills (Liston and Reeves, 1985), although this extends to documentation and finance related factors too. Alexandrides (1971); Simpson (1973); and Rao and Weinrauch (1973) found that non-exporting firms perceived more barriers than exporting ones, although Doyle and Schommer (1976) found no such relationship, and Bilkey (1970) found in some cases an inverse relationship, i.e., non-exporters perceived fewer obstacles to exporting than did exporters.

Despite the previously mentioned perceived severity of exporting problems, there are a number of actual constraints cited in the literature. The main reasons appear to be: difficulty in raising finances (Bilkey and Tesar, 1977); insufficient capacity (Yaprak, 1985); information on markets, regulations, foreign market connections and the like (Tesar and Tarleton, 1982); difficulties in distribution (Cannon, 1980); and export marketing (Weinrauch and Rao, 1974).

Pinney (1970) suggests that the type of problems tend to vary between industry, and Tesar (1975) suggests they vary by firms' stages of export development. Nevertheless, as a consequence of these obstacles, many firms are unwilling or unable to demonstrate the necessary long-term commitment of resources that exporting demands. This is particularly true in the case of many small firms where short-term survival takes priority over strategic planning.

Simpson (1973) found that 69 percent of non-exporters admitted they could export, and concluded that the reason why they did not was managerial apathy. Furthermore, Doyle and Schommer (1976) found a tendency for managers in non-exporting firms to believe that

someone outside of the firm should be responsible for suggesting that exporting would be profitable for them. Such findings emphasise the need to review the way in which government assistance is offered to SMEs in order to address appropriate problem areas.

2.7 Motives for Exporting

A number of export motives have been identified in previous studies. In a recent investigation, Katsikeas and Piercy (1993) based on an extensive review of the literature categorised motives into several broad areas: decision-maker characteristics; firm-specific factors; environmental factors; and firm characteristics and ongoing export motives. Within the final category, the authors recognise that areas such as firm size, export involvement, and export experience all have an impact on the motives for exporting. Interestingly, the authors highlight the fact that within the literature on export marketing, there is a basic consensus on the principal kinds of export motives (for more detail, see for example, Dichtl et al., 1984; Sullivan and Bauerschmidt, 1988).

Nevertheless, the authors point out that a key distinction is whether the motives involved are influencing managers to initiate export activities or maintain existing overseas activities. Consequently, firms are likely to be motivated by different stimuli, depending on where they are placed within the stages of the internationalisation process. Also, using the term "change agents" to categorise various motives for exporting (Bilkey, 1978), these broad terms can be divided into those which are either internal or external to the firm in nature (Wiedersheim-Paul et al., 1978). Alternatively, they can be categorised as being either proactive or reactive in nature (Czinkota, 1982; Johnston and Czinkota, 1982; Pavord and Bogart, 1975). Using the

distinction between internal and external stimuli, the main factors can be summarised as follows.

Internal change agents

Perhaps the most important factor in SMEs is the entrepreneur (owner/manager) or senior management team, since these are the decision makers within the firm, and therefore determine the company's commitment to exporting. This is arguably more pertinent in Asian-owned firms where the eldest male is likely to be the key decision-maker for export activities (Crick and Chaudhry, 1995). This person has the final say on whether the company will export, based on a perception of the desirability to sell overseas for reasons such as growth, profit, and other objectives. Abdel-Malek (1978) suggests that since smaller firms may have limited resources, experienced personnel may not be prepared to work for them for reasons such as prestige, salary, and other such factors which makes recruitment of staff with experience in exporting difficult. This suggests that smaller firms are likely to lack managers with experience in export matters.

Tookey (1964) and Barnhart (1968) found that managers' subjective estimates were that exporting contributed little to short-term profits in smaller companies. Moreover, Hunt et al. (1967) found that short-term profit was not a motive for exporting, instead firms were motivated by long-term profitability secured through market diversification and long-term growth. Even so, Barnhart (1968) found that accounting methods in some SMEs were too inadequate to indicate how much, if any, profit resulted from exporting, casting doubt on managers' ability to objectively quantify such perceptions on profits.

Despite the perceptions of exporting by the key executive within the firm, the decision to maintain export activities may change with the departure of the key decision-maker in SMEs. Even if the business can be passed down to family members, the successor may not have the commitment, motivation or talent of his predecessor; the long-term future and survival is consequently not assured. This has particular implications for the second and in some cases third generation of managers who are running certain Asian firms (Crick and Chaudhry, 1996).

Allowing for the above points, Katsikeas and Piercy provide a useful summary of internal firm-specific factors which have been found in previous studies to motivate firms to export, these include: differential firm advantages (Wiedersheim-Paul et al., 1978; Cavusgil et al., 1979; Cavusgil and Nevin, 1981); available production capacity (Wiedersheim-Paul et al., 1978; Johnston and Czinkota, 1982; Diamantopoulos et al., 1990); accumulated unsold inventory (Johnston and Czinkota, 1982; Sullivan and Bauerschmidt, 1988); and, economies resulting from additional orders (Kaynak and Kothari, 1984; Sullivan and Bauerschmidt, 1988).

External change agents

As Simmonds and Smith (1968) point out, a major external change agent is whether the first order was unsolicited. Indeed, Bilkey and Tesar (1977) found that the critical factor affecting whether firms export experimentally or not, was receipt of an unsolicited order. However, Simpson and Kujawa (1974) play down the importance claiming that an unsolicited order was a significant but not sufficient condition for the initiation of exports, with other factors also being of importance. For example, Olson and Wiedersheim-Paul (1978) state that receipt of

fortuitous orders, the effect of government stimulation and the consequences of economic integration can all have a positive effect on export behaviour.

External contacts by the decision maker seem to have an important influence, indeed, foreign travel was found to be a significant variable in favour of exporting by Dichtl et al (1984) and Simmonds and Smith (1968). Simpson and Kujawa (1974) found no meaningful correlation between travelling and exporting. However, Cunningham and Spigel (1971) and Tookey (1964) found that in the case of current exporters, frequent travels to the export markets positively influenced success in exporting.

Wiedersheim-Paul et al. (1978) and Johanson and Vahlne (1977) suggest that firms focus on neighbouring markets, introducing the concept of psychic distance. Carlson (1975) concludes that this is particularly pertinent in smaller firms. Pinney (1970) states that other external factors include Chambers of Commerce, industrial associations, banks, government agencies, and other firms. The economic climate and trading conditions in the domestic market, internal market size and the location and proximity of the firm to export markets are identified by Johanson and Vahlne (1977) as contributory environmental factors.

A useful summary of external, environmental factors affecting firms' motives for exporting is provided by Katsikeas and Piercy (1993). These include: foreign country regulations (Bilkey and Tesar, 1977; Albaum, 1983; Kaynak and Kothari, 1984); the availability of foreign market information (Albaum, 1983; Kaynak and Kothari, 1984; Sullivan and Bauerschmidt, 1988); increased domestic competition (Ursic and Czinkota, 1984; Kaynak and Erol, 1989; Diamantopoulos et al., 1990); export promotion programmes (Bilkey, 1978; Kaynak and Erol, 1989); profit and growth opportunities abroad (Johnston and Czinkota, 1982; Kaynak

and Erol, 1989; Diamantopoulos et al., 1990); and unsolicited orders from abroad (Albaum, 1983; Sullivan and Bauerschmidt, 1988; Diamantopoulos et al., 1990).

2.8 Culture

Many definitions have been formulated for culture: because it is a vague, abstract notion, there are many proposals for the ultimate definition. For the purposes of this study, Child and Kieser (1977) define the concept in the following way: cultures may be defined as

“patterns of thought and manners which are widely shared. The boundaries of the social collectivity within which this sharing takes place are problematic, so that it may make as much sense to refer to a class or regional culture as to a national culture.”

Culture is composed of numerous elements, which tend to vary slightly, depending on the source of literature referred to. However, in general terms, culture is the result of a number of sources, namely: language, nationality, education, profession, group (ethnicity), religion, family, sex, social class and organisation culture (see most classic text books for more details).

A deeper investigation into culture is beyond the scope of this study, however, the inclusion of the basic foundation of culture was thought appropriate with respect to the main thrust of the thesis. It is now important to develop this further within the context of sub-cultures in the U.K.

2.8.1 Development of Ethnic Enterprise in the U.K: An Introduction

A number of different approaches have been put forward in the literature on the development and management of ethnic businesses (refer to Krmar, 1987; Pardesi, 1992 for a full

discussion). Despite a recent increase in this area of investigation (see for example, literature reviews in Ram and Hillin, 1994; Ram and Deakins, 1996), the behaviour of ethnic minority businesses is a relatively neglected area of study. Therefore, it would appear appropriate to review the limited information available on ethnic minority firms and their development in the U.K. Specifically, this thesis is concerned with Asian-owned firms for a number of reasons:

- a) Asians are over-represented in the small business sector (Basu, 1991).
- b) Department of Employment (1991) data suggests that Asians are almost twice as likely as indigenous whites to be self-employed.
- c) Analysis conducted by Pardesi (1992) in the West Midlands showed that almost all ethnic manufacturing businesses were Asian owned.
- d) Ward (1991) suggests that those from Asian backgrounds tend to have higher self-employment rates than those from other ethnic backgrounds.

2.8.2 Asian Enterprise - A Historical Perspective

The existence of the majority of Asian entrepreneurs in the U.K. can be traced back to the lack of adequate indigenous labour to aid economic reconstruction after World War II. The major industrial conurbations had vacancies for manual and unskilled labour and these were in the main filled by immigrant labour from the Indian Sub-Continent and the Caribbean. As a result, their pattern of employment was concentrated in particular industries, for example, textiles and construction.

In retrospect, many of these immigrants had the knowledge and skills to occupy more senior positions within these industries, but were unable to attain these positions due to their lack of

“acceptable” qualifications and training. Language problems provided an additional barrier to entry.

In the 1970s, the effects of economic stagnation, declining demand, worldwide competition and technological innovation resulted in the shedding of labour. Smith (1977) and Ward (1987) provide evidence which shows that the level of social stigmatisation and racial discrimination increases when the labour market contracts, and competition amongst the total population intensifies. The resultant scenario is one where employment opportunities for ethnic minorities fall even further and hence acts as a catalyst for self employment.

The other major reason which helps to explain the increase in ethnic enterprise is the terms of entry for immigrants between 1945 and 1962. The governmental policy of free immigration for holders of British passports from the new Commonwealth countries attracted workers from a relatively wide range of social and economic origins and included professionals, petit bourgeois and skilled workers from India (Nowikowski, 1984). This was further supplemented by the arrival of Asians who were expelled from Uganda in 1972.

Bhachu (1984) suggests that the majority of East African Asians who came to Britain had established community and technical skills prior to migration, which led to the rapid establishment of the community in Britain. This had been aided by their lack of home orientation right from the point of entry. Also, from the point of view of resources needed to set up in business, Adams et al. (1978) state that many African Asians came from “petit bourgeois” backgrounds and most had maintained financial resources with family in India, Canada and the U.S.

Based upon this historical background, Krcmar (1987) suggests that two models of Asian

entrepreneurs can be developed:

1) Someone who has professionally and actively tackled the market gap (entrepreneurs who are educated and have personal experience in business and were amongst the first to perceive opportunities). They actively utilised their ethnicity as a resource upon which to draw for favourable access to cheap, flexible labour and capital.

2) Someone who has less formal education and experience and has been pushed into self-employment by the constraints of unemployment. Their ethnicity is passively used as a resource. They are more likely to be confined to marginal activity, for example: sub-contracting activities.

2.8.3 Development Of Asian Businesses

From a review of the literature it is evident that studies conducted have attempted to explain the formation and development of Asian businesses in the U.K. using a number of different approaches (for example, Basu,1991; Pardesi,1992; Krcmar,1987; Patel,1989; Okoronkwo, 1993). Further analysis of these studies shows that in the main there are three models which have been developed. For the purposes of this thesis, the structure used by Basu (1991) has been adopted.

Arguably, research into ethnic minority businesses can be split into three broad approaches, namely: “cultural”, “structural” and “interactive”. An illustration of the factors that underly each approach helps to explain the levels of representation of Asian businesses in the U.K., the success they have achieved and the obstacles they face.

Cultural Approaches

Explanations put forward from a “cultural” perspective propose that the levels of representation and success of ethnic minority businesses is due to the “cultural” or religious characteristics of the group, and therefore entrepreneurial success is culture-bound (Waldinger, Ward and Aldrich, 1985). Within this framework, imported traits and behaviour patterns, or latent abilities which promote entrepreneurship are used to confer resources which are useful in small business activities. Research adopting this approach stress the collective rather than the individualistic aspects of entrepreneurship, which lay a foundation for the use of family and co-ethnic labour (Cummings, 1980; Light, 1972).

Researchers argue that the ethnic solidarity this offers has dual benefits. Firstly, it allows members of the group to activate kin and community ties and hence enable resources to be mobilised, for example, low-cost labour, finance, business information, supplies and a ready source of customers. Secondly, it reduces human resource risks in terms of easy access to apprenticeship and training, and increasing the employees’ commitment to the firm, allowing more control and greater flexibility to the owner (Ward, 1987).

Accessibility to Ethnic Resources

a) Access to Family and Co-Ethnic Labour

The use of family and co-ethnic members as a labour force reduces labour and therefore overhead costs, especially given that many ethnic businesses are labour rather than capital intensive, hence providing a significant competitive advantage. It also allows greater flexibility in the operation of the business in terms of working hours.

These advantages pertain to Asians because the patriarchal family structure engenders a strong sense of family loyalty and obligation (Benedict, 1979). Previous research also emphasises the importance of broader community structures supported by close-knit networks and in-group solidarity.

b) Access to Low-Cost Finance

The structure of the ethnic community has an important bearing on access to low-cost finance. Intra-group ties and collective solidarity facilitates the transfer of low-cost finance at a faster rate than would otherwise be the case. Light (1972) suggests that the maintenance of old cultural traditions in the form of rotating credit associations as a way of raising capital for Chinese and Japanese Americans in business in California goes some way in explaining their entrepreneurial success. Light (1984) has subsequently pointed out that such practices do change over time as these communities adapt to their new environment.

c) Access to Extensive Networks and Business Information

Access to business information is arguably a pre-requisite for entrepreneurs starting-up their own enterprises (see most classic texts). This leads to the assertion that the greater the number of ethnic minority members involved within networks of co-ethnics, the greater the chances of them engaging in the receipt and transfer of business information. For example, they can obtain information related to markets, premises, finance, legal affairs, supplies and access to labour and capital.

In support of this assertion, Werbner (1990a) suggests that 'social networks' have often been associated with the 'success' of ethnic enterprise. For example, Pakistani clothes

manufacturers in Manchester set up the North West Clothing Association for a bi-monthly exchange of information about prices, costs, customers and new orders (Werbner, 1985).

d) Ethnicity and “Protected Markets”

An important feature of ethnic minority businesses is their propensity to rely to a large extent on the custom of co-ethnics, particularly in the early stages of their businesses. This leads to effectively a “protected market” where the culturally based needs of ethnic minorities can only be served by co-ethnic businesses (Light, 1972). For Asians, this business context offers considerable scope for the utilisation of resources, for example, knowledge of suppliers and markets, also, family and community ‘resources’ to secure a competitive advantage over non-ethnic firms.

As the ‘economic opportunity model’ (Jenkins, 1984) suggests, that there is no real difference between ethnic minority and other capitalist entrepreneurial activities. Ethnic minority groups simply take advantage of an ethnic niche or other special market in which they have some advantage. However, Pardesi (1992) raises the issue that serving these niche markets is sometimes counterbalanced by a concentration of similar businesses leading to increased competition and hence lowering of profits.

e) Value Systems

Values are preferred ways of living derived from both ethnic and class membership. Material resources such as human capital (education, relevant work experience) and money can be supplemented by class to confer cultural resources. Class membership offers values, attitudes, skills and/or knowledge transmitted intergenerationally in the course of primary socialisation

(Di Maggio, 1982). This, argues Light (1984), affects the quality and development of ethnic minority businesses.

Krcmar (1987) in a study of Asian jean manufacturers in Birmingham, illustrates how the quality and development of these businesses differed as a result of class membership. Entrepreneurially-motivated founders of businesses came from higher social backgrounds, were educated, had relevant work experience and manufactured jeans that were innovative and competed on quality. The business organisation of these firms focused on the managerial aspects of business development.

Alternatively, "redundancy-motivated" entrepreneurs typically came from lower social backgrounds, had little education or relevant work experience and tended to copy competitors and concentrated on price cutting. Also, managerial practices were classified as ad hoc emphasising a production orientation. Nowikowski (1984) illustrates how the success of different migratory groups from South Asia, trading in the clothing and textile industry in Manchester, varied according to their class backgrounds. The results of this study support those of Krcmar (1987). It should be emphasised, however, that irrespective of class membership, all the groups in the studies mentioned did benefit from 'ethnic resources' (low cost labour, finance, etc.).

Other theories put forward to explain ethnic participation in business include appropriate motivation (McClelland, 1971), cultural values supportive of entrepreneurship (Tambs-Lyche, 1980) and work-related values supportive of self-sufficiency and enterprise (Hofstede, 1980).

Jenkins (1984) and Waldinger et al. (1985) suggest the applicability of the 'culture model' to ethnic minority businesses which assumes that some groups have a developing cultural disposition towards business activities and one motivated towards achieving self employment. Basu (1991) states that the ethnic minority businessperson is not solely motivated by capitalist goals such as profit maximisation. Success may be equated with the satisfaction derived variously from a sense of independence, an ability to fulfil social obligations, prestige as a prominent community member and participation in an economic activity as a total way of life. Furthermore, Blackburn (1993) highlights the desire for 'independence' and 'autonomy' as primary motivational factors.

Werbner's (1990a; 1990b) research on "entrepreneurial chains" should be highlighted at this point. This suggests that clusters of migrants from the same areas of origin eventually, over time, reached out to groups who came from different class and caste backgrounds, hence resources were available to less privileged members of the community.

Structural Approaches

a) Disadvantages in the labour market

A number of studies indicate disadvantage in the labour market as a significant contributory factor which has led to the over-representation of ethnic minorities in small businesses.

Bonacich (1973) indicates widespread unemployment exerts a downward pressure upon the general wage rate, thus increasing a vulnerable group's isolation as a cheap labour threat to their neighbours. In the ensuing intensified climate of hostility, the labour market offers the vulnerable worker a choice between unemployment and low wages. Consequently, this provides the momentum to choose independent means of livelihood through self-

employment. Jenkins (1984) suggests the 'reaction model' which sees entry into small-scale enterprises by ethnic minorities as a survival strategy in a racist society.

b) Residential and Business Succession

Studies which support the ecological approach (Aldrich et al., 1981 and McEvoy et al., 1982), stress that opportunities for small business start-ups depend on access to business ownership vacancies and therefore research in this area looks at the "spatial relationship" between ethnic minority-owned businesses and their residential patterns. The "ecological approach" argues that ethnic residential patterns are a major contributory factor influencing the creation of "protected markets". An alternative term used for these protected markets is "ethnic enclaves" which Krmar (1987) describes as concentrations of ethnic firms in particular places and specific industries which are supported by features of community structures.

A study conducted by Aldrich, Jones and McEvoy (1984) argues that rapid turnover amongst established indigenous proprietors was caused by changes in residential populations and the need to work unsocial hours. Opportunities for alternative employment and/or an ability to compete with larger firms in the same industry has given rise to opportunities for ethnic entrepreneurs to move in to revitalise these small businesses. Pardesi (1992) states that in Britain, Asian businesses are able to survive the same economic conditions on their ability to provide the necessary labour and finance from within the family and community, and to work unsocial hours to create a differential advantage over local competition in meeting the needs of their markets. Aldrich et al., (1985; 1986) put forward residential segregation as a positive factor underlying the formation of a protected market because:

- i) It can heighten white merchants' desire for social distance and therefore they withdraw from areas of high ethnic concentrations which leads to more opportunities for ethnic businesses.
- ii) Culturally distinctive goods and services can be more effectively provided by "experts" from within the ethnic group.
- iii) High level of segregation increases the market for all ethnic businesses whether or not they cater for culturally distinctive goods.
- iv) Residential concentration enhances a sense of cultural loyalty which in turn discourages ethnic customers from shopping outside the segregated area.

However, a number of studies which have looked at residential segregation and succession, focus on the constraining aspects of ethnic enterprise. For example, Waldinger, McEvoy and Aldrich (1990) state that the problem of neighbourhood-linked businesses is that the ethnic market can only support a limited number of firms, in part because it is quantitatively small, and in part because the ethnic population often lacks sufficient buying power. Bonacich (1973) argues that successful trading minorities have achieved prosperity in businesses by serving non-ethnic customers and trading in areas with little ethnic residential concentration. However, Pardesi (1992) states that the shift away by Asian businesses from serving narrow ethnic markets has been slow.

From an overview of the 'cultural' and 'structural' approaches it becomes clear that a variety of factors from both of these approaches helps to explain the representation and success of ethnic minorities in business. If taken in isolation, the 'cultural' approach fails to take into

consideration the opportunity structures and historical factors that have an effect on the formation of an ethnic enterprise (i.e. historical economic environment). On the other hand, the 'structural' approach is inadequate in explaining why certain ethnic groups can achieve better business success than others. The clear need to bring these two approaches together has culminated in the most recent approach to ethnic minority business development, namely the "interactive" approach.

Interactive Approach

Waldinger (1984; 1986) suggests that the "interactive" approach recognises that ethnic minority firms will proliferate where there is congruence between the opportunities (demand side) in the economic environment and the accessibility of informal resource (supply side) within a particular ethnic minority. Krucmar (1987) states that an interactive picture emerges where the Asian entrepreneur is not merely an economic unit responding to a profit motive, but also an individual whose personal, social and cultural make-up has a bearing on his response to a perceived economic demand.

a) Industry and Market Structure

Research into the 'interactive' approach has tended to be limited to case-studies of ethnic minority businesses in the clothing industry. Demand in the clothing industry requires two types of firms, large and small. Large firms cater for stable demand; small firms handle unpredictable or fluctuating demand. Because of this situation, sheltered niches exist for small firms, of the type that ethnic minorities might establish. This environment leads to another important feature of the garment industry, namely sub-contracting. Waldinger (1986)

suggests that sub-contracting enables larger businesses to limit capital investment in fixed capital (factories and machinery) and thus reduce risk. It also enables large and small firms to become specialised, with large companies in designing and merchandising, and sub-contractors in production.

b) Resource Mobilisation: Predispositions and Group Characteristics

Having identified the opportunity structure within the industry, the 'interactive' approach then focuses on the possession by ethnic minority businesses of certain group characteristics that enable resource mobilisation in small business activities (for example: family, kinship and social networks) which allows ethnic minority businesses to meet the demands of the opportunity structure.

To date, the 'interactive' approach has been predominantly confined to one particular industry, and therefore although it is perhaps the most comprehensive approach, it is nevertheless limited in its application, i.e. the clothing industry and established businesses.

2.8.4 Implications for the Development of Ethnic-Minority Enterprise in the U.K.

There is general agreement amongst researchers in the area of ethnic-minority enterprise that further success and development for ethnic-minority businesses is contingent on breaking out of ethnic market dependence and its incumbent low consumer spending power and quantitatively small size (Mars and Ward, 1984).

Okoronkwo (1993) states that East African Asians in the manufacturing sector, are concentrated in traditional industries, for example, hosiery, textiles and knitwear, and there is a need to consider ways to encourage these businesses to expand and diversify into sectors

that offer potential for growth and development. This correlates with Ward (1981) who suggests that developing 'ethnic niches' does provide 'shielding' for traders from outside competition, but this may not form a viable basis for staying in business. Success may depend on whether goods and services are marketed to the public or to other businesses or to the public sector both nationally and/or internationally. Jones (1982) agrees, to suggest that it is evident that only a major 'export' drive to open up new custom beyond the confines of the ethnic market can permit either the successful entry of new participants or an improvement in the returns of existing entrepreneurs. Attempts to explain why there has been a lack of momentum by ethnic minority businesses in 'breaking-out' can be broadly categorised into 'operational' and 'behavioural' factors.

Operational Factors

Curran (1986) suggests that marketing, selling and finding customers is the main management function usually identified by owners and managers themselves as their single most important small business problem. Pardesi (1992) states that the shift away from serving narrow ethnic markets has been slow, because:

- i) Lack of Asian proprietors' knowledge of indigenous markets.
- ii) Lack of communication skills in selling to buyers of larger local or national organisations.
- iii) Lack of resources necessary to restructure their business operations.
- iv) Lack of marketing orientation in small businesses.

From an international perspective, Pardesi goes further to suggest that none of the Asian firms in his sample exported directly because they lacked the financial resources, communications ability, contacts and knowledge of the different markets.

Behavioural Factors

Gibb and Scott (1986) state that there are a number of behavioural factors which impede the growth of small firms over time:

- i) Lack of time to develop new ideas.
- ii) Isolation of the owner-manager and his reluctance to seek help outside of his personal contact network.
- iii) Disregard of written information especially when it is non-specific.
- iv) Lack of accessible and relevant market information and reluctance to commission external market research because of costs.
- v) Problems caused by interaction of family and business commitment.
- vi) Unawareness/lack of concern for assistance agencies.
- vii) Effects of shortage of business skills.

Ward (1981) suggests that one of the chief constraints on growth was the attitude of Asian entrepreneurs to their businesses, i.e. 'low-risk approach'. Wilson (1987) in his study of Asian businesses in Britain, states that the logical extension of their (Asian) marketing activities from the protected ethnic niche to the opportunities offered in the wider mainstream

market (or niche), almost invariably did not materialise. The firms tended to operate within the market they knew best, looking for new products or new ways to sell to old customers, rather than attempting to sell their existing products to new market segments. Dependence on close-ties within family networks etc., was beneficial at the start and early years but tended to hinder growth as more complex strategies and more sophisticated, professional management resources were required to enter new markets.

Previous research also shows a general complacency by ethnic minority businesses to utilise business advice and training services. Surveys conducted by Rafiq (1988) in Bradford and Baker (1982) in London suggest that ethnic minority businesses used accountants and entrepreneurs' family members as primary sources of advice and conclude, that there is a lack of awareness of external sources of advice available and a lack of appreciation of the importance of business training.

Within the general area of external services available to ethnic minority businesses, specifically the area of finance is an issue of major debate. This has provoked discussion on whether associated problems should be seen as mainly 'business-related' (Curran and Blackburn, 1993) or 'race-related' (Deakins et al, 1994). This provides further evidence for the need for greater understanding of the specific characteristics of ethnic minority businesses.

2.8.5.Future Potential of Ethnic Enterprise

There seems to be a general consensus amongst researchers in the area of ethnic enterprise that these firms will have a positive impact on the small business sector in the U.K. in the future. Ward (1991) predicts that ethnic business will continue to make an important and growing contribution to the U.K. small firms sector. Second and third generations will

acquire higher qualifications and enter professional and managerial jobs, but the presence of racial discrimination and high rates of unemployment will push these people to self-employment.

Although the point Ward (1991) makes is a positive one, it nevertheless acknowledges the 'structural' disadvantage which will lead to this situation. Krcmar (1987) indicates a dual advantage in this situation and suggests that these members of ethnic minorities will benefit from a tight community network, a British education and having an awareness of British cultural norms. These people benefit from ties within the ethnic network and links with others in the indigenous population.

2.8.6 Current Issues in Relation to Government Assistance

There is a plethora of research evidence to suggest that government assistance, if targeted correctly, could make a positive impact on the future success of ethnic enterprise. Ward and Reeves (1980) and Waldinger, Ward and Aldrich (1985) indicate that the 'interactive' framework suggests that the government might possess instruments that could affect ethnic business success. The implication is that public authorities should target those industries where the informal resources of a particular group might provide significant competitive advantages and then create programmes that would ease credit barriers, improve marketing mechanisms and provide training in business skills such as accountancy.

Studies which have been conducted on the relationship between business support providers and ethnic businesses point to the limited knowledge of each others' roles and dynamics. Mitra and Pawar (1992) claim that there is still an absence of detailed, continuous information on trends, levels of participation in government schemes and programmes, size, barriers to

growth, etc. Mitra et al (1991) suggests that TECs lack consistency and focus in their approach to ethnic enterprise. Furthermore, Marlow (1992) argues that the poor take-up of business support programmes was more a product of poor marketing on the part of external agencies than lack of interest from ethnic firms. Ram and Sparrow's (1992) study indicates that there was potential to develop Asian businesses, and that most employers were receptive to programmes of development. However, in practice, there was a mis-match between the needs of many Asian firms and a standard product-oriented approach offered by support agencies.

Ram and Hillin (1994) suggest that aiding ethnic minority firms to break-out is not solely concerned with marketing strategy, significant implications also flow for the staffing of the organisation. In order to exploit fully the potential offered by new market opportunities, consideration has to be given to different forms of labour deployment and training.

In order to achieve 'success' in the break-out process a number of policy implications warrant attention. Firstly, if effective support strategies are to be devised, there has to be much better information on ethnic businesses. Secondly, the funding of existing business support interventions needs to be re-assessed: the manner in which interventions are funded should be flexible enough to accommodate the often informal development processes that are frequently of most utility to such businesses. Finally, the holistic nature of effective break-out requires attention to the processes beyond pure marketing; these include racism and dynamics of social relations at work. Therefore care needs to be taken in selecting the personnel who will make interventions. Securing agents with

the appropriate expertise and approach is vital. As Ford and Ram (1993) state that consideration should be given to the provision of practitioners who have an empathy with owner-managers in the small business environment, but who can also act as an advisor within the firm and as an advocate and mediator with external commercial and public sector organisations. This type of role is similar to that of the “relationship counsellor” suggested by Stanworth and Gray (1992). Within a process consultancy paradigm, the emphasis in this model is towards the development of a relationship over time, rather than the quick-fix solutions provided by an ‘expert’. With ethnic minority firms, an insight into the processes of minority cultures and the wider context of racism would also be important.

However, in a more recent study, Ram (1996) suggests that little progress has been made in relation to issues highlighted previously. He advocates that there is still firstly, the need for more proactive collation of baseline information on ethnic minority firms if support is to be relevant. Secondly, a more strategic approach to ethnic minority enterprise development is called for, which would promote effective networking and discourage duplication. Finally, the relationship between “mainstream” bodies and specialist ethnic minority agencies would seem to need strengthening.

In short, the issue of business support provision has come under critical scrutiny, creating some doubt as to whether support providers are receptive to the needs of ethnic minority businesses. It is therefore important to consider particular implications for government support before turning to the specific issue of export assistance which forms the basis of this thesis.

2.8.7 Implications for Government Assistance

Okoronkwo (1993) in a study on Asian businesses suggests that there is a definite need for 'business advice organisations' to review their business service delivery techniques and adds that Asian business people prefer to seek business advice from Asian business advisers.

Ward (1981) suggests that there are opportunities to analyse existing policies and identify opportunities for intervention by government and other bodies in support of ethnic minority businesses. The prevailing political philosophy in Britain cautions against any specific form of assistance to particular target groups (for example, ethnic minorities) unlike in the U.S. Much of the fault lies in the content and marketing of advisory services. This is an area being given particular emphasis in government policy in the U.S. and one in which greater investment by government in Britain could prove worthwhile. If the government has a strong interest in seeing the ethnic minority sector of business prove successful, the implication is not that government support should be withheld, but that interventions should be carefully appraised and lessons learnt and applied to future support programmes.

Rees, Frank and Miall (1986) state that one way of achieving the Department of Trade and Industry's central aim is through promoting 'industrial efficiency, through the selective use of the power of government to achieve international competitiveness'. For small firms policy, this means the government should provide an information and business advisory service for small firms; increase the provision of management education and training for small businesses, especially its relevance and accessibility; and, encourage communication and cooperation between organisations concerned with small firms. In general, successful policy making clearly must be founded on an understanding of how new firms come to be founded,

who forms them, the motives for firm formation, and of the strengths, weaknesses and potential of new and small firms in relation to the general objective of improving the performance of the economy in the U.K. and its constituent countries and regions.

If weaknesses are to be overcome, or strengths built on, it is necessary to have an understanding of the underlying causes of the strengths and weaknesses of small firms. In doing so, this will indicate the constraints on firms' performance which cause the weaknesses or prevent full realisation of potential.

Waldinger et al (1985) suggest that more informed answers to these and other important research questions will come 'as researchers move beyond the study of individual cases (whether of ethnic minority groups or particular industries) to comparative analysis', which is the primary focus of this thesis.

2.9 Government Export Assistance

A number of studies have been undertaken on the broad subject of export assistance, although they have tended to focus on specific aspects of the research area. For example, in recent years there have been a number of specialist publications reviewing the literature on both developed and less developed countries (see for example, Czinkota and Tesar, 1982; Czinkota, 1982; Cavusgil and Czinkota, 1990; Hibbert, 1990; Milner, 1990; Seringhaus and Rosson, 1990; and Diamantopoulos et al., 1993).

In reviewing the literature on government assistance, macro economic policies such as exchange rate stabilisation and movements in interest rates are not discussed, since as Crick and Czinkota (1995) point out, these are matters of government trade policy, largely outside

the influence of SMEs. Furthermore, since trade policy is regulated by international agreements such as the World Trade Organisation (WTO), unless governments intend being *'flexible'* on interpreting agreements, there is only so much they can do to assist exporters within this context, with some agencies being perceived as more effective than others (see publications reviewing particular initiatives and agencies, for example, Albaum, 1983; Gill and Brady, 1982; Gronhaug and Lorentzen, 1983; Kedia and Chhokar, 1986; Ryans and Ryans, 1980; Seringhaus, 1986a; 1986b; 1987a; 1987b; 1989; and Seringhaus and Rosson, 1994).

As Crick (1997) points out, arguably, the most widely cited study which attempted to evaluate U.K. export promotion services was carried out by Pointon (1977; 1978), albeit that the findings are now dated. In his study, Pointon stressed the cost benefit analysis approach to evaluating such programmes before proceeding to give empirical results from a limited sample of exporters administered via a postal questionnaire. This in itself was a drawback to the research in so far as it did offer very useful and interesting results in a quantitative sense, but not in a qualitative manner. If he had followed the theme of cost benefit analysis which was developed in his literature review further, there would have been a need to look at the objectives of individual programmes and then consider the costs and benefits in evaluating the success or otherwise of the assistance.

Allowing for the above reservations, it would be useful to summarise what export promotion activities tend to comprise. As Kotabe and Czinkota (1993) point out, these generally comprise: (i) export service programmes, e.g. seminars for potential exporters, export counselling, how-to-export handbooks, and export financing; and (ii) market development

programmes, e.g., dissemination of sales leads to local firms, participation in trade shows, preparation of market analysis, and export news letters (Lesch et al., 1990). In addition, programme efforts can be differentiated as to whether the intent is to provide informational or experiential knowledge (Singer, 1990). Informational knowledge typically would be provided through 'how-to' export assistance, workshops and seminars, while experiential knowledge would be imparted through the arrangement of foreign buyers or trade missions, trade and catalogue shows, or participation in international market research.

A final point which should be appreciated is that arguably, most of the empirical work originates from the U.S. Studies tend to focus on evaluating the International Trade Administration (ITA), although other studies focus on programmes which are the responsibility of state and local governments, some of which are co-ordinated with the Department of Commerce. This is important, since the structure of U.S. assistance is different to the U.K., in that the state and local programmes are not really comparable because the JEPD is responsible for all major programmes in the U.K. The only real similarities lie where regional offices of the DTI and Business Links (the recent government initiative of providing 'one stop shops' for business assistance) serve firms' needs in a specific area or where particularly active regional development authorities offer limited assistance.

Campbell (1987) points out that the ITA, like any organisation with limited resources, must decide how to allocate them in order to achieve the most benefit. Campbell determined that when assigning priorities for export assistance, the ITA recognised that larger and more experienced businesses would be more likely to benefit from any assistance offered, as the majority of U.S. exports were made by a fairly limited number of large companies. Therefore,

the department would gain most for the domestic economy if larger more experienced firms were assisted. However, the ITA recognised that larger more experienced businesses would be more likely to be able to acquire whatever assistance they needed from private sources because of their own resources and bargaining power with commercial organisations.

This observation leads to the assumption that the same principle might be applied to the U.K. The larger companies will probably export no matter what schemes are on offer, since assistance such as insurance and marketing research can be obtained from the commercial markets. Consequently, with the limited resources that the government is investing in export assistance, it could be argued that resources may be more efficiently utilised if they are offered to SMEs that need to be encouraged to export, by having effective programmes on offer. Indeed, Crick (1995) points out that the current approach used by the U.K. government for differentiating between firms for the targeting of export assistance varies between the programmes on offer. In certain cases the programmes vary in their availability by size of firm and in other situations by stage of firms' export development (sometimes known as internationalisation).

Studies in the U.S. by Czinkota and Ricks (1981) and the U.K., Crick (1992), found evidence to support the view that the respective governments were placing emphasis on services that are not consistent with the needs of exporters. Their studies compared exporters' perceived needs and interests of their importers, with the assistance managers request from their respective government. The studies established that exporters do not necessarily request the assistance that they believe will aid exports, suggesting government resources may not be used efficiently. Consequently, managers may need more advice in export matters,

particularly services on offer.

The review of the literature on government assistance highlighted the need for policy makers to obtain a better understanding of the needs of firms in order to overcome export problems and target assistance more effectively. Although no single agreed method has been proposed to achieve this, studies in the U.S. (Czinkota, 1982) and the U.K. (Crick, 1992) proposed that the internationalisation process provided the most appropriate way of segmenting firms for the targeting of export assistance (using the number of significant differences between the segmentation bases chosen as the criterion for their conclusions, the others being firm size, motives for exporting and product orientation). Furthermore, Cavusgil (1983), Crick (1995), Naidu and Rao (1993) and Seringhaus (1986a) offer support towards the view that the stages of internationalisation can serve as a vehicle by which to target export assistance. Also, McConnell (1977) points out that different forms of government communication are likely to be required between exporters and non-exporters, adding further evidence to support this segmentation method.

2.10 Conclusion

It can be concluded from the review of the literature that agreement does not exist in both the classifications and development of SMEs within a U.K. context. Furthermore, while there is a body of literature on both ethnic minority-owned firms and the export practices and assistance requirements of SMEs, there is a gap in the literature and subsequently a need to bring the two areas of research together in a single study to investigate this topic area.

This chapter has provided a review of the literature in the salient areas of relevance to this investigation (Figure 1 refers). It commenced with a review of the literature on small firms and proceeded to discuss the areas of internationalisation and success. A number of behavioural issues were then investigated ranging from export information usage to problems and motives in exporting. The issue of ethnicity in relation to the SME sector was then discussed. Finally, in accordance with the major thrust of this thesis an overview of government assistance provision for SMEs is provided. It is now important to place these issues in the form of hypotheses and the discussion within the next chapter focuses on the research design employed to operationalise them in the context of this investigation.

CHAPTER 3. RESEARCH DESIGN

3.1 Introduction

Within the framework detailed in Chapter 1 (Figure 1 refers), the last chapter reviewed the pertinent studies within this area of research and led to the development of a set of conclusions forming gaps in the literature, relevant to the objectives of this investigation. Specifically, the review of the literature identified two areas that might be considered for empirical testing as ways of segmenting firms for the provision of export assistance, namely, size of firm and the stage reached in their export development (internationalisation process), since it was found that the U.K. government currently use these criteria in targeting firms.

However, it was argued that these two criteria are potentially insufficient and do not account for firms' levels of success, potentially restricting the efficient provision of assistance. A further finding from the review of the literature highlighted the lack of empirical studies in relation to the ethnic background of the owners of SMEs and this forms the major focus of this government funded study. Within this context, Chapter 3 provides details of the hypotheses that can be formulated from the findings of the review of the literature and links with the methodology employed in the research which is discussed in the next chapter.

In addressing these issues, it would not be appropriate to conceptualise this study within the framework outlined in Figure 1. This structure provides a useful conceptual route through the organisation of this thesis, likewise a way of reviewing the literature within this context. Nevertheless, particular factors within the broad terms 'macro and micro' issues detailed in Figure 1 vary in the way in which they are measured in this study,

namely either independent or dependent variables. It is therefore considered more appropriate to discuss the conceptualisation of both sets of variables separately to assist in an understanding of exactly where the focus of this investigation lies.

3.1.1 The Research Paradigm

Hunt (1991) proposed a framework that suggests that marketing phenomena can be categorised using three dichotomous areas: first, profit/non-profit sector; second, micro/macro; and third, positive/normative. It can be argued that the model can be applied as a general paradigm to guide the research in this thesis, since it is inclusive, analytically useful, pedagogically sound, and conceptually robust (Hunt, 1991). Figure 5 illustrates this in a matrix format and the highlighted areas form the focus of this investigation.

Positive marketing adopts the perspective of attempting to describe, explain, predict and understand the marketing activities and phenomena that actually exist, i.e., the perspective examines 'what is'. Conversely, normative marketing adopts the perspective of attempting to prescribe what marketing organisations and individuals ought to do or what kind of systems a society should have. Micro refers to the marketing activities of individual units (in this case SMEs), while macro refers to a higher level of aggregation, e.g. marketing systems.

Specifically, a positivist philosophy has been undertaken within the substantive part of this investigation to empirically test a series of hypotheses. Therefore, it can be argued that reliance on in-depth qualitative interviews would be inappropriate within this study and the use of this supporting research method was for background purposes only (see

Chapter 4 for more details). Developing this argument further, the verificationist theory of meaning of the logical positivists is:

Figure 5. The Three Dichotomies Model of Marketing: Profit Sector

POSITIVE-MICRO	NORMATIVE-MICRO
<p>1. Problems, issues, theories, and research concerning:</p> <ul style="list-style-type: none"> a) individual consumer buyer behaviour b) how firms determine prices c) how firms determine products d) how firms determine promotion e) how firms determine channels of distribution f) case studies of marketing practices 	<p>2. Problems, issues, normative models, and research concerning how firms should:</p> <ul style="list-style-type: none"> a) determine the marketing mix b) make pricing decisions c) make product decisions d) make promotion decisions e) make packaging decisions f) make purchasing decisions g) make international decisions h) organise their marketing departments i) control their marketing efforts j) plan their marketing strategy k) apply systems theory to marketing problems l) manage retail establishments implement the marketing concept
POSITIVE-MACRO	NORMATIVE-MACRO
<p>3. Problems, issues, theories and research concerning:</p> <ul style="list-style-type: none"> a) aggregate consumption patterns b) the institutional approach to marketing c) the commodity approach to marketing d) legal aspects of marketing e) comparative marketing f) the efficiency of marketing systems g) whether the poor pay more h) whether marketing spurs or retards economic development i) power and conflict relationships in channels of distribution j) whether marketing functions are universal k) whether the marketing concept is consistent with consumers' interests 	<p>1. Problems, issues, normative models, and research concerning:</p> <ul style="list-style-type: none"> 2. how marketing can be made more efficient 3. whether distribution costs too much 4. whether advertising is socially desirable 5. whether consumer sovereignty is desirable 6. whether stimulating demand is desirable 7. whether the poor should pay more 8. what kinds of laws regulating marketing are optimal 9. whether vertical marketing systems are socially desirable 10. whether marketing should have special social responsibilities

Source: Hunt, 1991.

“any proposition which is not reducible to the simple enunciation of fact - either particular or general - can have no real or intelligible meaning for us” (Keat and Urry, 1975).

To take this further, logical positivists stipulate that all propositions can be measured.

The theoretical models used in the study are recognised to possess degrees of error in their measurement (see Chapter 4). Nevertheless, the hypotheses are tested recognising the constraints of the quantitative based data collected. Even so, all the quantitative research was based on an initial qualitative stage to ensure a thorough understanding of key issues. Consequently, while the core philosophical standpoint has been stipulated, both an inductive and deductive approach has been used in this investigation.

3.1.2 Organisation of the Research Design

This chapter commences with a discussion concerning the four independent variables under investigation, namely firm size and internationalisation (the two issues currently used by policy makers); next, the issue of success as an additional criterion; finally, ethnicity, which forms the substantive area of this study (Figure 1 refers). The chapter proceeds to discuss the dependent variables under investigation and concludes by formulating the hypotheses which are tested in the course of the study. Together, they provide a rationale in establishing the research design underpinning the questionnaire employed in this investigation and detailed in Appendix 1.

3.2 Development of the Independent Variables

3.2.1 Developing the Size Criteria

The review of the literature contained in Chapter 2 highlighted that there is no single agreed way in which to categorise different sizes of firms. This has tended to vary

between particular cut-off points involving either turnover or more usually number of employees. Indeed, the last chapter established that definitions vary both between industries in the U.K. and across countries. This said however, there tends to be widespread agreement that the upper end of the SME category tends to be 250 employees (it is re-emphasised that certain studies limit this to 200 while others include those up to 500, refer to Chapter 2 for more details).

In determining the size criteria for firms in this study, the upper end of the SME category was used, since this was in line with that used by policy makers within the JEPD. Nevertheless, the broad term 'SMEs' was considered as restrictive. While firms with about 250 employees met the size criteria, arguably they could be classified as relatively large employers by many standards within particular regions.

Consequently, these firms were re-classified in order to see whether differences existed between micro, small, and medium-sized firms in relation to the areas under investigation. Again, it was appreciated that since no single agreed criteria exists to define these sub-categories of SMEs, a subjective judgement had to be applied. Discussions with academics, managers and policy makers provided a difference of opinion in sub-classifying firms.

While it was generally agreed that micro firms should have up to 10 employees (see for example, Carson et al., 1995), the cut-off point between small and medium-sized firms was less clear. This was especially the case with industries such as clothing which contained many outworkers (Jewson et al., 1992), since it was debatable as to whether outworkers were in fact to be classified as employees. After due consideration, a

subjective judgement was applied with small firms employing 11 to 99 staff and medium-sized firms employing between 100 and 249. It should be noted that this criteria is open to criticism, since as previously mentioned, criteria varies between studies. Also, in pragmatic terms, firms over about 50 employees may be viewed by some bodies as medium-sized and those over 100 as rather large (depending on the trade sector concerned). However, this reservation notwithstanding, the broad cut-off points appear to be comparable with many academic studies and industrial (including policy makers) estimates. Question 23 of the questionnaire was used to determine respondents' firm size.

3.2.2 Stages of Internationalisation

As Chapter 2 suggested, although widespread belief does exist that firms progress through stages of export development, there is no single agreed way in which to classify this movement. Discussion has focused on firms at the pre-export stage, through to those with more committed degrees of involvement in overseas activities such as foreign direct investment. This said, as Chapter 2 pointed out, for the purposes of this study, research is limited to those firms with an involvement in export activities and excludes consideration of other forms of international marketing modes of entry as this would be a study in its own right. Nevertheless, although the criteria for categorisation into stages varies between studies, there appears to have been two ways of constructing this classification in the research design of this particular investigation. First, in line with the broad 3 stage criteria currently used by the JEPD (refer to Chapter 2 for details); second, a more robust model developed from a review of the literature.

It was decided that since the JEPD's criteria was too broad and suffered from the criticisms outlined in a review of the literature, a more robust model was required. However, since this was a government funded study, permission was required to use this since any findings would not be compatible with the JEPD's current approach. Approval was obtained with the potential view of adapting the JEPD's current approach in line with academic models should this prove pragmatic to do so and therefore the funding body did not impose a constraint on the research design.

Although subjective and open to criticism, an eight stage approach was used in this study (building on the model used by Campbell, 1987), since this was considered to provide a more detailed categorisation of export development than the one currently employed by government policy makers. This can be summarised as follows (refer to question 25 of the questionnaire):

Stage 1: Our firm has not exported and would not fill an unsolicited order.

Stage 2: Our firm has not exported but plans on doing so in the future or is willing to explore the possibility of exporting.

Stage 3: Our firm has exported in the past but is not currently engaged in exporting and does not plan to export in the future.

Stage 4: Our firm has exported in the past, but is not currently engaged in exporting. However, it plans on doing so in the future.

Stage 5: Our firm would or does fill unsolicited foreign orders but currently does not actively seek foreign orders.

Stage 6: Our firm does export and actively explores export opportunities. Current export sales equal 10 percent, or less, of our production.

Stage 7: Our firm does export and actively explores export opportunities. Current export sales equal more than 10 percent of our production.

Stage 8: Our firm does export and actively explores export opportunities. Foreign market opportunities receive the same attention and emphasis as domestic (U.K.) opportunities.

Within the above framework, the model allows firms to be categorised at various levels of non-exporting activity, i.e. ranging from those that are not interested in exporting to firms which have exported in the past, but are not currently engaged in exporting. Furthermore, at the exporting stage, the model allows firms to be categorised as marginal exporters through to those firms that have a high involvement in export activities. Therefore, although various criteria such as the 10 percent classifications between stages 6 and 7, together with the broad export commitment detailed in stage 8, can be considered to be subjective, the model does attempt to overcome three main criticisms. First, it recognises that the broad term of 'non-exporters' comprises several sub-groups with varying attitudes towards engaging in exporting. Second, it accounts for a certain degree of firms' movement between the stages of internationalisation, especially at the non-exporting stage. Third, its eight stages allows firms to be more closely classified than broader based models which use fewer stages.

3.2.3 Developing Success Criteria

Although size of firm and stages of export development were found to be currently used

by policy makers in the targeting of export assistance, it could be argued that they are restrictive and do not account for firms' performance (internationalisation only accounting for degrees of commitment rather than success in itself). Consequently, an additional independent variable was investigated to establish whether differences existed between firms categorised by levels of performance in their export behaviour and assistance requirements.

As Chapter 2 pointed out, in line with the previously mentioned dependent variables, there is no single agreed definition of success criteria leaving any method proposed subjective and open to criticism. There appeared to be two options available in determining a success criteria. First, a series of individual measures such as profitability, growth and the like. Second, a composite measure encompassing individual elements of the broad term "success" and perhaps weighting them using some criteria. However, since this independent variable was considered to be tangential to the focus of this study and for comparative purposes only, three measures of success were adopted from the literature as a means by which to categorise this variable rather than employing a single composite measure encompassing the individual components. This was considered a more useful way of classifying firms by degrees of performance for comparative purposes (to the main independent variables) rather than by attempting to construct a definitive measure which would still be very subjective in nature.

With this in mind, the three individual measures were as follows: first, export profitability (return on investment) compared to U.K. operations; second, growth expectations; third, meeting objectives set. Questions 18-20 in the questionnaire refer to this classification. Each criterion was rated over a 3 year period to avoid managers

forgetting performance after a set time or new managers recently joining firms, yet at the same time offering a reasonable time frame to consider performance development rather than just a snapshot. This said, the criteria is nevertheless subjective and it is fully recognised that managers may concentrate on recent performance rather than an averaged measure. It is however re-emphasised, that since this variable is only an additional factor under investigation outwith the main independent variables, this broad classification is considered acceptable within the context of the investigation.

3.2.4 Ethnicity

This chapter has so far conceptualised a revised measurement of the two present targeting procedures used by government policy makers in an attempt to incorporate criticisms from the literature, together with the conceptualisation of performance measurement as an additional, yet tangential consideration. The final independent variable forms the focus of this government funded investigation and considers the ethnic ownership of firms. In doing so, it provides a contribution to the literature since it questions whether differences exist between firms measured by their ethnicity in relation to their export behaviour and assistance requirements.

In conceptualising ethnicity within this study, it is worth remembering that the focus of this investigation is to establish whether differences exist between the export behaviour and assistance requirements of Asian and indigenous-owned SMEs. Consequently, other ethnic minority groups do not form part of this research. Even so, the broad term 'Asian' is in fact misleading when business indicators suggest the propensity of different Asian-owned firms to engage in business varies, e.g. East African, Pakistani etc. (Ward,

1991). Moreover, Chapter 2 highlighted the cultural shift in business practices as different generations of Asian managers have started to run their own businesses. Within this, they have largely grown up in and taken on U.K. value systems and can be termed just as indigenous as the native white population.

Therefore, in a study of this nature, several broad problems can easily be identified. First, that differences may exist between different Asian groups in relation to business practices. Second, differences may exist between firms started by second and sometimes third generation Asians. Likewise, third, that differences may exist between firms that are run by second generation managers, but have been started by first generation managers and still have their value systems (perhaps with the Chairman or equivalent being the person responsible for the start-up, albeit that normal operations are run by other family members). Fourth, that any conceptualisation in terms of asking a question on ethnicity may create bias by perceptions of racist overtones.

Despite the above reservations, firms were classified in terms of 'politically correct' protocols suggested by the Personnel Officer with responsibility for equal opportunities at the researcher's university (refer to question 26 within the questionnaire). Also, for the analysis in this study, Asian managers were aggregated for comparison with indigenous-owned firms and there was no sub-classification in terms of generations of managers to avoid leaving small sub-groups for quantitative analysis (see Chapter 4).

3.3 The Formulation of the Dependent Variables

The overall purpose of this research is to investigate whether statistical differences exist between Asian and indigenous-owned SMEs in relation to their export behaviour and

assistance requirements. However, as the last section suggested, this broad categorisation is restrictive in its application and therefore 3 other independent variables are also investigated for comparative purposes. Even so, irrespective of the differentiating criteria employed, there are a number of issues which can be categorised under the term 'export behaviour and assistance requirements' and these form the dependent variables within this investigation.

In formulating the variables within this research, it is worth noting that as Chapter 2 suggested, a number of macro economic factors are outside of the immediate control of SMEs. Therefore, in conceptualising this aspect of the research design, factors were restricted to issues believed to be under the control of, or directly related to, SMEs' export behaviour and assistance requirements.

Within the broad literature on this area of research, a number of types of assistance programmes have been offered by particular governments, although their precise details and names have varied by country of origin. Also, a number of issues have been found to be important aspects of the export behaviour of firms, irrespective of industrial sector or country of origin, and these were summarised in Chapter 2. Consequently, these factors were tested with academics, managers and policy makers (refer to Chapter 4 for precise details on the methodology employed) in the course of this investigation. The conceptualisation of these issues can now be discussed in the following sub-sections.

3.3.1 Government Assistance

There appeared to be three ways of investigating this issue: first, an evaluation of named services (Lo, 1995); second, a proxy measure whereby firms were asked whether

support would enable them to tackle problems and barriers to exporting at the micro level (Crick, 1993); third, a combination of the two allowing for the fact that asking more questions may result in respondent fatigue and consequently affect the response rate.

After discussions with academics, managers and policy makers, option 3 was chosen since it was believed that with thorough testing of the questionnaire, respondent fatigue would be minimised. In the first instance, the twelve main export services offered by the Overseas Trade Services section of the JEPD were chosen as representative of the main support offered by policy makers. This approach was consistent with Lo (1995). It was recognised that minor services, i.e. in terms of funds allocated, were also offered by this department and that other related programmes were offered by other government ministries, but these were considered to be less relevant to this specific investigation. An example is the Food From Britain Service in collaboration with the Ministry of Agriculture, Fisheries and Food (MAFF).

In evaluating SMEs' perceptions of the assistance required, the research faced the possibility that a cost/benefit analysis would need to be undertaken on each programme to fully answer the research objective. This was judged to be outside of the research design of this study, since only an initial understanding was required about firms' assistance requirements. Indeed, a cost/benefit analysis would involve evaluating performance against the specified objectives of programmes, which in addition to being outside of the scope of the research, would be difficult to test due to the unlikelihood of being able to ascertain their respective objectives.

To fully address the research objectives, it was considered necessary to obtain a variety of perceptions towards programmes. In a related study, Lo (1995) investigated firms' satisfaction of named government services. This was considered as restrictive since it was not clear what satisfaction referred to, for example, availability, reliability and so forth. Also, it did not account for firms' awareness of services in the first place. Consequently, the research design in this study addressed these issues in relation to Sections 1-3 of the questionnaire as follows.

First, in relation to the awareness of the selected export programmes, data was collected on a 5 point scale ranging from "1 = never heard of, to 5 = very familiar with". However, a limitation in this measurement was that it did not recognise the various ways in which firms gained awareness of the schemes, e.g. via favourable or adverse publicity. Consequently, although it was recognised that this might affect firms' perceptions towards the programmes (to be discussed later), the inclusion of more questions to ascertain this may have affected response rates due to completion fatigue and so the omission of the additional questions was considered necessary.

Second, when considering the frequency of use of the programmes, it is worth noting that after discussions with managers and policy makers, firms were asked to rate their frequency of use of programmes on a 5 point scale ranging from "1 = never use it, to 5 = always use it". This scale could be criticised in the sense that firms might have been asked a simple question of whether or not they have used the programme. Although the same criticism could be levelled against the other issues under investigation, e.g. firms are either aware or not aware of programmes, a rating scale has the advantage that it establishes the relative nature of firms' perceptions. Alternatively, the frequency could

have been quantified in terms of the number of times a programme had been used over a specific period. Furthermore, certain schemes are not available to particular types of firms, for example, Store Promotions are more suitable for consumer rather than industrial exporters, while some programmes such as VIP Visits only have an indirect usage by firms which is difficult to measure. Nevertheless, as previously mentioned, discussions in the course of this study suggested that the 5 point scale was a reasonable measure of the frequency of use, despite its limitations.

Third, it was also useful to consider certain perceptions towards the programmes under investigation. Commencing with the timeliness of the programmes, data was gathered on a 5 point rating scale ranging from "1 = never current, to 5 = always current". This is perhaps a debatable classification since it might be considered that firms without experience of the programmes might not be in a position to comment on their timeliness unless they had received reports from other sources which influenced their perceptions. Alternatively, some firms without experience may provide neutral responses which would bring the average towards a score of 3.00 on the rating scale.

Fourth, turning now to a further perceptual factor, namely firms' perceptions towards the reliability of selected export assistance programmes, data was gathered on a 5 point rating scale ranging from "1 = completely unreliable, to 5 = always reliable". Nevertheless, it was recognised that the same issues detailed in relation to the timeliness of the programmes would also be apparent here.

Fifth, when considering firms' perceptions towards the availability of selected export assistance programmes, data was gathered on a 5 point rating scale ranging from "1 =

very hard to get, to 5 = always available". Again the construct of this classification was subject to the same limitations as previously described, although this was considered acceptable within the objectives of this study.

Finally, firms were asked to indicate their first source of knowledge of the named services in an attempt to distinguish between the usefulness of particular bodies in drawing managers' attention to services on offer. However, this did not constitute a hypothesis in this investigation and was for background information only; namely in evaluating the usefulness of sources of information in creating awareness of services (a further discussion of information sources is provided in Section 3.3.2).

3.3.2 Sources and Types of Export Information

Building on the previous discussion, it was considered important to evaluate the usefulness of export information sources and particularly government versus non-government sources. A 5 point scale was employed in Section 4 of the questionnaire ranging from "1 = not useful, to 5 = very useful". The sources were developed from a review of the literature and discussions with managers. However, it became clear that different government sources assisted firms in exporting, namely the JEPD and other specialist areas, for example, MAFF in relation to agricultural products. Consequently, two sections were left for government departments and checked to ensure consistency in response.

A further section was then left under the quantitative area described under Section 4 to allow for comments by managers in the event that they did not believe that government bodies were a useful source of information. In this way, it allowed for a qualitative

element in the research to add to the mainly quantitative undertaking. Certain comments are detailed in Chapter 5 to supplement the statistical analysis.

Next, Section 5 was designed in an attempt to gather details of the types of information required as a logical extension to the previously mentioned sources of export information. The battery of items within the rating scale were primarily drawn from a review of the literature, but supplemented with discussions with managers and policy makers. In establishing a rating measurement, a 5 point scale was employed ranging from “1 = extremely important, to 5 = not at all important”. It should be noted that the low and high ends of the scale were turned around from that described in relation to Section 4 above in an attempt to keep respondents’ attention to detail in completing the questionnaire.

3.3.3 Problems and Assistance Requirements

Section 6 within the questionnaire was used to ascertain perceptions towards both problems in exporting and assistance requirements in overcoming the same problem areas. It should be recognised that this study concentrates on factors at the micro level and therefore only related issues determined via a review of the literature and tested with managers were included in this section. Consequently, factors at the macro level believed to be outside of the scope of SMEs’ influence were excluded. This resulted in 21 factors being included within the rating scale. In the first instance, firms were asked to rate how much of a problem each of the factors were to deal with in exporting on a 5 point scale ranging from “1 = none at all, to 5 = to a large extent”. In the second instance, firms were asked to rate the same factors with regards to how they would

perceive their firm's performance to improve if the government were to offer assistance. This was determined on a 5 point scale ranging from "1 = none at all, to 5 = to a large extent".

Even so, the term "performance" was considered as subjective, but testing indicated that it was considered to mean performance in a broad sense and therefore acceptable for the purpose of this study. Also, in the research design of this study, an alternative or additional measure could also have been used, i.e. the extent to which factors caused barriers to exporting. An additional section was ruled out to avoid respondent fatigue, although it could be argued that in a wider context, problem areas and barriers are related. Moreover, if firms were asked about motives for exporting, this in a sense provided a proxy answer to this question, since firms may not be motivated to export due to certain perceived barriers (see 3.3.4 below).

3.3.4 Motives for Exporting

A review of the literature established that a number of proactive and reactive issues motivate managers to engage in export activities (see Chapter 2). Also, the removal of certain barriers to exporting, e.g. eased product regulations, reduction in tariffs etc., may also motivate firms to export. In the context of this study, these factors were grouped together and tested with managers and policy makers and this resulted in a list of 20 variables. Proactive and reactive factors were purposely mixed within the ordering sequence to make respondents individually consider how they rated the issues rather than having grouped responses against the categories. A 5 point scale was used ranging

from “1 = not at all important, to 5 = extremely important”, in firms’ current exporting effort.

A separate section could have been used to determine firms’ original motives for exporting, but this was not considered as valid, since many managers were likely not to have been employed when firms commenced exporting, would not be able to remember, or at least not provide an accurate record of events. Also, since an objective of the research was to ascertain current behaviour and assistance requirements, a record of past events in this respect would not have been useful in the context of the research.

3.3.5 Effectiveness in Government Advertising

Apart from supplementary data in Section 9 involving firms’ export activities, this being useful as background data to supplement the main areas under investigation, the final substantive area within the research is contained in Section 8 of the questionnaire. Here, in order to determine the usefulness of the advertising of government and other bodies offering export assistance, a 5 point scale was employed ranging from “1 = not effective, to 5 = very effective”.

The purpose of this section was to determine the most effective bodies in communicating with SMEs. In this way, the section supplements others which have been previously discussed, in determining not only the usefulness of the sources of information (Section 4) and the extent to which they provide knowledge of programmes to exporters (Section 3), but also how effective their advertising (broadly defined) actually is. Here, the main regional bodies were included together with the major private sector bodies that were considered as assistance providers.

3.4 SME Internationalisation Policy Research Model

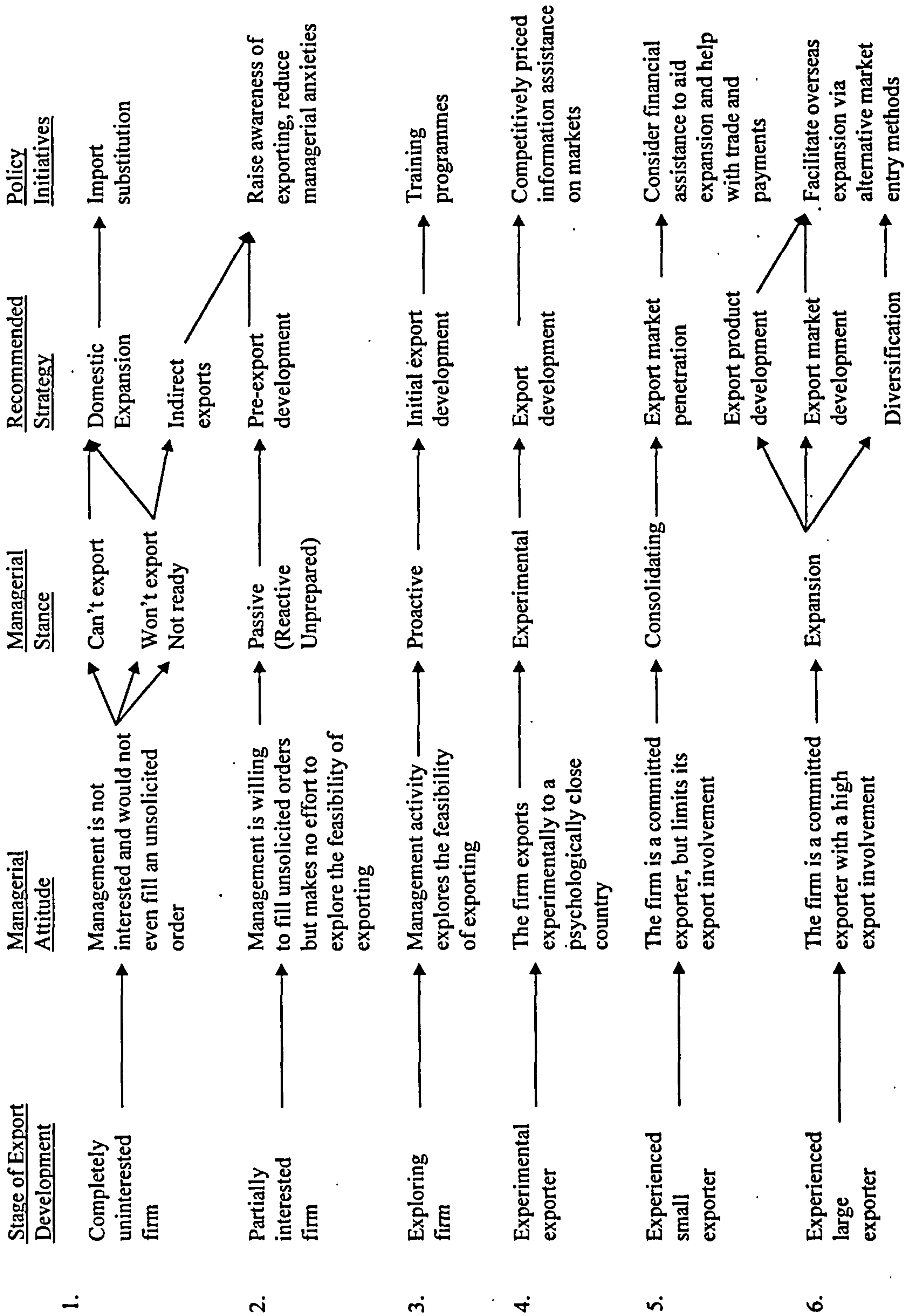
The exploratory interviews established that although many behavioural export practices were common to both Asian and indigenous-owned SMEs (see Chapter 5 for more details), the targeting approach in order to assist the two groups of firms might require differentiation. Consequently, for pragmatic purposes, any targeting procedure would still need to be incorporated into the government's current approach in this respect, i.e. by stage of internationalisation (see Chapter 2).

An Internationalisation Policy Model applicable to SMEs (Chapter 6) was formulated by building on the work of Crick (1993) whose model is shown in Figure 6. Although Crick's (1993) model developed policy initiatives based on firms' internationalisation stages, this investigation adds a substantial dimension to his work, i.e. the issue of ethnicity is considered. Consequently, the purpose of the model developed within this study is to provide a framework to assist in public policy decision-making related to export promotion activities tailored for managers from ethnic groups.

As Chapter 2 highlighted, existing models concerning internationalisation have been argued to be restrictive in nature due to their limited categorisation of particular stages, together with the stances and nature of need held by managers in their respective stages of export development. Therefore, his work was used only as an initial basis on which the research within this investigation could build rather than to act as a model for empirical testing.

Instead, it was considered important to test a series of hypotheses formulated after the review of the literature in order to establish whether differences exist between the characteristics of Asian and indigenous-owned SMEs in relation to behavioural factors associated with key aspects of their export activities (Chapter 2 refers). In doing so, this would provide an empirical basis on which to develop a policy model suitable for ethnic minority development. The resultant model is outlined in Chapter 6. Even so, it is now important to consider the hypotheses within this investigation and these are detailed in the next section.

Figure 6 SME Internationalisation Policy Research Model



Source: Crick (1993)

3.5 Formulation of the Hypotheses

3.5.1 Research Philosophy

Kuhn (1970) suggests that there are two broad research philosophies in marketing, namely positivism and phenomenologicalism. Within this, the positivist approach (also labelled the empiricist or objectivist view) attempts to apply the methods and principles of the natural sciences to the study of marketing behaviour (Hunt, 1993). Alternatively, the phenomenological approach (also called the social constructionist, interpretivist or subjectivist view) defines marketing behaviour as a way of interpreting the intersubjective meanings through which managers view the world (Peter and Olsen, 1989). As Figure 7 suggests, these philosophical approaches are distinguished from each other in terms of the assumptions, theories, goals and methods each bring to the research process (see for example Buttle, 1994): As Section 3.1.1 pointed out, a positivist philosophy has been adopted in the substantive part of this investigation.

Figure 7. Key Features of Positivist and Phenomenological Paradigms

	Positivist Paradigm	Phenomenological Paradigm
Basic beliefs	The world is external and objective. Observer is independent. Science is value-free.	The world is socially constructed & subjective. Observer is part of what is observed. Science is driven by human interests.
Researcher should:	Focus on facts. Look for causality & fundamental laws. Reduce phenomena to simplest elements. Formulate hypotheses & 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.

3.5.2 Statement of Hypotheses

The previous section outlined the main process undertaken in conceptualising the independent and dependent variables within this study, including reservations in their respective classifications. This conceptualisation addressed the research objectives outlined in Chapter 1 and led to the development of hypotheses to allow statistical analysis to be undertaken. Within this, convention was followed by phrasing each null hypothesis in a negative format. This would suggest that if the null hypotheses were rejected, government policy makers may be incorrect in generalising from research where ethnicity has not been a factor under consideration. In turn, this would imply that they may need to target minority-owned SMEs in a different way to that currently administered. The main hypotheses within this investigation can therefore be summarised as follows:

H 1. There are no statistical differences between Asian and indigenous firms' awareness of selected government assistance programmes.

H 2. There are no statistical differences between Asian and indigenous firms' frequency of use of selected government assistance programmes.

H 3. There are no statistical differences between Asian and indigenous firms' perceptions of the timeliness of selected government assistance programmes.

H 4. There are no statistical differences between Asian and indigenous firms' perceptions of the reliability of selected government assistance programmes.

H 5. There are no statistical differences between Asian and indigenous firms' perceptions of the availability of selected government assistance programmes.

H 6. There are no statistical differences between Asian and indigenous firms' perceptions of the usefulness of export information sources.

H 7. There are no statistical differences between Asian and indigenous firms' perceptions concerning the importance of types of information for export operations.

H 8. There are no statistical differences between Asian and indigenous firms' perceptions concerning problems in export operations.

H 9. There are no statistical differences between Asian and indigenous firms' perceptions concerning assistance requirements in export operations.

H 10. There are no statistical differences between Asian and indigenous firms' perceptions concerning motives for stimulating export operations.

H 11. There are no statistical differences between Asian and indigenous firms' perceptions concerning the effectiveness of selected organisations' advertising.

Nevertheless, it could be argued that the eleven main hypotheses detailed above views the effect of ethnicity in rather narrow terms, namely that to only test for statistical differences between Asian and indigenous firms excludes other potential influences between sub-groups within the two populations. Arguably, the main limiting factor is that to group all the Asian firms together, irrespective of their ethnic origin, e.g. Bangladesh, East Africa etc., prevents specific cultural influences being accounted for. However, as previously mentioned within this chapter, by further sub-dividing the group

of firms, potential benefits would be lost to a certain extent by the limited statistical analysis possible with small sample sizes.

Even so, as the literature review suggested, there are a number of ways of segmenting firms for the targeting of export assistance, although the two main methods appear to be by stage of export development (sometimes known as internationalisation) and by firm size; both of which are currently used by U.K. policy makers. This said, the criteria to differentiate firms by these methods are subjective and limiting, in the sense that no recognition is given for different export performance levels. Consequently, it has been argued that levels of performance between firms may be a further differentiating criterion.

Nevertheless, within this study, more sub-groups used in the analysis would provide smaller individual sample sizes and require justification with more tables. Also, detailed explanation would be outside of the scope of the research. With this in mind, in the first instance, only the selected factors described below have been used, and the tables in this thesis are restricted to explain the main hypotheses only. The Hotellings multiple T Test, part of MANOVA, was used to test the effect of the following factors in relation to the main hypotheses detailed above, since this encompassing technique is regarded as a robust technique in dealing with small sample sizes (see for example, the SPSS Handbook).

A. The effect of ethnicity and stage of internationalisation.

B. The effect of ethnicity and size of firm.

C. The effect of ethnicity and success (measured by profitability).

D. The effect of ethnicity and success (measured by growth).

E. The effect of ethnicity and success (measured by objectives set).

F. The effect of stage of internationalisation.

G. The effect of size of firm.

H. The effect of success (measured by profitability).

I. The effect of success (measured by growth).

J. The effect of success (measured by objectives set).

Consequently, H 1A would become: there are no statistical differences between Asian and indigenous firms in particular stages of export development in relation to their awareness of selected government assistance programmes. Although hypotheses H 1B-E would follow the same principle, it is also considered necessary to avoid the effect of ethnicity in the analysis for comparative purposes. Therefore, H 1F would become: there are no statistical differences between firms (i.e. all firms and the ethnicity factor is excluded) in particular stages of export development in relation to their awareness of selected government assistance programmes. The same format would apply in hypotheses H 1G-J. Consequently, while the testing of only eleven hypotheses forms the basis of the substantive part of this investigation, statistical analysis was undertaken to test these eleven hypotheses against the ten (A-J) variables listed above, i.e. a further 110 hypotheses were tested. However, for the reasons mentioned earlier, these are summarised in a single tabular format within the main results of Chapter 5 (Table 5.13) in order to concentrate on the core eleven hypotheses in this study.

3.6 Conclusion

This chapter has provided a discussion concerning the research design used in this investigation. Specifically, it detailed the formulation of the independent and dependent variables together with the hypotheses constructed to address the objectives discussed in Chapter 1. Even so, it can be concluded that a number of limitations exist in this study and these were highlighted within the various sections of this Chapter.

Nevertheless, with particular limitations in mind, this chapter conceptualised the core hypotheses which form the basis of this thesis together with the supplementary hypotheses developed for comparative purposes. The testing of these hypotheses is undertaken in Chapter 5. This chapter provided a link between the review of the literature contained in Chapter 2 and the methodological approach undertaken which is discussed in the next chapter.

It is now important to develop the methodological approach undertaken, recognising limitations associated with this investigation, while at the same time providing a rationale to justify the particular courses of action judged to be necessary to meet the overall objectives of the study; this is undertaken in Chapter 4.

CHAPTER 4. METHODOLOGY

4.1 Introduction

Chapter 3 examined the formulation of the hypotheses used in this thesis in order to meet the objectives detailed in Chapter 1. Four groups of hypotheses were formulated representing the independent variables under study, i.e. the main independent variable: ethnicity and the three supporting independent variables, namely: internationalisation, size of firm, and performance. In addition, the dependent variables in the research were discussed, thus providing the conceptual framework underlying this investigation.

Before proceeding to discuss the empirical findings, this chapter addresses the decisions taken to operationalise the research objectives by considering the methodological approach undertaken in the course of this study.

4.2 Data Requirements

The purpose of this investigation is to determine whether U.K. companies can be differentiated in terms of their ethnicity and other background characteristics in order to target export assistance programmes more efficiently and effectively. As a consequence, the study determines whether generic programmes should be offered to all firms or if firms with different backgrounds require particular support. As Chapter 2 highlighted, there is a gap in the research literature, since previous export related studies have not looked at differentiating firms on the basis of ethnicity. Therefore, data were required on firms' background characteristics. In addressing this data requirement, this chapter discusses the methods by which different aspects of the primary data were collected and the methodological considerations that were acknowledged at particular stages of this investigation.

4.3 Methods of Data Collection

There are five fundamental methods of data collection (see most classic management research texts for more details, for example, Chisnall, 1992; Crimp and Wright, 1995; Kinnear and Taylor, 1996) these being: postal questionnaire, personal interview, telephone interview, observation and experimentation. In the process of the research procedure each method was scrutinized in relation to its suitability to the criteria of avoidance of bias and the acquirement of a statistically representative coverage of the population under study within the resources available. Within the context of the research objectives, the advantages and disadvantages of each method are now discussed in order to explain why the particular data collection methods chosen, were used in particular stages of this study.

4.3.1 Postal Questionnaires

The advantages and disadvantages of the postal questionnaire method are widely discussed in the literature (see, for example, Moser and Kalton, 1971; Dibb et al, 1991). The principal research method used in this study was the postal questionnaire. The advantages and disadvantages which were considered in its selection can now be outlined.

Advantages

Firstly, it has the benefit of a relatively low cost per contact with a large number of respondents, the cost being represented by the price of a reply paid envelope together with the outgoing costs, which are reduced if there is a high response rate after the first mailing. The remainder of the costs are represented by 'incidentals' such as typing the covering letter, photocopying the questionnaire etc. The issue of costs became more

pertinent when the geographical spread of firms in this study was taken into account. Secondly, the postal questionnaire allows the possibility of documenting a relatively wide-ranging number of issues in a concise way. It also makes provision for the possibility of access to personal or confidential information from respondents protected by the guarantee of anonymity.

Disadvantages

Firstly, there is the constraint of self-explanatory structured questions. Associated with this is that the method does not allow for the checking of answers against their intended meaning. Secondly, ensuring that the intended respondent completes the questionnaire in its entirety is difficult to control. Thirdly, there is the issue of non-response or a low response rate which can result in an increase of the unit cost of information per respondent and reduce the data base on which the empirical findings are based.

However, it was assumed that thorough consideration towards the questionnaire design and the preparation for conducting the postal survey would serve to minimise these problems. Taking all of this into account, the postal questionnaire was selected as the preferred method for obtaining the majority of the primary data in this investigation.

4.3.2 Personal Interviews

This research tool involves the respondent being asked questions face to face. There are three types of personal interview, firstly, structured; secondly, unstructured; both of which are discussed below; and thirdly, semi-structured which aims to combine the other two approaches.

Structured interview

All respondents are presented with the questions with identical wording and in the same

order. The aim being to provide maximum control of the interviewing process and therefore to reduce the variability in results which may be caused by differences in interviewer characteristics.

Unstructured interview

This process involves the interviewer being given general guidelines on the required information, and then obtaining the required data applying the ordering and wording of questions as is deemed most appropriate for the interview.

At this point it is important to recognise that there are several problems associated with the personal interview research method. Firstly, questions need to be asked in such a way so as to avoid biased answers. Without proper training for the interviewer this can be potentially very onerous as it is quite easy to alter expression, posture and tone of voice in such a way as to risk bias. Secondly, there is the issue of response error due to, for example, mistakes in recording answers or misunderstanding the responses given. Even so, this research method does allow interviewers the flexibility to explain questions in such a way as to minimise bias. Thirdly, there is the possibility of losing information as a result of restrictions of freedom in answering questions. This obstacle can normally be overcome using the unstructured interview technique by the interviewer moving on to a later question and then reverting back to the question causing the complication.

Despite these challenges, both the structured and unstructured forms of interview are useful at different stages in research. The unstructured interview is useful at the pilot stage of the investigation, accompanied by structured interviews in the main survey as an efficient method of data collection.

In this investigation, the semi-structured interview was seen as a potentially very beneficial method, offering the opportunity for discussion of background data and content when constructing the questionnaire; gaining opinions on the layout and the way the questions were asked at the testing stage; and finally, as a means of acquiring greater in-depth knowledge of managers' company specific experiences when collecting qualitative information.

4.3.3 Telephone Interview

This research tool has been acknowledged as a way of quickly collecting information from a geographically dispersed group of potential respondents. There are several disadvantages associated with this method, which include cost per call, the problem of gaining respondents' confidence, and the limitation of the research to a short and perhaps superficial treatment of the subject under investigation. Nevertheless, the use of computerised telephone questionnaires with automatic routing of questions based on the responses received allows for quicker interviews and therefore less costs.

Where the telephone interview is not used as the main method of data collection, it is often employed as a back-up method to supplement initial responses to personal interviews or postal questionnaires; also, to ascertain the reasons for non-respondents participating in the study.

However, given the amount of data needed in this study the use of this research tool was judged to be inappropriate as the main information gathering method. In addition, it was not used in a supplementary mode because the respective response rates achieved from the postal survey were judged to be adequate in this investigation.

4.3.4 Observation

This research tool offers an effective way of examining how events and actions take place when the subjects under investigation are not able to provide the required information with sufficient accuracy. It has the advantage of being able to offer information on what people do, rather than what they say, however, it has the disadvantage that the information gained offers details on what is happening, rather than why these people act in this way. Consequently, it is often necessary to supplement observation on company practices with other methods, for example, personal interviews to provide the necessary background information.

There are other potential weaknesses with the observation method. Firstly, a predicament exists in establishing attitudes and opinions from observed behaviour, consequently this leads to the need for a combination of research tools. Secondly, unless sufficient training has been acquired there is the risk of observer bias. Thirdly, there is the potential problem of obtaining a random selection of subjects who will allow observation, together with the impossibility of documenting past behaviour. Finally, the lack of any form of experimental control exists in many cases against which observations can be compared.

In this investigation, direct requests for information on each manager's past experiences and future expectations which might be expected to affect current and future decisions made the nature of the information confidential and impossible to observe, hence this technique was considered inappropriate. In addition, although participant observation would have been a useful way of obtaining information on the attitudes and opinions on how managers carry out their exporting activities, the resources needed to undertake this within a large number of companies, even assuming that company participation could be

negotiated, were beyond those available in this investigation. For these reasons, the observation technique was considered inappropriate in this study.

4.3.5 Experimentation

As a means of determining causality in export performance, the experimentation method would clearly have been the preferred option. However, in this investigation it was not part of the research objectives. In addition, an overriding problem in the field of marketing is that the researcher is confronted by a host of interacting causes and effects, which are both internal and external to the company, over which the researcher and often the managers under investigation have little control.

The main disadvantage of experimentation would appear to be the "self-fulfilling prophecy" effect of experimenter bias on the hypothesis being tested. The person who is involved in formulating the hypothesis or who is aware of it, should not train other research experimenters. Although marketing experiments can use factorial designs so that the experimenter is treated as a variable, the method was considered inappropriate for this study.

This was in part due to the problems of validating results from individual companies and the immense increase in resources it would require over the personal interview or postal questionnaire methods. In practice, it would also be highly unlikely for the researcher to obtain the required co-operation from SMEs in experimenting with export marketing policies, and the results of such experimentation could only be measured on a longitudinal basis.

4.3.6 Implementation of the Chosen Methods.

As highlighted previously, this investigation required a research method that would

achieve a statistically representative sample size within a reasonable time and cost, which at the same time would avoid bias.

The main research instrument used was the postal questionnaire supplemented in part by the personal interview method. With reference to the problem of recording the data collected, it was apparent that tape recording personal interviews would generate too large and expensive a task of analysis for the resources of this study if this had been the main research instrument. There was also some concern that tape recording may intimidate respondents as senior managers may not want to divulge confidential information. Therefore, the recording medium most likely to maximise the return on data collection costs for the main part of the investigation was judged to be the postal questionnaire, which allowed immediate recording of responses without the cost of the interviewer being present.

Nevertheless, at the exploratory stage of this study, depth interviews were undertaken during the Summer period, with a limited sample of managers from an ethnic minority background (34 firms in total) in order to obtain an insight into key export behaviour and attitudes towards problems and assistance requirements.

A conscious decision was made at the exploratory stage of the research to consider two key issues. First, whether the export behaviour of ethnic minority-owned firms exhibited identifiable differences with the accepted practices (from the literature) of their indigenous counterparts. In determining that this was, in overall terms, not the case (Chapter 5 provides more details), it allowed in the second instance, the piloting of a questionnaire to be undertaken. This was subsequently used in the quantitative stage of this study.

This was then supplemented with an equivalent sample of managers of an indigenous origin to provide comparative data. The sample size was based on time and cost restrictions together with a problem of obtaining an accurate sampling frame of ethnic minority-owned firms and a willingness of managers to be interviewed (Section 4.5.1 provides a more detailed account of the process undertaken). Furthermore, the interviews allowed the formulation of a structured questionnaire based on factors deemed as important from a review of the literature and relevant to the managers in the population under investigation (Appendix 1 refers). The firms used in the qualitative stage of the investigation did not form part of the postal survey in order to reduce bias caused by prior knowledge of this study. Details of the respondents' characteristics for the qualitative sample are summarised in Table 4.1. Also for codification purposes please refer to the questionnaire provided in Appendix 1.

Table 4.1 Exploratory Survey

<u>Asian</u>								<u>Indigenous</u>							
<u>Stage of Internationalisation</u>															
1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8
0	9	0	0	10	10	5	0	0	0	0	0	10	15	9	0
<u>Length of Export Experience</u>															
1	2	3	4	5	6			1	2	3	4	5	6		
9	0	4	10	10	1			0	5	10	9	5	5		
<u>Number of Employees</u>															
1	2	3	4	5	6	7		1	2	3	4	5	6	7	
0	5	5	10	14	0	0		0	0	10	10	10	4	0	
<u>First Export Order Solicited</u>															
Yes	No							Yes	No						
9	16							20	14						
<u>Total Sales Volume</u>															
1	2	3	4	5				1	2	3	4	5			
5	10	11	8	0				7	5	7	15	0			
<u>Subsidiary</u>															
Yes	No							Yes	No						
0	34							0	34						
<u>Current Export Sales Volume</u>															
1	2	3	4	5				1	2	3	4	5			
10	10	10	5	0				0	10	10	14	0			
NB: This part of the investigation was restricted to the clothing industry in the Midlands															

Data collection via mailing of the questionnaire was planned to take place in early Autumn. There were a number of reasons for the timing of the mailing. Firstly, it avoided the problem of managers of an indigenous origin being away over the Summer vacation period. Secondly, with respect to managers from an ethnic minority background, it was known from past experience that a number of Asian managers within the broad term "ethnic minorities", start their vacations after mid-November and before December due to a lull in the manufacturing trade at this time of year (especially the clothing industry) and also the availability of low cost air travel for flights booked to depart during this time of the year. Thirdly, the JEPD, i.e. the government body that funded this study, required a complete report on the investigation by the Spring of 1996. In order to achieve an acceptable response rate to the postal questionnaire, the issue of the need for prior contact with the managers had to be considered. Unfortunately, due to the large number of companies involved, the use of a telephone call, letter or postcard to act as prior notification was deemed impractical due to the length of time that the procedure would take and the costs it would incur.

4.4 Sample Design and Collection

It is now important to discuss the specification of the type and number of respondents required to participate in the survey. In order to control for the effect of different cultural influences on the behaviour of SMEs, it was decided to restrict the initial personal interviews in this study to entrepreneurs from one ethnic background. Although Ward (1991) discusses both problems in classifying different types of ethnic firms and the changes in propensity of particular groups of ethnic managers to engage in entrepreneurial activities over time, his findings suggest that those from Asian backgrounds tend to have higher self-employment rates than those from other ethnic

backgrounds. Therefore, when obtaining a comparative sample against indigenous firms, only those firms owned by managers from an Asian ethnic background were investigated in this study (Chapter 3 provides more details on the way in which ethnicity was conceptualised).

Turning now to the postal survey to which this thesis primarily refers, it should be noted that while some ethnic groups can be easily categorised, grouping Asian entrepreneurs together is problematic, since their place of origin, e.g. Bangladesh, East Africa, India, Pakistan etc., together with associated cultural and religious differences makes generalisations on behaviour incorrect. For example, Ward (1991) further sub-divides his classification of Asians into their country of origin to demonstrate different employment rates. Although this point was recognised and categories were constructed in the questionnaire, for the purposes of this study, Asian entrepreneurs were not further divided to avoid small sample sizes for use in the quantitative analysis and this procedure was considered unnecessary in testing the hypotheses under investigation.

Although 'general' sampling frames were available for firms giving no indication of whether or not they exported and more specialised sampling frames were available for exporting firms, neither gave any indication of the ethnic origin of the owners. This was anticipated in the research, since previous studies have experienced problems in developing a sampling frame of ethnic businesses (see, for example, Basu, 1991; Pardesi, 1992; Okoronkwo, 1993). Furthermore, these studies suggest that certain government bodies and trade associations have limited access to ethnic minority-owned firms.

In the first instance, a questionnaire was mailed to 5000 firms, approximately half of the companies in the last edition of the Sells Export Directory (1994 was the final edition).

Alternate firms were drawn from the directory, except where distributors, associations and the like were listed as these were omitted since the study was restricted to manufacturing firms. Previous use of past editions of the directory indicated that it contained committed as well as marginal and non-exporters and consequently provided the required variation in firms' export intensities to represent SMEs at all stages of the internationalisation process.

In the second instance, it was concluded from the literature review that no single sampling frame would be located for ethnic minority-owned firms and one would have to be constructed in the course of the study. Industry trade associations, the Department of Industry and the local council advisory boards were contacted and from these discussions a sampling frame of 800 was constructed of 'suitable' (meeting the sample requirements of less than 250 employees) ethnic minority-owned firms, to supplement those in the main export directory where ethnicity was not brought out separately.

In developing the sampling frame used in this investigation, a judgement was made in determining that the most suitable approach would be to not restrict the study to research within a limited number of trade sectors. Instead, a conscious decision was made to use a sampling frame of manufacturers within varied trade sectors to provide a general coverage of U.K. firms. It is acknowledged that this provides a limitation within the study, i.e. there maybe different practices among various sectors of industry. Even so, the fact that a larger sampling frame was adopted (yielding a subsequent high response rate) is considered within the confines of this investigation to be a significant compensatory factor. A representation is provided of different trade sectors with various levels of maturity, technology levels and the like, together with an arguably respectable sample size (vis-a-vis previous literature reviewed in Chapter 2). Details of

the respondents' characteristics for the quantitative sample are summarised in Table 4.2. Also for codification purposes please refer to the questionnaire provided in Appendix 1. Even so, the sampling frame was by no means considered complete because it was developed from various sources, but was nevertheless thought to be at least a credible indication of the population under study and acted as a supplemental listing to the main directory.

4.4.1 Identity of Individual Informants

Acknowledging that firms are not homogeneous entities but have individual characteristics and styles, it was decided to address the questionnaire's covering letter to the Managing Director in the first instance. It was requested in the letter that the questionnaire should be directed to the appropriate individual if the executive with responsibility for exporting was other than him or herself.

Taking into account the small average size of the firms under investigation and the flat management structure known to be representative of these companies (Carson et al, 1995) it was assumed that the Managing Director would be the appropriate addressee in the majority of cases. In addition, the required information related to an overall picture of exporting as a company activity and therefore the most appropriate person to supply this type and level of data was deemed to be the Managing Director. This proved to be the case with the Managing Director replying in excess of 70 percent of the cases with someone of director level responding in the remainder of the cases. However, as Phillips (1981) indicates, measurement error can occur from differences in key informants' responses. This did not prove to be the case in this investigation as no statistical differences were found over key responses in the questionnaires.

Table 4.2 Main Survey

<u>Asian</u>								<u>Indigenous</u>							
<u>Stage of Internationalisation (Q25)</u>															
1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8
9	18	12	45	42	39	54	123	36	12	3	24	66	174	213	372
<u>Location(Q12)</u>															
1	2	3	4					1	2	3	4				
267	3	42	12					732	12	93	30				
<u>Subsidiary (Q22)</u>															
<u>Yes</u>		<u>No</u>						<u>Yes</u>		<u>No</u>					
21		297						261		618					
<u>First Export Order Solicited (Q13)</u>															
<u>Yes</u>		<u>No</u>						<u>Yes</u>		<u>No</u>					
261		39						588		198					
<u>Length of Export Experience (Q14)</u>															
1	2	3	4	5	6			1	2	3	4	5	6		
8	3	9	27	15	192			21	12	36	84	123	588		
<u>Number of Employees (Q23)</u>															
1	2	3	4	5	6	7		1	2	3	4	5	6	7	
12	54	48	42	57	72	36		66	111	126	42	111	159	174	
<u>Total Sales Volume (Q21)</u>															
1	2	3	4	5				1	2	3	4	5			
42	63	75	33	87				255	171	159	87	210			
<u>Profitability (Q18)</u>															
1	2	3						1	2	3					
87	114	99						255	345	246					
<u>Growth (Q19)</u>															
1	2	3						1	2	3					
57	117	123						171	399	285					
<u>Objectives (Q20)</u>															
1	2	3						1	2	3					
63	105	129						150	408	285					
<u>Customers (Q16)</u>															
1	2	3	4	5				1	2	3	4	5			
81	36	36	33	144				57	147	108	114	471			
<u>Transactions (Q17)</u>															
1	2	3	4	5				1	2	3	4	5			
78	30	15	9	195				57	90	63	93	594			
<u>Current Export Sales Volume (Q15)</u>															
1	2	3	4	5				1	2	3	4	5			
96	36	42	24	57				489	174	90	36	75			
<u>Employees Dedicated to Exporting (Q24)</u>															
1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8
243	78	3	3	3	0	3	3	432	345	72	24	9	6	6	6

NB* Not all respondents answered every question and a question was not asked in relation to trade sector

4.5 Problems in Sampling

The problems in sampling are well documented in the literature (see, for example, Moser and Kalton, 1971; Green, Tull and Albaum, 1988; Boyd, Westfall and Stasch, 1989). In this study, the anticipated problem areas were bias, reliability and validity. The actions taken to extensively reduce the effects of these problems are now discussed.

4.5.1 Bias

Sources of bias expected to cause problems in this study were: (a) error in the selection of respondents, (b) non-response error, and (c) response bias. These will now be discussed in turn within the context of this investigation.

a. Selection of Respondents

In the task of selecting respondents, two levels of selection were undertaken, first, in identifying the companies that would be invited to take part in personal interviews, second, in narrowing down the sampling frame for the mailing of a postal questionnaire in the substantive part of the investigation.

Personal interviews

Although a general sampling frame was available for firms within the manufacturing sector giving no indication of whether or not they exported, and a more specialised sampling frame was available for exporting firms, neither gave any indication of the ethnic origin of the owners (except that in some cases informed guesses could be made, e.g. those with Patel, Singh, etc. in the name of the firm). This was anticipated in the research, since previous studies have experienced problems in developing a sampling frame of ethnic businesses (see, for example, Basu, 1991; Krcmar, 1987; Pardesi, 1992;

Okoronkwo, 1993). Furthermore, these studies suggest that certain government bodies and trade associations have limited access to ethnic minority-owned firms.

It was concluded that no single sampling frame would be located and one would have to be constructed in the course of the study. Industry trade associations, the Department of Industry and local council advisory boards were contacted and from these discussions a sampling frame was constructed of Asian-owned firms in the manufacturing sector with less than 250 employees. Even so, the sampling frame was by no means considered complete because it was developed from various sources, but was nevertheless thought to be at least a good indication of the population under study.

After testing of the questionnaire with academic and trade advisors, 119 firms from the Midlands were identified and contacted to see if they would be prepared to participate in the study. The personal interview stage was restricted to the Midlands due to time and cost considerations.

Telephone conversations with managers revealed that 30 firms were non-exporters, which cast doubt on the accuracy of the sampling frame which had been developed, although it was decided that these managers would also be invited to participate in the study for comparison with the exporters. It was determined that the managers from the non-exporting firms professed an interest in exporting in the future and therefore the perceptions of these managers was considered to be important. Nevertheless, this resulted in 25 exporters and 9 non-exporters granting interviews. Of the managers who refused an interview, 77 percent claimed to be too busy and 23 percent deemed the information to be confidential. This was supplemented with an equivalent (but not fully matched) sample of managers of an indigenous origin to provide comparative data.

Postal Questionnaires

As previously mentioned (Section 4.3), a questionnaire was mailed to 5000 alternately drawn manufacturing firms, approximately half of the companies in the last edition of the Sells Export Directory. Previous use of past editions of the directory indicated that it contained the required variation in firms' export intensities to represent firms at all stages of the internationalisation process. By adopting this method of selection, the problems of bias caused by non-random selection and inadequate coverage of the population under study were thought to be minimised.

In the case of the ethnic minority-owned firms, it was concluded from the literature review that no single sampling frame would be located and therefore one would have to be constructed in the course of the study (for more details, refer to Section 4.3). This resulted in a sampling frame of 800 ethnic minority-owned firms which met the sample requirements. Even so, the sampling frame was not considered complete because it was developed from various sources, but was nevertheless thought to be at least a credible indication of the population under study. In both cases, the possibility of duplication of companies was eliminated by double-checking the post codes of the companies in the samples.

b. Non-Response

A common problem with postal questionnaires is non-response, which can affect either overall participation or only relate to certain areas, for example, refusal to answer sensitive questions. In order to facilitate a good response rate the following techniques were paid special attention, i.e. questionnaire length, size, survey sponsorship (JEPD), use of pre-paid return envelopes, method of reproduction, format layout, colour,

assurance of anonymity, incentives: in this case a free copy of the results, and use of a deadline date. In this investigation, extensive use was made of these methods.

When determining the overall response rate, 397 questionnaires were returned by the postal service since firms had ceased trading (this was not unexpected, since as previously mentioned, the first sampling frame was one year out of date); 58 firms were not manufacturers; 71 replied stating that they were either too busy or it was not company policy to respond, and 1479 responses were obtained representing an overall response rate of 28.04 per cent. However, since 231 respondents either refused to state the ethnic origin of the firm (in certain cases suggesting it was not relevant or a racist question) or their firms were public companies, these were excluded from the analysis in this study. Therefore, the sample sizes in this investigation were 342 Asian and 906 indigenous-owned firms employing under 250 staff, in line with DTI criteria, providing a response rate of 23.66 per cent.

Taking into account that the overall response rate from the first mailing was considered adequate; time and cost restrictions were administered by the funding body; and also, the fact that neither the reply-paid envelopes nor the questionnaires were coded (hence responses were anonymous), the issue of a second mailing did not arise.

c. Response Bias

Response bias is a potential problem that can occur in both personal interviews and postal questionnaires, due to the conscious or unconscious manipulation of answers by respondents. Interviewer bias can result due to a similar distortion of both questions and answers. This could possibly be due to the personal attitude of the interviewer or as a result of the interaction between the interviewer and respondent. The common ways of

minimising interviewer bias include the use of a standardised questionnaire, careful selection and training of interviewers, or an increase in their total number thereby reducing the adverse effects of individuals' biases, (see, Boyd, Westfall and Stasch, 1989). In this study, all the interviews were conducted by the researcher and control was exercised so that the process of asking questions and noting answers was conducted in as similar a manner as possible.

It is clear then that the possible sources of error due to bias are numerous when data is collected by survey research. However, the value of the data generated and availability of methods for reducing bias at the data collection stage and then estimating its effect during analysis, both compensate for the possible error-cost.

4.5.2 Reliability and Validity

Reliability and validity are of the utmost importance in any research project so that one can be confident that the results have been collected in a scientifically and methodologically sound manner. Reliability and validity have been defined in a number of ways (refer to the majority of research methods text books for similar definitions). By way of example, Moser and Kalton (1971, pps. 353 and 355) state "a scale or test is reliable to the extent that repeat measurements made by it under constant conditions will give the same result" and "by validity is meant the success of the scale in measuring what it sets out to measure, so that differences between individuals' scores can be taken as representing true differences in the characteristic under study".

Reliability

To test reliability three methods are commonly used. Firstly, the test-re-test method, where the same text is administered twice on the same group of individuals, either

immediately or after a time lapse, and the results compared. Secondly, the alternative forms method, in which two equivalent versions of a scale are given to the same respondents and the results compared. Thirdly, the split-half method, where the set of questions to be tested are divided into two matched halves and the answers for each half compared. A less expensive method of ensuring reliability is to increase the number of items in the questionnaire, with the intention of carrying out corroborative tests at the analysis stage. This method was used in the questionnaire design.

Moreover, a test was administered using a statistical method to calculate the coefficient of alpha (Cronbach alpha score) for a series of rating scales. Although there is no single cut-off point to determine reliability, it is generally accepted to be at 0.8, i.e. a result of 0.8 and above is considered to be acceptable (for a full discussion see, for example, Moser and Kalton, 1971). Chapter 5 provides the findings from this investigation including the alpha co-efficients. Even so, the results indicate that statistically reliable results were obtained in this study.

Validity

Methods of testing validity are less definitive; the most common method pre-tests content validity by applying the questionnaire to "known" groups of respondents whose responses are checked against expected results. Another method, namely construct validity relates to the effectiveness of the relationship between the variable defined by the researcher as a form of measurement and the concept which it is intended to measure. A typical example of this is the study of behavioural patterns as a measure or indication of strength of attitudes.

In this survey, the questionnaire was tested by academic experts and, in addition, samples of firms representing the populations under study. Moreover, respondents were shown to exhibit a number of characteristics which suggested that they represented a credible indication of the population under study, for example, ethnicity, export commitment and size of firm. Consequently, such testing ensured that the data in this study represents valid findings from the major constructs under investigation.

Having reviewed the actions taken in relation to the effects of bias, reliability and validity, the next section discusses elements of questionnaire design.

4.6 Questionnaire Design

In the majority of research studies a different questionnaire is used for each of the quantitative and qualitative elements to look at what may be termed the structured and unstructured considerations respectively. However, this approach was not taken in this study. The overall objective behind the questionnaire design in this investigation was to develop a structured postal questionnaire which was developed in the course of the in-depth personal interviews at the exploratory stage of the research. Since the postal questionnaire had to be self-explanatory to achieve reliable and valid responses, emphasis was placed on the design of a structured questionnaire which can now be discussed.

Questionnaire structure

This was developed from an exploratory set of personal interviews, the objective of which was to conduct a small scale version of the main project according to the salient specifications of the main survey.

The aims of the interviews were to identify possible problem areas, evaluate findings in terms of how far they achieve overall research objectives, assess the likely degrees of sampling and non-sampling error, and the reliability and validity of the expected survey information. Prior to the exploratory interviews, two tests were carried out to check the validity of the questionnaire. Firstly, managers and representatives from trade bodies reflecting the samples under investigation were asked to comment on an early draft of the questionnaire containing questions compiled from factors deemed as important from the literature. Secondly, several Professors of International Business who were judged to be knowledgeable about the area of study were requested to assess the intelligibility, format and comprehensiveness of questions in the revised draft in relation to research objectives and hypotheses. This culminated in some re-wording of questions and some additions and deletions in the questionnaire. Subsequently, the questionnaire was put forward for a more rigorous test on a selection of managers and academics who had participated previously.

The pilot sample of companies for interview was randomly chosen from a sampling frame of firms within the Midlands in order to keep time and costs at a reasonable level. The formal testing with the Managing Directors from companies in the respective samples, i.e. Asian and indigenous-owned firms, was carried out whereby they were invited to: discuss the project's aims and approach; answer the questionnaire; discuss individual questions (meaning, terminology, format etc) and the general layout of the questionnaire; suggest topics which warranted inclusion or exclusion and emphasise those that deserved greater or lessor attention.

These interviews were conducted for several reasons. Firstly to check the validity of the questionnaire in its current form. Secondly, to test the validity of the questionnaire as a

means of differentiating between firms with various characteristics on the basis of responses to questions designed to measure these dimensions. Thirdly, to test the effectiveness of the cover letter as a means of facilitating a favourable response.

After further modifications resulting from these rigorous discussions with academics, managers, and policy makers, the revised questionnaire was structured in the format contained in Appendix 1. The general format and type of questions used in the questionnaire can now be discussed.

Questionnaire format.

The questionnaire was presented in a relatively user friendly format, a number of firms' subsequent responses suggest this to be the case, but question format was restricted to one which could be processed via an optical reader. Nevertheless, the way in which certain questions were asked warrants additional attention (refer to Chapter 3 for a more detailed discussion). For example, in terms of establishing the frequency of use of named services (certain other questions had similar considerations), a 5 point scale ranging from "never used it", to "always use it", was employed. This could be argued to be not methodologically robust, but was considered to be acceptable in the pilot testing and the format aided respondents' completion of a standardised questionnaire.

The other major considerations involved establishing the major constructs of interest to the JEPD, namely ethnic origin and stage of export development, although similar principles apply to the other independent variables under investigation (see Chapter 3 for more details). Ethnic origin was categorised in the format suggested by a member of the Personnel Department from the author's university who had responsibility for matters of equal opportunity and was therefore believed to be politically correct terminology. Unfortunately, there is no standard format for categorising firms in stages

of export development (Chapter 3 refers) albeit the JEPD use a three stage approach developed by consultants. Although subjective and open to criticism, an eight stage approach was used in this study, since this was considered to provide a more detailed categorisation of export development than the one currently employed by the JEPD (for support of the current approach, see Crick, 1995).

Finally it should be pointed out that a pilot postal survey was not considered necessary in the investigation for two principal reasons. Firstly, the questionnaire was formulated from a review of the relevant literature which was subsequently developed further by personal interviews. Secondly, it was checked by academic experts in the field of study.

4.7 Conclusion

It can be concluded from the methodological approach undertaken that a number of limitations were contained within this study and these were discussed within the various sections of this chapter. It would not be appropriate to further elaborate on these limitations to avoid repetition. This said, particular problems were discussed which resulted in these limitations and therefore this chapter has discussed the methodological approach undertaken in this investigation, highlighting why particular courses of action were taken and reasons why others were not undertaken. It provided a link between the formulation of hypotheses in the previous chapter and the empirical findings contained in the next chapter. Chapter 5 will now introduce the methods of analysis adopted and the results pertaining to this empirical investigation.

CHAPTER 5. FINDINGS

5.1 Introduction

Chapter 3 specified that a conscious decision was made within the research design of this investigation to undertake this study in two stages. In the first instance, by way of a qualitative approach based on personal interviews with both Asian and indigenous-owned SMEs in order to establish two key factors: namely, whether key behavioural export characteristics of Asian-owned firms vary from those of their indigenous-owned counterparts; also, to develop a questionnaire for use in the second (quantitative) part of the study.

Even so, Chapter 4 noted the methodological constraints within this study and highlighted the limited amount of time made available by managers in the course of their busy schedules. This affected the amount of data that could be obtained concerning key behavioural issues associated with export practices in order that a discussion involving the development of a questionnaire could also be undertaken. Consequently, the findings in this section refer to factors surrounding three areas: decision-making, planning, and operational issues. This provides a background against which the quantitative analysis from the postal questionnaires should be considered.

5.2 Decision-Making

As Chapter 2 suggested, the importance that senior management places on exporting has been seen to have an important positive effect on firms' international performance. Bilkey (1978) points out that the most important internal influence on exporting tends to be a member of a firm's top management. Cavusgil et al (1979); Cunningham and Spigel (1971); Pavord and Bogart (1975) and Simmonds and Smith (1968) found that the commitment of board and senior management is a major determinant of export behaviour. Welch and

Wiedersheim-Paul (1980) point out that the reluctance of managers of many SMEs to make a strategic commitment to export is understandable as the consequences of failure may be so traumatic that the potential benefits of success are ignored. As Table 5.1 shows, all Asian and indigenously-owned exporters confirmed that the Managing Director (or senior executive for firms without a Managing Director) would be the person responsible for the decision to export.

Table 5.1 Person Responsible for the Decision to Export

<u>Position in Firm</u>	<u>Asian-Owned</u>		<u>Indigenous-Owned</u>	
	<u>No. of Firms</u>	<u>Percent</u>	<u>No. of Firms</u>	<u>Percent</u>
Managing Director	23	92	31	91
Proprietor/Owner	2	8	3	9

Table 5.2 indicates that after the initial decision to export had been made, the decision to accept subsequent export orders was delegated in some cases, although the senior executive was still mainly responsible for this operation. This is an area of concern since if the senior executive was absent, in 72 percent of the Asian-owned firms and 59 percent of the indigenous-owned firms there would be no one to accept export orders. Care must be taken with this finding, since with very small firms, the senior executive may in fact be the only executive. Also, with the tendency of family members to serve as directors within Asian-owned firms, these directors are in essence extensions of the decision-making body. These people may have the authority to accept orders, but for reasons relating to family pride, leave documentation concerning acceptance of orders to the senior member of the family.

Table 5.2 Person Responsible for Accepting Orders (Absence of Senior Executive)

<u>Position in Firm</u>	<u>Asian-Owned</u>		<u>Indigenous-Owned</u>	
	<u>No. of Firms</u>	<u>Percent</u>	<u>No. of Firms</u>	<u>Percent</u>
Senior Executive Only	18	72	20	59
Marketing Director	5	20	8	23
Finance Director	2	8	2	6
Commercial Director	-	-	2	6
Prod Director	-	-	2	6

5.3 Planning

It is widely accepted that the use of information in export decision-making has an important role in firms' performance: Barrett and Wilkinson (1985); Bodur and Cavusgil (1985); Crick et al (1994) and Diamantopoulos et al (1990). Consequently, the fact that only a relatively small number of firms considered that they carried out regular marketing research was a disturbing finding. More disturbing, however, was that further probing in the interviews suggested that of the Asian-owned firms only 2 could be considered to have come close to conducting anything near thorough research. With the indigenous-owned firms, the figure was not much higher with 7 carrying out a similar thoroughness of research. The fact that SMEs fail to carry out formal market research, relying to some extent on 'informal' contacts via networks has been well documented (Crick et al, 1994) and this may contribute to this finding. Also, planning was far from thorough being more reactive than proactive, with none of the firms setting clear objectives and strategies. An indication of the main sources of information is shown in Table 5.3.

Table 5.3 Main Sources of Export Information

<u>Source</u>	<u>Firms Using Source</u>			
	<u>Asian-Owned</u>		<u>Indigenous-Owned</u>	
	<u>Regular</u>	<u>Occasional</u>	<u>Regular</u>	<u>Occasional</u>
DTI*	28%	20%	59%	21%
Trade Association	0%	32%	44%	24%
Chamber of Commerce	0%	28%	6%	21%
Business Link*	0%	0%	0%	21%

* Care should be taken in interpreting results with the fairly new introduction of Business Link and its handling of DTI services.

Another disturbing finding was that managers were on the whole unsatisfied with the government support available to them. This supports work such as Crick (1992) and Czinkota and Ricks (1981) who found that SMEs were not being offered the most useful assistance. Pinney (1970) points out that an important consideration for firms other than government assistance is external sources of information such as Chambers of Commerce, industrial associations, banks, and even other firms. Although indigenous-owned firms were more likely to use government and trade advisory sources than Asian-owned firms, the findings in Table 5.3 suggest that either many firms were not aware of the services on offer or knew about the services but were not satisfied with them. Further probing on government assistance whereby managers were asked if they recognised particular services suggested that with the low recognition rates, managers were on the whole not aware of services available.

Considerable evidence has been provided to suggest that factors both internal and external to the firm, including those associated with the managers' background and experiences have an effect on attitudes towards exporting. These have been termed by Bilkey (1978) as 'change

agents' which act as export stimuli. External contacts by the decision-maker seem to have an important influence; indeed, foreign travel was found to be a significant factor in favour of exporting by Dichtl et al (1984) and Simmonds and Smith (1968). Alternatively, Brooks and Rosson (1982) and Simpson and Kujawa (1974) found no meaningful correlation between traveling and exporting. However, Cunningham and Spigel (1971); Tesar and Tarleton (1982); and Tookey (1964) found that in the case of current exporters, frequent travels to the export markets positively influenced success in exporting. Topritzhofer and Moser (1979) point out that the duration of travel activities does not seem to be a significant influence. Related to this is the ability to speak languages which Liston and Reeves (1985) regard as an important consideration. Indeed, Dichtl et al (1984) suggest that exporters are more likely to speak more languages than non-exporters.

Table 5.4 suggests that contacts in overseas markets were more important for Asian-owned firms than indigenous ones and probing found this to predominantly involve the country of ethnic origin. Language ability was found to be an important consideration for both sets of firms, with travel to the market proving more important for Asian-owned firms. Further probing among the Asian-owned firms suggested that with the use of telephones and faxes with contacts in the market, travel is not too important. Even so, more probing among the Asian-owned firms suggested business travel alongside family vacations did take place and therefore the results in Table 5.4 are biased in this respect.

Table 5.4 Percentage of Firms Indicating Importance of the following in Exporting

<u>Contacts in the Market</u>						
Not at all	1	2	3	4	5	Very
Asian	0%	4%	28%	40%	28%	
Indigenous	12%	14%	44%	18%	12%	
<u>Ability to Speak Language</u>						
Not at all	1	2	3	4	5	Very
Asian	8%	8%	40%	24%	20%	
Indigenous	9%	9%	29%	29%	24%	
<u>Travel to the Market</u>						
Not at all	1	2	3	4	5	Very
Asian	8%	24%	40%	12%	16%	
Indigenous	23%	23%	45%	6%	3%	

Receipt of the first export order is also seen to be important, namely whether or not it was solicited. Indeed, Bilkey and Tesar (1977) found it to be the critical factor affecting whether firms export experimentally or not. Simpson and Kujawa (1974) play down the importance claiming that an unsolicited order was a significant but not sufficient condition for the initiation of exports, with other factors being of importance. Olson and Wiedersheim-Paul (1978) state that receipt of fortuitous orders, the effects of government stimulation and the consequences of economic integration can all have an effect on export behaviour. Table 5.5 indicates the number of firms starting exporting with the receipt of a solicited or unsolicited

order together with the extent to which it provided favourable perceptions towards the profitability of exporting.

Table 5.5 Perceptions of Profitability

Exporting is generally more profitable than the U.K. market

Firms Starting With an Unsolicited Order

Strongly Agree	1	2	3	4	5	Strongly Disagree
Asian (n=9)	0%	0%	44%	56%	0%	
Indigenous (n=20)	0%	45%	45%	10%	0%	

Firms Starting With a Solicited Order

Strongly Agree	1	2	3	4	5	Strongly Disagree
Asian (n=16 with 2 refusing to answer)	6%	31%	44%	6%	0%	
Indigenous (n=14)	14%	57%	22%	7%	0%	

Table 5.5 suggests that Asian-owned firms starting exporting after the receipt of a solicited order had, on the whole, more favourable perceptions of export profitability than those starting after the receipt of an unsolicited order. The results were less clear for indigenous firms, with firms starting exporting either after a solicited or unsolicited order tending to perceive exporting as more profitable than the U.K. market. In terms of Asian-owned firms, the issue of pride was mentioned earlier and this could also affect the results, since

favourable perceptions may have been provided by managers to justify their decision to export.

The country to which firms should commence exporting has also been found to be an important consideration. Johanson and Vahlne (1977) and Wiedersheim-Paul et al (1978) suggest that firms focus on close markets, usually considered to be culturally similar, introducing the concept of psychic distance. With firms from different ethnic backgrounds a further issue arises, namely, whether they should start exporting to a country psychologically close to their country of origin or to their 'adopted' country, in this case the U.K. Their country of origin may be psychologically very distant to their adopted country. In the U.K., members of the European Community and ex-Commonwealth countries tend to be considered as psychologically close. Table 5.6 details the top (most common) markets to which sampled firms started exporting and the number of firms currently exporting to the markets.

Table 5.6 Top Export Markets

<u>Area</u>	<u>% of Firms Starting Exporting to Market</u>		<u>% of Firms Exporting to Market Now</u>	
	Asian	Indigenous	Asian	Indigenous
Europe	56%	88%	100%	100%
East Africa	36%	0%	32%	9%
Indian sub-continent	4%	0%	12%	6%
North America	4%	12%	28%	41%

Although the high number of firms starting exporting to Europe is not surprising given its low psychic distance to the U.K., the high number of Asian-owned firms starting exporting to East Africa is interesting and suggests that the place of ethnic origin, or at least an area of

familiarity or where contacts have been developed, is also very important. This finding is supplemented by the relatively high numbers of Asian-owned firms currently serving East Africa. A further interesting observation is the level of interest both sets of firms have with North America indicating the importance of this market to exporters. Probing with both sets of exporters suggested this level of activity developed from market size and perhaps more interestingly other reasons such as language and travel. Whereas this was not surprising with the indigenous-owned firms, it was not expected with the Asian-owned firms who were thought to be more concerned with their cultural roots. The growth in second and third generation Asians with Western ideas and education may explain such attitudes.

5.4 Operational Issues

Servicing of export markets has become an area for debate in recent years. In particular, given the limited resources of SMEs, a key decision is the number of markets (countries) to serve. Piercy (1982) offers an insight into what has become known as the concentration versus spreading debate. Piercy provides evidence to support the view that in some cases it is better to concentrate on the needs of a small number of markets in order to service them effectively, whereas in other cases it is better to spread the risk by serving a portfolio of markets in case certain markets are lost. Unfortunately, there is no single agreed cut-off point for the number of markets served which makes comparisons with other studies difficult. Piercy suggests that the maximum number should be 12, although in some cases it should be less than this allowing for the individual firm's resources. Given a figure of over six countries as the criteria for becoming market spreaders in this study (stated by managers), very few Asian-owned firms met this number in the sample. Although it is beyond the scope of this study to relate export procedures with performance measures, Table 5.7 provides interesting figures, since nearly all Asian-owned firms concentrated on a few countries

whereas this was not the case for indigenous ones. It should be noted that the annual number of countries served varied, but those in Table 5.7 were considered normal by managers.

Table 5.7 Number of Markets Usually Served

<u>Number of Countries</u>	<u>% Asian Firms</u> (n=22)	<u>% Indigenous Firms</u> (n=34)
less than 7	91%	59%
7 or more	9%	41%

Care must be taken in interpreting the results in Table 5.7, since discussions indicated that in some cases managers of both sets of firms were restricted to a market concentration approach due to limited resources rather than the firm having it as a proposed export strategy. Even so, the results suggest that indigenous-owned firms are more likely to have a market spreading strategy than Asian-owned firms.

Standardisation or adaptation of different elements in the marketing mix is well known. Kotler (1984) discusses the decision of whether to offer a differentiated or undifferentiated approach which is perhaps one of the central issues of the export strategy. Although individual studies on the elements of the marketing mix provide examples of successful and less successful operations in this respect, they tend to recognise the inter-relationship between all of the elements in the marketing mix. Indeed, Weinrauch and Rao (1974) recognise the need to consider changing the whole marketing mix when exporting. With this in mind, the low perceived importance of an adaptation strategy for various elements in the marketing mix by Asian-owned firms compared to indigenous ones in Table 5.8 gives cause for concern (distribution is omitted due to obvious differences in channels when dealing with overseas customers).

Table 5.8 Perceptions of Using an Adaptation Strategy (Percentage of Firms)

		<u>Product</u>				
Important to adapt	1	2	3	4	5 Not important	
Asian	8%	8%	44%	20%	20%	
Indigenous	12%	35%	41%	9%	3%	
		<u>Price</u>				
Important to adapt	1	2	3	4	5 Not important	
Asian	8%	0%	52%	24%	16%	
Indigenous	24%	24%	46%	3%	3%	
		<u>Promotion</u>				
Important to adapt	1	2	3	4	5 Not important	
Asian	8%	8%	44%	20%	20%	
Indigenous	27%	41%	29%	3%	0%	

Although the findings in Table 5.8 are interesting since they suggest that Asian-owned firms are more likely than indigenous-owned firms not to adapt elements of their marketing mix in exporting, once again, care should be taken in interpreting the results. The high number of managers indicating middle range statistics in Table 5.8 may suggest a lack of experience and knowledge in exporting by some which prevented them from giving any result away from the average.

5.5 Summary of the Qualitative Study

The purpose of this section was to consider key aspects of the export practices of Asian-owned SMEs in comparison with their indigenous counterparts. Nevertheless, this study was constrained by the limited amount of time made available by managers and therefore the quantity and depth of issues explored were substantially reduced from that which would otherwise have been considered preferable in an ideal situation.

With the above reservation in mind, it can be concluded that the comparative findings on the export behaviour of Asian and indigenous-owned firms in the U.K. offered some interesting differences from the generally accepted practices on the export behaviour of SMEs. This has implications for policy makers in that the type of business assistance offered and the way in which it is delivered, both at the local and national level, may have to be reconsidered and gives support to the need for quantitative analysis on a large sample to test for statistical differences between the two groups of firms.

Specifically, it can be concluded that to offer delivery of generic programmes to both indigenous and ethnic minority-owned SMEs appears to be inappropriate and if export growth in ethnic minority-owned businesses is to be a major consideration, certain culturally specific characteristics of firms must be appreciated otherwise the limited resources for assistance may be wasted.

This section has indicated that the senior manager is an important factor in the export operations of both Asian and indigenous-owned SMEs. In Asian-owned SMEs, where the head of the family, usually the father/eldest male is the main decision-maker, any assistance will have to be targeted at this person and aimed to persuade this person to change what may be firmly held attitudes. Policy makers must convince this person of the benefits of exporting if firms are to become involved with international operations let alone committed exporters.

With the presence of the 'family business' becoming more prominent as Asians move into their second and third generations in the U.K., other members of the family may also need to be targeted and perhaps indirectly targeted or influenced. For example, as more students are taught international marketing as part of universities' business degrees, the perceptions of exporting may become more positive, and indeed, be seen as necessary.

The promotion procedure used by policy makers in the provision of export assistance should also be reviewed. In Asian-owned SMEs, it must be recognised that levels of understanding of the English language may be limited with some managers (usually older ones). Therefore, policy makers should appreciate that information may need to be printed in the appropriate language or at least presented in an easily understandable format. This said, however, suspicion of members outside of the ethnic community appeared to exist in particular managers from this study, leaving policy makers with added communication problems. It could be that members of the ethnic community with experience of successful export operations could give advice at, for example, export clubs and the respective ethnic business advisory centres, to reduce potential anxieties. Likewise, there may be a requirement for the use of Personal Business Advisors (PBAs) with a cultural sensitivity to these firms.

The findings suggested that in both Asian and indigenous-owned SMEs formal planning of export activities was on the whole limited and could be more easily approximated to a 'hit and miss' attitude. This observation extended to marketing research activities with relatively few firms claiming to 'actively' undertake research activities, although more indigenous-owned firms claimed to do so. In none of the Asian or indigenous-owned firms were any staff committed to export activities with employees moving between domestic and export operations as the need arose.

The First Export Order was seen as an important factor affecting future attitudes about exporting, especially so with Asian-owned firms. The results suggest that because of the cultural issue of pride with Asian managers, the first export order is very important. If this was unsuccessful it made managers wary about future export involvement as they did not want to be seen as having 'failed', and this affected the quantity and types of export operations undertaken. This is not to say that managers of indigenous-owned firms may be any less pleased to having failed in exporting, only that the issue of pride in Asian-owned firms can be an important consideration in the export commitment of managers from this ethnic group. Consequently, managers might be persuaded to start with a gradual involvement with a selected export order and they should not be 'pushed' into exporting until they are ready. To help with this, assistance could be provided by culturally sensitive export advisors until firms gain enough experience to manage on their own, perhaps with the aid of a check-list of points to consider on a step by step basis. The findings in this section suggested that too many managers of both Asian and indigenous-owned firms were unaware of government services on offer and therefore the way in which assistance programmes are communicated should also be reviewed. However, this was particularly the case with Asian-owned SMEs and therefore assistance may need to be communicated in a different way to various ethnic managers, for example, in conjunction with particular Business Advice Centres and PBAs for individual ethnic groups.

Although the export literature suggests that firms will start exporting to a country culturally similar (though not necessarily geographically close) to the domestic market, i.e. will have a low 'psychic distance', when dealing with managers from different cultures this observation depends on what is seen to be the domestic market. Therefore, an important conclusion is that with relatively high levels of ethnic minority controlled businesses in some U.K.

industries, including ownership by second generation managers, it is potentially wrong to group all SMEs into the stereotype mode of operation. Instead of exporting to the traditional psychologically close countries such as those in Europe and ex-Commonwealth countries, ethnic minorities are potentially more likely to start exporting to countries psychologically closer to their cultural roots.

In this section, it was observed that a relatively large number of the Asian-owned firms started exporting to East Africa whereas all indigenous-owned firms started exporting to either European countries or North America. This has implications for policy makers in that although it could be argued that ethnic managers have some background knowledge of culturally similar (to the ethnic origin) markets based on travel and experience, they are still likely to need specialist knowledge and assistance about the markets. Also, more advice will need to be offered on European and certain other markets to persuade managers to move exports away from cultural bases (if this is seen to be desirable), whereas this is not necessarily the case for indigenous-owned firms.

Interviews in the course of this study suggested that despite a limited sample size, on the whole, both Asian and indigenous-owned firms that concentrated on a few markets held more favourable views about exporting than those who spread their export sales to a number of markets (more than 6). While no causation of success is implied, and indeed, some firms could be advised to serve a number of markets to reduce the risk that orders fall from the areas in which they are concentrating, the findings suggest that policy makers might stress this as a desirable way to start exporting until resources permit an increase in operations.

Asian-owned firms were invariably more unwilling than indigenous-owned firms to dramatically adapt aspects of their marketing mix in line with importers' requirements. A production rather than marketing orientation could help explain why interviews suggested

many SMEs, especially Asian-owned, concentrated on the domestic market where larger orders could be achieved and in some cases where one or a few customers overseas were served by a single long production run. In many cases long production runs were made and customers whether they were U.K. retailers, friends selling on markets, or even export customers, appeared to be a secondary consideration suggesting a rather myopic perspective by managers. Limited promotion was often carried out with standard prices being offered and products sold through limited distribution channels.

It can be concluded that the issue of SMEs, particularly those owned by members of ethnic minorities, becoming more flexible must be addressed by policy makers and they must be encouraged to adapt in line with the results of research rather than to standardise production and look for customers later. This must be taken further than purely the product but also other elements of the marketing mix. For example, assistance could be offered on distribution channels, pricing and promotional policy. Furthermore, they should be encouraged to actively plan for exporting rather than treat it as an ad hoc activity, including carrying out the necessary research and having the necessary organisational skills. It should be remembered that some cultural attitudes in ethnic minorities may be difficult for policy makers to change and the results of this section offer only exploratory findings within this topic area.

Having established that particular differences exist between the export characteristics of the two groups of firms by way of background purposes, it is now important to turn to the substantive part of this investigation and test the hypotheses conceptualised within Chapter 3 in order to derive more specific conclusions.

5.6 Introduction to the Analysis of the Quantitative Results

In addressing the hypotheses within this study, Chapter 3 conceptualised the variables under investigation and Chapter 4 discussed the methodological approach employed in the course of the research. Limitations were recognised, although it was argued that a methodologically structured investigation was undertaken which provided statistically reliable and valid results. In presenting these results, the remainder of the chapter commences with a discussion on the multi-variate statistical techniques employed and proceeds to detail the findings from the survey. In doing so, the probability is reported by which a decision was made on whether to reject the null hypotheses conceptualised in Chapter 3. A more detailed discussion is then developed in which the uni-variate results are presented and followed by rank ordering of the variables in tabular format to clearly identify the main perceptual differences between Asian and indigenous-owned firms. Selected quotes from managers' responses within the questionnaires are also included in order to provide supplementary information to support the statistical analysis.

5.7 An Overview of the Statistical Techniques Employed

When undertaking analysis upon a number of perceptual issues gathered by way of a rating scale, it could be argued that certain variables under investigation may be perceived by managers as similar. Consequently, in the first instance, factor analysis was employed as a widely accepted data reduction procedure to establish whether this was in fact the case and Tables 5.9-5.12 indicate the levels of association between the variables under investigation within this study (analysis on named programmes has been omitted and restricted to perceptual issues in export behaviour).

Commencing with an analysis of types of information required, Table 5.9 shows that a rotated factor solution provided three factors. Even so, it should be noted (although not shown in tabular format) that when the factor analysis procedure was individually administered for the groups of Asian and indigenous firms, different results were obtained. Commencing with the results for the Asian firms, 4 factors were extracted (Kaiser-Meyer-Olkin measure of sampling adequacy = .88702; Bartlett test of sphericity = 5758.0313; significance = .00000; cumulative percentage of variance 80.9). This compared to a 4 factor solution for the indigenous-owned firms (Kaiser-Meyer-Olkin measure of sampling adequacy = .90296; Bartlett test of sphericity = 7967.9353; significance = .00000; cumulative percentage of variance 66.8). With some variables loading on to different factors between groups and with one factor for Asian firms having an Eigenvalue of less than one, it was considered inappropriate to investigate the figures further, especially attempting to test for statistical differences between the two groups of firms.

Turning now to problems in exporting, the results of the factor analysis is reported in Table 5.10 where a four factor rotated solution was obtained. Furthermore, as was the case with Table 5.9 discussed above, it should be noted that when the factor analysis procedure was individually administered for the groups of Asian and indigenous firms, different results were obtained. Commencing with the results for the Asian firms, 4 factors were extracted (Kaiser-Meyer-Olkin measure of sampling adequacy = .86080; Bartlett test of sphericity = 4518.3483; significance = .00000; cumulative percentage of variance 70.1). This compared to a 4 factor solution for the indigenous-owned firms (Kaiser-Meyer-Olkin measure of sampling adequacy = .88050; Bartlett test of sphericity = 5607.7848; significance = .00000; cumulative percentage of variance 58.0). With variables loading on to different factors and with the low cumulative percentage of variance explained for indigenous firms, it was

considered inappropriate to investigate the figures further, especially attempting to test for statistical differences between the two groups of firms.

Table 5.9
Results From the Factor Analysis Concerning Types of Export Information Required

	<u>Factor 1</u>	<u>Factor 2</u>	<u>Factor 3</u>
Comp Prods Avail in the Mkt.	.85669	.16698	.20825
Local Comp in the Market	.83502	.21314	.17142
International Comp in Export Mkt.	.83285	.27877	.14183
Price Trends in the Market	.79835	.20256	.20450
Buyers' Pref. in the Export Mkt.	.77902	.18391	.29371
Pot'l Barriers to Exporting to Mkt	.59269	.21755	.46320
Market Growth Rate	.50571	.31481	.38542
Market Size	.49853	.26219	.46245
Social/Pol Background of Ex Mkt.	.18202	.81909	.11414
Transport Infrastructure in Ex Mkt	.09367	.78947	.21911
Economic Background of Market	.38106	.69650	.14619
Poss Means of Dist/Store in Mkt.	.14282	.62676	.36605
Exchange Rate Fluctuations	.28438	.53924	.14900
Legal Requirements in the Mkt.	.38335	.42381	.38699
Guide to Promoting into the Mkt.	.25108	.17535	.79296
Ways to Adapt Cur Prod for Mkt.	.32256	.15986	.72572
Government Aid to Exporters	.11097	.27319	.67033
	<u>Eigenvalue</u>	<u>Pct of Var</u>	<u>Cum Pct</u>
Factor 1	8.14420	47.9	47.9
Factor 2	1.61230	9.5	57.4
Factor 3	1.08846	6.4	63.8

Kaiser-Meyer-Olkin Measure of Sampling Adequacy = .91897

Bartlett Test of Sphericity = 15980.639, Significance = .00000*

The questionnaire asked respondents to please indicate how important, if at all, each type of information is to engage in export activities. Responses were obtained on a 5 point scale ranging from 1 = Extremely important, to 5 = Not at all important.

Table 5.10**Results From the Factor Analysis Concerning Problems Faced in Exporting**

	<u>Factor 1</u>	<u>Factor 2</u>	<u>Factor 3</u>	<u>Factor 4</u>
Providing Repair Service	.83064	.05302	.13406	.08979
Providing Parts Availability	.80456	.03548	.18624	.14016
Providing Quality Control	.74037	.06531	.22477	.17961
Providing Design/Tech Advice	.72422	.12422	.08424	.24469
Physical Product	.39597	.33130	.06655	.00638
Market Information Gathering	.03765	.80512	.03019	.15705
Information on Business Practices	.02961	.72253	.22105	.12992
Sales Effort	.10337	.71318	-.00627	.22318
Advertising	.13897	.67336	.14079	.18105
Communication	.11808	.64421	.34821	.04645
Arranging Transport	.15061	.21806	.80998	.14384
Transport Rate Determination	.11801	.15461	.80610	.27435
Distribution Co-ordination	.19511	.21042	.70890	.18202
Packaging	.32868	.05096	.56662	.33104
Providing Warehousing	.44463	.02395	.49451	-.03306
Financing	.12888	.19225	-.00333	.79112
Funds Transfer	.16910	.13869	.22283	.74874
Obtaining Insurance	.20310	.07660	.24784	.62693
Obtaining Financial Information	.00240	.43054	.23536	.54393
Handling of Documentation	.09240	.26270	.45659	.51194
Pricing Internationally	.38535	.26726	.19434	.42991
	<u>Eigenvalue</u>	<u>Pct of Var</u>	<u>Cum Pct</u>	
Factor 1	7.22332	34.4	34.4	
Factor 2	2.29829	10.9	45.3	
Factor 3	1.49188	7.1	52.4	
Factor 4	1.31146	6.2	58.7	

Kaiser-Meyer-Olkin Measure of Sampling Adequacy = .89772

Bartlett Test of Sphericity = 13786.796, Significance = .00000*

The questionnaire asked respondents to please indicate how much of a problem it is to deal with each of the factors in exporting. Responses were obtained on a 5 point scale ranging from 1 = None at all, to 5 = To a large extent.

The results of the factor analysis concerning export assistance requirements is shown in Table 5.11 where a four factor solution was obtained. Reflecting the experiences reported for the first 2 factor analysis procedures, it should be noted that when the factor analysis was individually administered for the groups of Asian and indigenous firms, different results were obtained. Commencing with the results for the Asian firms, 5 factors were extracted (Kaiser-Meyer-Olkin measure of sampling adequacy = .76644; Bartlett test of sphericity = 1605.6569; significance = .00000; cumulative percentage of variance 64.3). This compared to a 3 factor solution for the indigenous-owned firms (Kaiser-Meyer-Olkin measure of sampling adequacy = .88076; Bartlett test of sphericity = 6844.7676; significance = .00000; cumulative percentage of variance 74.8).

Factor analysis was then performed on the two groups of firms individually, specifying a 4 factor solution in an attempt to obtain more comparable data. Mixed results were obtained, including a fourth factor with an Eigenvalue of less than one for Asian firms and values loading on to different factors. It was therefore considered inappropriate to investigate the figures further, especially attempting to test for statistical differences between the two groups of firms.

Finally, the results of the factor analysis concerning motives for exporting provided a four factor solution and the results are detailed in Table 5.12. Once again, it should be noted that when the factor analysis procedure was individually administered for the groups of Asian and indigenous firms, different results were obtained. Commencing with the results for the Asian firms, 4 factors were extracted (Kaiser-Meyer-Olkin measure of sampling adequacy = .81748; Bartlett test of sphericity = 3621.9672; significance = .00000; cumulative percentage of variance 64.2). This compared to a 4 factor solution for the indigenous-owned firms

(Kaiser-Meyer-Olkin measure of sampling adequacy = .84038; Bartlett test of sphericity = 6161.2783; significance = .00000; cumulative percentage of variance 56.9).

With some variables loading on to different factors between groups and with a low cumulative percentage of variance explained, it was considered inappropriate to investigate the figures further, especially attempting to test for statistical differences between the two groups of firms.

Although factor analysis is a useful analytical technique for reducing a battery of variables on a rating scale, for the previously mentioned reasons, the results were not developed further in this investigation. Consequently, the focus of the analysis in this thesis involves the results from statistical analysis using Multi-variate Analysis of Variance (MANOVA) in relation to the export behaviour and assistance requirements of Asian and indigenous-owned SMEs. MANOVA was used as an encompassing statistical technique (see for example, Hair et al., 1995) for the use of multiple dependent variables in the course of the investigation (see Chapter 3 for a further conceptual discussion).

It could be argued that by restricting the analysis in this thesis to the use of MANOVA, a limited analytical perspective is offered. Although the statistical differences are provided in order to test the hypotheses under investigation, this does not provide an indication of the magnitude of the differences reported. Consequently, in presenting the findings of this investigation, a similar approach to that undertaken by Katsikeas and Al-Khalifa (1992) was employed. In studies of this nature, they point out that besides considering the simultaneous influence of all the variables under investigation, Discriminant Analysis determines the contribution of each of these variables to the discriminant function.

Table 5.11**Results From the Factor Analysis Concerning Export Assistance Requirements**

	<u>Factor 1</u>	<u>Factor 2</u>	<u>Factor 3</u>	<u>Factor 4</u>
Providing Repair Service	.83571	.06347	.29938	.13456
Providing Quality Control	.81231	.10297	.28425	.15842
Providing Parts Availability	.78902	.06972	.30572	.18617
Providing Design/Tech Advice	.77063	.12814	.11916	.19714
Providing Warehousing	.60691	.12032	.34169	.06777
Advertising	.15270	.77933	.17086	.09690
Market Information Gathering	.02498	.77100	.08612	.25004
Sales Effort	.17928	.76805	.13601	.09337
Information on Business Practices	-.00074	.63604	.26134	.35722
Communication	.12919	.60829	.40231	.26275
Physical Product	.43771	.45405	-.12042	.08237
Arranging Transport	.31720	.21023	.77776	.10757
Transport Rate Determination	.31820	.19459	.76701	.21930
Distribution Co-ordination	.33086	.18778	.73281	.19152
Packaging	.44050	.11161	.56682	.28923
Handling of Documentation	.17150	.21876	.54939	.48119
Financing	.18533	.28336	.00533	.73417
Funds Transfer	.18565	.21002	.23178	.70641
Obtaining Insurance	.19847	.05516	.20917	.69792
Obtaining Financial Information	.01683	.48792	.22383	.60827
Pricing Internationally	.38500	.25429	.27573	.43244
	<u>Eigenvalue</u>	<u>Pct of Var</u>	<u>Cum Pct</u>	
Factor 1	8.81209	42.0	42.0	
Factor 2	2.45382	11.7	53.6	
Factor 3	1.24438	5.9	59.6	
Factor 4	1.08980	5.2	64.8	

Kaiser-Meyer-Olkin Measure of Sampling Adequacy = .92721

Bartlett Test of Sphericity = 18524.579, Significance = .00000*

The questionnaire asked respondents to please indicate how would your firm's performance improve if the government were to offer assistance in these areas. Responses were obtained on a 5 point scale ranging from 1 = None at all, to 5 = To a large extent.

Table 5.12**Results From the Factor Analysis Concerning Motives for Exporting**

	<u>Factor 1</u>	<u>Factor 2</u>	<u>Factor 3</u>	<u>Factor 4</u>
Attractive Export Incentives	.81055	.15640	.11274	-.01531
National Export Prom Programs	.82120	.11826	.08113	.06282
New Info About Sales Opps Over's	.71411	.17356	.03966	.20518
Reduction in Tariffs	.71559	.07353	.05497	.29315
Eased Prod Regs in Target Mkts	.69990	.15171	-.00970	.25546
Favourable Currency Movements	.65206	.03162	.11740	.33789
Unsolicited Overseas Orders	.44790	.33170	.08957	-.06849
Unique Products	.10019	.81032	-.00637	-.06021
Design/Tech Advantage	.10382	.77604	.00838	.19552
Marketing Advantage	.18910	.70846	-.00594	.36884
Exclusive Information	.38670	.60295	.13443	-.17571
Profit Advantage	.06666	.58132	.09209	.48517
Managerial Urge	.13105	.54649	.06456	.27631
Excess Capacity	-.00651	.05248	.77871	-.00490
Saturated Domestic Market	-.00509	-.03370	.74086	.21206
Declining Domestic Sales	.09672	.04048	.71415	.11758
Over Production	.17361	-.05057	.69613	-.14019
Competitive Pressures	.13525	.12478	.44448	.41208
Opp to Increase No. of Mkts and Reduce the Market Related Risk	.35105	.15139	-.03115	.70498
Econ of Scale From Add Orders	.10693	.16607	.15966	.68544
	<u>Eigenvalue</u>	<u>Pct of Var</u>	<u>Cum Pct</u>	
Factor 1	5.81893	29.1	29.1	
Factor 2	2.25776	11.3	40.4	
Factor 3	2.01620	10.1	50.5	
Factor 4	1.34196	6.7	57.2	

Kaiser-Meyer-Olkin Measure of Sampling Adequacy = .85181

Bartlett Test of Sphericity = 11362.929, Significance = .00000*

The questionnaire asked respondents to please indicate the extent to which each issue motivates current export effort. Responses were obtained on a 5 point scale ranging from 1 = Not at all important, to 5 = Extremely important.

Consequently, to develop their argument in the context of this study, it is likely that there are a number of factors which are perceived by managers as, for example, either problematic or in need of assistance at any one time; also, they may differ from one another in terms of the degree of importance. Discriminant Analysis was therefore employed to investigate potential differences in the perceptions of Asian and indigenous-owned SMEs in relation to their export behaviour and assistance requirements.

When validating the Discriminant Analysis, a cross validation procedure was adopted in accordance with the approach described by Cavusgil and Naor (1987). The total sample was randomly divided into two groups, an analysis sample and a hold-out sample. The analysis sample (936 firms) made up 75 percent of the original sample and was used to derive the discriminant function. The remaining 25 percent (312 firms), the hold-out sample, was then used to test the predictive accuracy of the previously derived discriminant function. The number of Asian and indigenous firms in both samples was held proportionate to the total sample distribution.

Nevertheless, while important as a supplementary statistical procedure, it would be repetitious to comment on each set of analysis individually, since the major findings are already reported in relation to the principal analytical technique, i.e. MANOVA. Therefore, the results of the Discriminant Analysis for each hypothesis is provided in tabular format after the MANOVA results by way of information only in order to show the magnitude of the differences between the firms in relation to the variables under investigation.

With the above explanatory comments in mind, it is now important to consider the results from the substantive part of this investigation, namely whether differences

exist between Asian and indigenous-owned SMEs in relation to the eleven areas under investigation. Table 5.13 shows that all eleven main hypotheses were rejected at the 95 percent level, although a number of sub-hypotheses were rejected too (see Chapter 3 for details of the hypotheses and sub-hypotheses within this study). It would not be appropriate to provide details surrounding all of the sub-hypotheses under investigation as these were formulated for supplementary purposes, tangential to the core argument put forward. Therefore the tables which follow make reference to the eleven main hypotheses only.

5.8 Hypothesis 1 - Awareness of Assistance Programmes

Differences between the two groups of managers in relation to their awareness of particular assistance programmes are summarised in Tables 5.14 using MANOVA and 5.15 using Discriminant Analysis. Furthermore, for background purposes rather than to test a hypothesis, Table 5.14A provides a summary of firms' first source of awareness of the selected assistance programmes. It is re-emphasised that to avoid repetition in this and the following sections, a discussion will be provided in relation to the MANOVA results rather than both this and the Discriminant Analysis.

The results indicate a number of significant differences between Asian and indigenous-owned SMEs in relation to their awareness of particular assistance programmes.

Table 5.13**Testing the Hypotheses for the Effect of Ethnicity in Evaluating the Targeting of Export Assistance**

<u>Hypothesis</u>	<u>Question</u>	<u>MANOVA Test Used</u>	<u>Level of Significance</u>	<u>Decision</u>	<u>Reliability (Alpha Value)</u>	<u>Effect of Related Multi-Variate Influences on the Dependent Variable</u>
1	1A	Hotellings	.000*	Reject	.9181	A;C;D;E;F;G;H;I;J
2	1B	Hotellings	.000*	Reject	.8295	B;C;D;E;F;G;H;I;J
3	2A	Hotellings	.017*	Reject	.9085	A;B;C;D;E;F;G;H;I;J
4	2B	Hotellings	.001*	Reject	.9181	A;B;D;E;F;G;H;I;J
5	3A	Hotellings	.025*	Reject	.9357	A;B;C;D;E;F;G;H;I;J
6	4	Hotellings	.000*	Reject	.7943	A;B;C;D;E;F;G;H;I;J
7	5	Hotellings	.000*	Reject	.9287	A;B;C;D;E;F;G;H;I;J
8	6A	Hotellings	.000*	Reject	.9008	A;B;C;D;E;F;G;H;I;J
9	6B	Hotellings	.000*	Reject	.9261	A;B;C;D;E;F;G;H;I;J
10	7	Hotellings	.000*	Reject	.8633	A;B;C;D;E;F;G;H;I;J
11	8	Hotellings	.000*	Reject+	.7964	A;B;C;D;E;F;G;H;I;J

* Significant at the .05 Level

+ Not considered to be a robust test of the hypothesis (discussion in the text refers)

As Table 5.14 suggests, the assistance programmes exhibiting statistical differences between Asian and indigenous-owned firms were: overseas trade fairs, outward missions, inward missions, overseas seminars, VIP visits, export marketing research scheme, export representative service, overseas status report service and market information enquiries. Table 5.14 also indicates that there were insignificant differences between the two groups of managers regarding the other three assistance programmes under investigation. Therefore, it appears that based on the results of this study, there are a number of statistical differences between the awareness of assistance programmes by the two ethnic groups of managers, three quarters of the programmes under investigation. Consequently, it would appear that policy makers may have a need to differentiate between the two groups in relation to making firms aware of the assistance programmes on offer.

Focusing attention on the mean values (in aggregate terms) displayed in Table 5.16, shows that both Asian and indigenous-owned firms were fairly familiar with certain assistance programmes. Specifically, these programmes were: overseas trade fairs outward missions, market information enquiries, and overseas seminars. However, it could be argued that irrespective of the rank order of the assistance programmes, the aggregate mean values representing firms' awareness of these assistance programmes were fairly low in most cases. When Tables 5.14 and 5.16 are considered together, an interesting observation can be made in that although significant differences were highlighted in nine out of the twelve programmes under investigation between the two groups, the rank order of the twelve programmes was very similar.

A few chosen comments typical of many received via the postal questionnaires illustrate managers' opinions in relation to the awareness of assistance programmes:

"This survey alone has highlighted that there is information available. However, the government assistance information is not widely advertised hence we are not aware of assistance and the government bodies are not used nor useful"

"I would see us as customers and it is very important for a potential supplier to ensure his/her customers are aware of all products/services available and maintain an update of new products and improvements etc. This they clearly do not do"

"We derive 60% of our turnover from export work, but remain in the dark about government support."

Overall it is suggested from these results that attention may be warranted by policy makers to ascertain why firms are relatively unaware of these assistance programmes and perhaps on the basis of their findings, formulate strategies in order to improve the situation.

Table 5.14

A Comparison of the Awareness of Asian and Indigenous-Owned SMEs Towards Particular Assistance Programmes

<u>Programme</u>	<u>Mean of Asian SMEs</u> (n=342)	<u>Std Dev</u>	<u>Mean of Indigenous SMEs</u> (n=906)	<u>Std Dev</u>	<u>F Ratio</u>	<u>F Prob</u>
Overseas Trade Fairs	3.23	1.42	3.95	1.14	84.12	.000*
Store Promotions	2.11	1.26	2.20	1.29	1.33	.247
Outward Missions	2.99	1.53	3.71	1.35	64.94	.000*
Inward Mission	2.64	1.46	3.15	1.48	29.90	.000*
Overseas Seminars	2.66	1.40	2.98	1.35	13.58	.000*
VIP Visits	2.41	1.36	2.70	1.34	11.60	.000*
Export Mktg. Res. Scheme	2.48	1.48	2.97	1.43	28.22	.000*
Overseas Projects Fund	2.02	1.18	1.95	1.23	.803	.370
Export Rep Service	2.27	1.30	2.71	1.42	25.02	.000*
Overseas Status Rep Service	2.47	1.39	2.86	1.43	18.18	.000*
Market Information Enquiries	2.73	1.42	3.11	1.42	17.15	.000*
New Prod From Britain Ser	1.96	1.21	2.10	1.33	2.67	.102

The questionnaire asked respondents to please indicate your awareness of certain government assistance programmes. Responses were obtained on a 5 point scale ranging from 1 = Never heard of it, to 5 = Very familiar with it.

Table 5.14A A Comparison of Asian and Indigenous Firms' First Source of Awareness of Selected Assistance Programmes

Programme	No. of Firms Indicating Their First Source of Knowledge													
	Ref'd to by Prior User		Govt Advertising		Trade Association		Business Advisor		Other		Don't Know			
	Asian	Indigenous	Asian	Indigenous	Asian	Indigenous	Asian	Indigenous	Asian	Indigenous	Asian	Indigenous		
Overseas Trade Fairs	24	72	66	237	87	336	15	24	18	54	48	51		
Store Promotions	6	12	21	105	33	99	6	9	15	36	123	300		
Outward Missions	8	36	57	261	81	237	12	15	12	60	54	117		
Inward Missions	6	21	59	231	69	195	12	9	9	33	72	156		
Overseas Seminars	7	15	57	213	51	159	18	24	10	51	75	171		
VIP Visits	9	18	51	162	33	132	15	18	6	42	99	246		
Ex Mktg Res Sch	9	45	60	282	21	87	9	36	15	60	96	159		
Overseas Proj Fund	6	18	54	159	9	48	12	15	15	39	114	321		
Export Rep Service	9	36	63	261	18	69	18	21	12	36	84	213		
O'seas St Rep Serv	12	45	72	294	24	99	12	24	15	45	81	168		
Market Info Enq	6	57	63	303	39	111	15	18	15	39	75	156		
New Prod Fr Brit Ser	9	18	39	171	12	51	15	15	6	42	117	309		

Table 5.15**Results From the Discriminant Analysis Between Asian and Indigenous-Owned SMEs Concerning Awareness of Government Assistance Programmes**

<u>Assistance</u>	<u>Group Means</u>		<u>Discriminant Loadings</u>
	<u>Asian Firms</u> (n=342)	<u>Indigenous Firms</u> (n=906)	
Overseas Trade Fairs	3.23	3.95	.84068
Outward Missions	2.99	3.71	.73866
Inward Missions	2.64	3.15	.50126
Export Mktg. Research Scheme	2.48	2.97	.48695
Export Representative Service	2.27	2.71	.45851
Overseas Status Report Service	2.47	2.86	.39090
Market Information Enquiries	2.73	3.11	.37960
Overseas Seminars	2.66	2.98	.33788
VIP Visits	2.41	2.70	.31224
New Prods From Britain Service	1.96	2.10	.14993
Store Promotions	2.11	2.20	.10605
Overseas Projects Fund	2.02	1.95	-.08204
Canonical Correlation	.2953		
Wilks' Lambda	.912796		
Chi-Square	113.141		
Degrees of Freedom	12		
Sig	.0000*		
Cases Correctly Classified	73.56%		
Proportional Chance Criteria	$(0.274)^2 + (0.726)^2 = 60.21\%$		

The questionnaire asked respondents to please indicate your awareness of certain government assistance programmes. Responses were obtained on a 5 point scale ranging from 1 = Never heard of it, to 5 = Very familiar with it.

Table 5.16**A Comparison of the Awareness of Asian and Indigenous-Owned SMEs Towards Particular Assistance Programmes in Rank Order**

<u>Rank</u>	<u>Asian</u>	<u>Mean</u>	<u>Indigenous</u>	<u>Mean</u>
1	Overseas Trade Fairs	3.23	Overseas Trade Fairs	3.95
2	Outward Missions	2.99	Outward Missions	3.71
3	Market Information	2.73	Inward Missions	3.15
4	Enquiries			
	Overseas Seminars	2.66	Market Information	3.11
			Enquiries	
5	Inward Missions	2.64	Overseas Seminars	2.98
6	Export Marketing Res	2.48	Export Marketing Res.	2.86
	Scheme		Scheme	
7	Overseas Status Rep	2.47	Overseas Status Rep	2.71
	Service		Service	
8	VIP Visits	2.41	Export Rep Service	2.71
9	Export Rep Service	2.27	VIP Visits	2.70
10	Store Promotions	2.11	Store Promotions	2.20
11	Overseas Projects Fund	2.02	New Prod From Britain	2.10
			Service	
12	New Prod From Britain	1.96	Overseas Project Fund	1.95
	Service			

5.9 Hypothesis 2 - Frequency of Use of Assistance Programmes

Statistical differences between the two groups of managers in relation to their frequency of use of particular assistance programmes are summarised in Tables 5.17 and 5.18. The results indicate a number of significant differences between Asian and indigenous-owned SMEs in relation to their frequency of use of particular assistance programmes. As Table 5.17 suggests, the assistance programmes exhibiting statistical differences between Asian and indigenous-owned firms were: overseas trade fairs, store promotions, outward

missions, inward missions, export marketing research scheme, export representative service, overseas status report service, market information enquiries and new products from Britain service. Table 5.17 also indicates that there were insignificant differences between the two groups of managers regarding the other three assistance programmes under investigation. Therefore, it appears that based on the results of this study, there are a number of statistical differences between the frequency of use of assistance programmes by the two ethnic groups of managers, three quarters of the programmes under investigation. Consequently, this supports the assertion in Section 5.8 and that policy makers may have a need to differentiate between the two groups in relation to increasing the frequency of use of the assistance programmes on offer, should this be a government objective.

Focusing attention on the mean values (in aggregate terms) displayed in Table 5.19 shows that both Asian and indigenous-owned firms make infrequent use of the assistance programmes under investigation. When Tables 5.17 and 5.19 are considered together an interesting observation can be made, in that although significant differences were highlighted in nine out of the twelve programmes under investigation between the two groups, the rank order of the twelve programmes was similar for both groups.

Overall, it is suggested from these results that attention is warranted by policy makers to ascertain why these assistance programmes are used so infrequently by firms and perhaps on the basis of their findings to formulate strategies in order to improve the situation. For example, it may be that managers are simply not aware of the programmes, have had bad experiences with them, or perhaps have negative perceptions

for some other reason. This issue warrants further investigation to determine the underlying reasons behind the statistical results.

Table 5.17

A Comparison of the Frequency of Use by Asian and Indigenous-Owned SMEs of Particular Assistance Programmes

<u>Programme</u>	Mean of <u>Asian SMEs</u> (n=342)	Std <u>Dev</u>	Mean of <u>Indigenous SMEs</u> (n=906)	Std <u>Dev</u>	<u>F Ratio</u>	<u>F Prob</u>
Overseas Trade Fairs	1.94	1.20	2.26	1.31	15.42	.000*
Store Promotions	1.03	.161	1.15	.590	14.44	.000*
Outward Missions	1.63	1.11	2.01	1.23	25.59	.000*
Inward Mission	1.34	.780	1.53	.882	12.41	.000*
Overseas Seminars	1.40	.873	1.47	.851	1.45	.228
VIP Visits	1.29	.719	1.35	.747	1.79	.180
Export Mktg. Res. Scheme	1.40	.875	1.77	1.05	33.27	.000*
Overseas Projects Fund	1.16	.615	1.15	.502	.085	.770
Export Rep Service	1.28	.614	1.52	.948	17.92	.000*
Overseas Status Rep Service	1.42	.824	1.70	.998	22.50	.000*
Market Information Enquiries	1.65	1.09	2.00	1.11	24.40	.000*
New Prod From Britain Ser	1.17	.561	1.31	.757	10.57	.001*

The questionnaire asked respondents to please indicate your frequency of use of certain government assistance programmes. Responses were obtained on a 5 point scale ranging from 1 = Never used it, to 5 = Always use it.

Table 5.18**Results From the Discriminant Analysis Between Asian and Indigenous-Owned SMEs' Perceptions Concerning the Frequency of Use of Government Assistance Programmes**

<u>Assistance</u>	<u>Group Means</u>		<u>Discriminant Loadings</u>
	<u>Asian Firms</u> (n=342)	<u>Indigenous Firms</u> (n=906)	
Export Mktg. Research Scheme	1.40	1.77	.70534
Outward Missions	1.63	2.01	.61865
Market Information Enquiries	1.65	2.00	.60406
Overseas Status Report Service	1.42	1.70	.58010
Export Representative Service	1.28	1.52	.51768
Overseas Trade Fairs	1.94	2.26	.48027
Store Promotions	1.03	1.15	.46474
Inward Missions	1.34	1.53	.43083
New Prods From Britain Service	1.17	1.31	.39758
VIP Visits	1.29	1.35	.16388
Overseas Seminars	1.40	1.47	.14734
Overseas Projects Fund	1.16	1.15	-.03569
Canonical Correlation	.2257		
Wilks' Lambda	.949058		
Chi-Square	64.834		
Degrees of Freedom	12		
Sig	.0000*		
Cases Correctly Classified	72.60%		
Proportional Chance Criteria	$(0.274)^2 + (0.726)^2 = 60.21\%$		

The questionnaire asked respondents to please indicate your frequency of use of certain government assistance programmes. Responses were obtained on a 5 point scale ranging from 1 = Never used it, to 5 = Always use it.

Table 5.19**A Comparison of the Frequency of Use by Asian and Indigenous-Owned SMEs of Particular Assistance Programmes in Rank Order**

<u>Rank</u>	<u>Asian</u>	<u>Mean</u>	<u>Indigenous</u>	<u>Mean</u>
1	Overseas Trade Fairs	1.94	Overseas Trade Fairs	2.26
2	Market Information Enquiries	1.65	Outward Missions	2.01
3	Outward Missions	1.63	Market Information Enquiriers	2.00
4	Overseas Status Rep Service	1.42	Export Marketing Res Scheme	1.77
5	Export Marketing Res Scheme	1.40	Overseas Status Rep Service	1.70
6	Overseas Seminars	1.40	Inward Missions	1.53
7	Inward Missions	1.34	Export Rep Service	1.52
8	VIP Visits	1.29	Overseas Seminars	1.47
9	Export Rep Service	1.28	VIP Visits	1.35
10	New Prod From Britain Service	1.17	New Prod From Britain Service	1.31
11	Overseas Projects Fund	1.16	Overseas Projects Fund	1.15
12	Store Promotions	1.03	Store Promotions	1.15

5.10 Hypothesis 3 - Timeliness of Assistance Programmes

Findings from the investigation into differences between the two groups of managers in relation to the perceived timeliness of particular assistance programmes are summarised in Tables 5.20 and 5.21. The results indicate that two programmes exhibit significant differences between Asian and indigenous-owned SMEs in relation to the perceived timeliness of particular assistance programmes. As Table 5.20 suggests, the assistance programmes showing statistical differences between Asian and indigenous-owned firms were: overseas trade fairs and overseas seminars. Table 5.20 also indicates that there

were insignificant differences between the two groups of managers regarding the other ten assistance programmes under investigation. Therefore it appears that based on the results of this study, there may not be a need for policy makers to differentiate between the two groups of firms with respect to affecting perceptions towards the timing of assistance programmes.

Focusing attention on the mean values (in aggregate terms) displayed in Table 5.22 shows that both Asian and indigenous-owned firms regarded overseas trade fairs and outward missions relatively highly in relation to the timeliness of these particular assistance programmes. An additional point worth noting was that the majority of the aggregate mean values were observed around the neutral point of the scale, however, given the large sample sizes involved, to presume that the majority of managers responded at the neutral point was not the case. In support of this was the observed standard deviations and the interesting finding that both groups of managers ranked all the assistance programmes in a similar order. Also, it is perhaps worth noting that the aggregate mean values for the Asian managers were higher than the corresponding mean values for indigenous managers in relation to the majority of assistance programmes under investigation with respect to this particular criterion and this may warrant further research to determine the underlying reasons.

Table 5.20**A Comparison of Asian and Indigenous-Owned SMEs' Perceived Timeliness of Particular Assistance Programmes**

<u>Programme</u>	<u>Mean of Asian SMEs</u> (n=342)	<u>Std Dev</u>	<u>Mean of Indigenous SMEs</u> (n=906)	<u>Std Dev</u>	<u>F Ratio</u>	<u>F Prob</u>
Overseas Trade Fairs	3.60	.734	3.48	.923	4.36	.036*
Store Promotions	2.56	.780	2.57	.779	.024	.875
Outward Missions	3.53	.701	3.43	.945	3.06	.080
Inward Mission	3.05	.800	3.03	.901	.143	.705
Overseas Seminars	3.15	.653	3.03	.794	6.67	.009*
VIP Visits	2.84	.643	2.80	.838	.574	.448
Export Mktg. Res. Scheme	3.07	.724	3.04	.887	.219	.639
Overseas Projects Fund	2.61	.707	2.64	.728	.479	.488
Export Rep Service	2.91	.717	2.93	.873	.098	.753
Overseas Status Rep Service	2.94	.670	2.90	.856	.482	.487
Market Information Enquiries	3.07	.678	2.98	.937	2.96	.085
New Prod From Britain Ser	2.66	.675	2.65	.809	.056	.811

The questionnaire asked respondents to please indicate your perception of the timeliness of certain government assistance programmes. Responses were obtained on a 5 point scale ranging from 1 = Never current, to 5 = Always current.

Table 5.21**Results From the Discriminant Analysis Between Asian and Indigenous-Owned SMEs' Perceptions Concerning the Timeliness of Government Assistance Programmes**

<u>Assistance</u>	<u>Group Means</u>		<u>Discriminant Loadings</u>
	<u>Asian Firms</u> (n=342)	<u>Indigenous Firms</u> (n=906)	
Overseas Seminars	3.15	3.03	.57988
Overseas Trade Fairs	3.60	3.48	.46905
Outward Missions	3.53	3.43	.39301
Market Information Enquiries	3.07	2.98	.38642
VIP Visits	2.84	2.80	.17011
Overseas Status Report Service	2.94	2.90	.15589
Overseas Projects Fund	2.61	2.64	-.15546
Export Mktg. Research Scheme	3.07	3.04	.10516
Inward Missions	3.05	3.03	.08489
Export Representative Service	2.91	2.93	-.07040
New Prods From Britain Service	2.66	2.65	.05351
Store Promotions	2.56	2.57	-.03514
Canonical Correlation	.1252		
Wilks' Lambda	.984314		
Chi-Square	19.605		
Degrees of Freedom	12		
Sig	.0749		
Cases Correctly Classified	72.60%		
Proportional Chance Criteria	$(0.274)^2 + (0.726)^2 = 60.21\%$		

The questionnaire asked respondents to please indicate your perception of the timeliness of certain government assistance programmes. Responses were obtained on a 5 point scale ranging from 1 = Never current, to 5 = Always current.

Table 5.22**A Comparison of Asian and Indigenous-Owned SMEs' Perceived Timeliness of Particular Assistance Programmes in Rank Order**

<u>Rank</u>	<u>Asian</u>	<u>Mean</u>	<u>Indigenous</u>	<u>Mean</u>
1	Overseas Trade Fairs	3.60	Overseas Trade Fairs	3.48
2	Outward Missions	3.53	Outward Missions	3.43
3	Overseas Seminars	3.15	Export Mktg Res Scheme	3.04
4	Export Mktg Res Scheme	3.07	Overseas Seminars	3.03
5	Market Information Enquiries	3.07	Inward Mission	3.03
6	Inward Missions	3.05	Market Information Enquiries	2.98
7	Overseas Status Rep Service	2.94	Export Rep Service	2.93
8	Export Rep Service	2.91	Overseas Status Rep Service	2.90
9	VIP Visits	2.84	VIP Visits	2.80
10	New Prod From Britian Service	2.66	New Prod From Britain Service	2.65
11	Overseas Projects Fund	2.61	Overseas Projects Fund	2.64
12	Store Promotions	2.56	Store Promotions	2.57

5.11 Hypothesis 4 - Reliability of Assistance Programmes

Differences between the two groups of managers in relation to their perceptions towards the reliability of particular assistance programmes are summarised in Tables 5.23 and 5.24. The results indicate a number of significant differences between Asian and indigenous-owned SMEs in relation to their perceived reliability of particular assistance programmes. As Table 5.23 suggests, the assistance programmes exhibiting statistical differences between Asian and indigenous-owned firms were: overseas trade fairs,

outward missions, overseas seminars, VIP visits and market information enquiries. Table 5.23 also indicates that there were insignificant differences between the two groups of managers regarding the other seven assistance programmes under investigation. Therefore, it appears that based on the results of this study, there are a number of statistical differences between the perceived reliability of assistance programmes by the two ethnic groups of managers, almost half of the programmes under investigation. Consequently, it could be inferred that policy makers may have a need to differentiate between the two groups in relation to improving the perceived reliability of the assistance programmes on offer.

Focusing attention on the mean values (in aggregate terms) displayed in Table 5.25, shows that both Asian and indigenous-owned firms regarded overseas trade fairs and outward missions relatively highly in relation to the perceived reliability of these particular assistance programmes. In addition, as with the results in relation to the timeliness of assistance programmes (refer Table 5.22), the majority of the aggregate mean values were clustered at the neutral point of the scale. However, following the discussion outlined in Section 5.10, given the large sample sizes involved together with the resulting standard deviations, to presume that the majority of managers responded at the neutral point was not the case. In support of this was the interesting observation that both groups of managers ranked all the assistance programmes in a similar order. Even so, some ratings around the mean value from certain managers may have resulted from a relative lack of knowledge or use of certain programmes. Also, it is perhaps worth noting that the aggregate mean values for the Asian managers were higher than the

corresponding mean values for the indigenous managers for the majority of assistance programmes under investigation with respect to this particular criterion and this may warrant further investigation to determine why this proved to be the case.

Table 5.23

A Comparison of Asian and Indigenous-Owned SMEs' Perceived Reliability of Particular Assistance Programmes

<u>Programme</u>	<u>Mean of Asian SMEs</u> (n=342)	<u>Std Dev</u>	<u>Mean of Indigenous SMEs</u> (n=906)	<u>Std Dev</u>	<u>F Ratio</u>	<u>F Prob</u>
Overseas Trade Fairs	3.58	.794	3.47	.869	4.73	.029*
Store Promotions	2.66	.801	2.58	.725	2.52	.112
Outward Missions	3.54	.725	3.35	.887	12.13	.000*
Inward Mission	3.04	.783	2.95	.781	3.12	.077
Overseas Seminars	3.05	.724	2.92	.715	7.68	.005*
VIP Visits	2.95	.714	2.83	.742	6.73	.009*
Export Mktg. Res. Scheme	2.87	.676	2.89	.864	.113	.735
Overseas Projects Fund	2.65	.652	2.62	.710	.407	.523
Export Rep Service	2.86	.638	2.80	.774	2.06	.151
Overseas Status Rep Service	2.95	.650	2.92	.786	.5647	.452
Market Information Enquiries	3.04	.731	2.94	.774	4.18	.041*
New Prod From Britain Ser	2.72	.698	2.65	.745	2.55	.110

The questionnaire asked respondents to please indicate your perception of the reliability of certain government assistance programmes. Responses were obtained on a 5 point scale ranging from 1 = Completely unreliable, to 5 = Always reliable.

Table 5.24**Results From the Discriminant Analysis Between Asian and Indigenous-Owned SMEs' Perceptions Concerning the Reliability of Government Assistance Programmes**

<u>Assistance</u>	<u>Group Means</u>		<u>Discriminant Loadings</u>
	<u>Asian Firms</u> (n=342)	<u>Indigenous Firms</u> (n=906)	
Outward Missions	3.54	3.35	.64768
Overseas Seminars	3.05	2.92	.51543
VIP Visits	2.95	2.83	.48239
Overseas Trade Fairs	3.58	3.47	.40446
Market Information Enquiries	3.04	2.94	.38017
Inward Missions	3.04	2.95	.32893
New Prods From Britain Service	2.72	2.65	.29696
Store Promotions	2.66	2.58	.29543
Export Representative Service	2.86	2.80	.26717
Overseas Status Report Service	2.95	2.92	.13972
Overseas Projects Fund	2.65	2.62	.11863
Export Mktg. Research Scheme	2.87	2.89	-.06273
Canonical Correlation	.1506		
Wilks' Lambda	.977314		
Chi-Square	28.455		
Degrees of Freedom	12		
Sig	.0047*		
Cases Correctly Classified	72.84%		
Proportional Chance Criteria	$(0.274)^2 + (0.726)^2 = 60.21\%$		

The questionnaire asked respondents to please indicate your perception of the reliability of certain government assistance programmes. Responses were obtained on a 5 point scale ranging from 1 = Completely unreliable, to 5 = Always reliable.

Table 5.25**A Comparison of Asian and Indigenous-Owned SMEs' Perceived Reliability of Particular Assistance Programmes in Rank Order**

<u>Rank</u>	<u>Asian</u>	<u>Mean</u>	<u>Indigenous</u>	<u>Mean</u>
1	Overseas Trade Fairs	3.58	Overseas Trade Fairs	3.47
2	Outward Missions	3.54	Outward Missions	3.35
3	Overseas Seminars	3.05	Inward Missions	2.95
4	Inward Missions	3.04	Market Information Enquiries	2.94
5	Market Information Enquiries	3.04	Overseas Seminars	2.92
6	VIP Visits	2.95	Overseas Status Rep Service	2.92
7	Overseas Status Rep Service	2.95	Export Mktg Res Scheme	2.89
8	Export Mktg Res Scheme	2.87	VIP Visits	2.83
9	Export Rep Service	2.86	Export Rep Service	2.80
10	New Prod From Britain Service	2.72	New Prod From Britain Service	2.65
11	Store Promotions	2.66	Overseas Projects Fund	2.62
12	Overseas Projects Fund	2.65	Store Promotions	2.58

5.12 Hypothesis 5 - Availability of Assistance Programmes

Results from an investigation into differences between the two groups of managers in relation to the perceived availability of particular assistance programmes are summarised in Tables 5.26 and 5.27. The findings indicate that one programme exhibited a significant difference between Asian and indigenous-owned SMEs in relation to the perceived availability of particular assistance programmes. As Table 5.26 suggests, the assistance programme showing a statistical difference between Asian and indigenous-

owned firms was the Export Representative Service. Table 5.26 also indicates that there were insignificant differences between the two groups of managers regarding the other eleven assistance programmes under investigation. Therefore, it appears that based on the results of this study, there may not be a need for policy makers to differentiate between the two groups of firms with respect to affecting perceptions towards the availability of assistance programmes.

Focusing attention on the mean values (in aggregate terms) displayed in Table 5.28, the findings indicate that both Asian and indigenous-owned firms regarded overseas trade fairs and outward missions relatively highly in relation to the availability of these particular assistance programmes. Furthermore, in line with the argument developed in Sections 5.10 and 5.11, the majority of the aggregate mean values were clustered at the neutral point of the scale. Nevertheless, given the large sample sizes involved, and the reported standard deviations, it is once again emphasised that to presume that the majority of managers responded at the neutral point was not the case. In support of this was the observation that both groups of managers ranked all the assistance programmes in a similar order. Also, it is perhaps worth noting that in contrast to the previously mentioned sections, the aggregate mean values for the Asian managers were lower than the corresponding mean values for the indigenous managers for the majority of assistance programmes under investigation with respect to this particular criterion. Once again, it is suggested that further research to establish the underlying reasons could be undertaken.

Table 5.26**A Comparison of Asian and Indigenous-Owned SMEs' Perceived Availability of Particular Assistance Programmes**

<u>Programme</u>	<u>Mean of Asian SMEs</u> (n=342)	<u>Std Dev</u>	<u>Mean of Indigenous SMEs</u> (n=906)	<u>Std Dev</u>	<u>F Ratio</u>	<u>F Prob</u>
Overseas Trade Fairs	3.51	1.040	3.57	1.113	.651	.419
Store Promotions	2.44	.945	2.42	.962	.126	.722
Outward Missions	3.35	1.055	3.39	1.218	.242	.622
Inward Mission	2.93	1.017	2.96	1.129	.141	.706
Overseas Seminars	2.91	.981	2.93	1.052	.0319	.858
VIP Visits	2.54	.976	2.53	.956	.0412	.839
Export Mktg. Res. Scheme	2.82	1.021	2.96	1.182	3.64	.056
Overseas Projects Fund	2.19	.842	2.26	.983	1.73	.188
Export Rep Service	2.68	.971	2.87	1.146	6.96	.008*
Overseas Status Rep Service	3.04	1.050	3.06	1.175	.103	.747
Market Information Enquiries	3.02	1.019	3.15	1.190	3.11	.077
New Prod From Britain Ser	2.40	.890	2.48	1.077	1.80	.178

The questionnaire asked respondents to please indicate your perception of the availability of certain government assistance programmes. Responses were obtained on a 5 point scale ranging from 1 = Very hard to get, to 5 = Always available.

Table 5.27**Results From the Discriminant Analysis Between Asian and Indigenous-Owned SMEs' Perceptions Concerning the Availability of Government Assistance Programmes**

<u>Assistance</u>	<u>Group Means</u>		<u>Discriminant Loadings</u>
	<u>Asian Firms</u> (n=342)	<u>Indigenous Firms</u> (n=906)	
Export Representative Service	2.68	2.87	.57755
Export Mktg. Research Scheme	2.82	2.96	.41770
Market Information Enquiries	3.02	3.15	.38598
New Prods From Britain Service	2.40	2.48	.29431
Overseas Projects Fund	2.19	2.26	.28806
Overseas Trade Fairs	3.51	3.57	.17658
Outward Missions	3.35	3.39	.10783
Inward Missions	2.93	2.96	.08233
Store Promotions	2.44	2.42	-.07783
Overseas Status Report Service	3.04	3.06	.07051
VIP Visits	2.54	2.53	-.04441
Overseas Seminars	2.91	2.93	.03906
Canonical Correlation	.1284		
Wilks' Lambda	.983510		
Chi-Square	20.618		
Degrees of Freedom	12		
Sig	.0563		
Cases Correctly Classified	72.60%		
Proportional Chance Criteria	$(0.274)^2 + (0.726)^2 = 60.21\%$		

The questionnaire asked respondents to please indicate your perception of the availability of certain government assistance programmes. Responses were obtained on a 5 point scale ranging from 1 = Very hard to get, to 5 = Always available.

Table 5.28**A Comparison of Asian and Indigenous-Owned SMEs' Perceived Availability of Particular Assistance Programmes in Rank Order**

<u>Rank</u>	<u>Asian</u>	<u>Mean</u>	<u>Indigenous</u>	<u>Mean</u>
1	Overseas Trade Fairs	3.51	Overseas Trade Fairs	3.57
2	Outward Missions	3.35	Outward Missions	3.39
3	Overseas Status Rep Service	3.04	Market Information Enquiries	3.15
4	Market Information Enquiries	3.02	Overseas Status Rep	3.06
5	Inward Missions	2.93	Inward Missions	2.96
6	Overseas Seminars	2.91	Export Mktg Res Scheme	2.96
7	Export Mktg Res Scheme	2.68	Overseas Seminars	2.93
8	Export Rep Service	2.68	Export Rep Service	2.87
9	VIP Visits	2.54	VIP Visits	2.53
10	Store Promotions	2.44	New Prod From Britain Service	2.48
11	New Prod From Britain Service	2.40	Store Promotions	2.42
12	Overseas Projects Fund	2.19	Overseas Projects Fund	2.26

5.13 Hypothesis 6 - Usefulness of Export Marketing Information Sources

Statistical differences between the two groups of managers in relation to the usefulness of export marketing information sources are summarised in Tables 5.29 and 5.30. Taking into account the limitations outlined in Table 5.29, the results indicate a number of significant perceptual differences between Asian and indigenous-owned SMEs in relation to the usefulness of export marketing information sources. As Table 5.29 suggests, the sources exhibiting statistical differences between Asian and indigenous-

owned firms were: government body (DTI), government body (Other), market research agency, own market research team, sales branch overseas, sales force in the U.K. and other (not specified). Table 5.29 also indicates that there were insignificant perceptual differences between the two groups of managers regarding the other seven sources under investigation. Therefore, it appears that based on the results of this study, there are a number of statistical differences in relation to the perceived usefulness of export marketing information sources between the two ethnic groups of managers, half the variables under investigation. Consequently, it would appear that there may be the need to differentiate between the two groups when considering the provision of support from these sources of information.

Focusing attention on the mean values (in aggregate terms) displayed in Table 5.31, shows that the Asian managers ranked one source as useful, i.e. past the neutral point on the rating scale, this being agents overseas. Table 5.31 also shows that the indigenous managers ranked three sources as useful, these were: own market research team, agents overseas and sales force in the U.K. However, what was perhaps disturbing to observe was that the majority of sources under investigation were rated as of less than average use (again using the mid-point on the rating scale as the criterion). Turning specifically to the usefulness of export marketing information from government bodies, a few chosen comments typical of many received via the postal questionnaires illustrate managers' feelings:

" Difficult to source and information poor. Little interest shown in small Asian companies."

"Information far too vague, and usually seems to be on a much grander scale of affairs - not small business."

An interesting comment received in relation to the recent introduction of Business Link was:

"Difficult to know who to contact. Despite the Business Link move.... seems to be hundreds in on the game."

Overall, it is suggested from these results that attention may be warranted by policy makers to improve the perceived usefulness of government sources in comparison to other sources and research concerning the underlying reasons which lead to these perceptions may need to be undertaken.

A point to note regarding the fourteenth ranked factor, namely other (not specified), was that only a small number of respondents referenced the source. For example, although a number of respondents mentioned libraries, the vast majority did not specify the source. In addition, from a rank order point of view, this source, in whatever form, was not considered as useful.

When Tables 5.29 and 5.31 are considered together, an interesting observation can be made in that although significant differences were highlighted in seven out of the fourteen sources under investigation between the two groups, the rank order of the fourteen factors was similar for both groups.

Table 5.29**A Comparison of the Perceptions of Asian and Indigenous-Owned SMEs Towards the Usefulness of Export Marketing Information Sources**

<u>Source</u>	<u>Mean of Asian SMEs (n=342)</u>	<u>Std Dev</u>	<u>Mean of Indigenous SMEs (n=906)</u>	<u>Std Dev</u>	<u>F Ratio</u>	<u>F Prob</u>
Agents Overseas	3.13	1.20	3.20	1.25	.952	.329
Agents in U.K.	2.28	1.12	2.35	1.17	.899	.343
Banks	1.72	.903	1.83	.950	3.48	.062
Business Advisors	2.10	.878	2.06	.948	.625	.429
Business Link	2.01	.914	1.92	.945	2.47	.115
Chamber of Commerce	2.78	1.05	2.70	1.17	1.12	.289
Govt Body (DTI)	2.60	1.03	2.85	.852	18.63	.000*
Govt Body (Other)	2.28	.493	2.39	.490	12.50	.000*
Market Research Agency	1.55	.789	1.99	1.063	49.03	.000*
Own Market Research Team	2.58	1.48	3.40	1.24	96.53	.000*
Sales Branch Overseas	2.44	1.45	2.95	1.34	34.35	.000*
Sales Force in U.K.	2.63	1.48	3.16	1.40	35.33	.000*
Trade Associations	2.99	1.18	2.93	1.15	.739	.390
Other (Not Specified)	1.39	.438	1.62	.632	37.04	.000*

The questionnaire asked respondents to please indicate the level of usefulness of the various sources of export information. Responses were obtained on a 5 point scale ranging from 1 = Not useful, to 5 = Very useful.

Note: Care must be taken in the interpretation of perceptions towards DTI services with the relatively new introduction of Business Link and that the DTI (other) category was not specified. Furthermore, many SMEs did not make use of several sources resulting in arithmetic averages based on small sample sizes.

Table 5.30**Results From the Discriminant Analysis Between Asian and Indigenous-Owned SMEs' Perceptions Concerning the Usefulness of Information Sources**

<u>Source</u>	<u>Group Means</u>		<u>Discriminant Loadings</u>
	<u>Asian Firms</u> (n=342)	<u>Indigenous Firms</u> (n=906)	
Own Marketing Research Team	2.58	3.40	.70007
Market Research Agency	1.55	1.99	.49895
Other (Not Specified)	1.39	1.62	.43367
Own Sales Force in the U.K	2.63	3.16	.42355
Sales Branch Overseas	2.44	2.95	.41765
Govt Body (DTI)	2.60	2.85	.30762
Govt Body (Other)	2.28	2.39	.25197
Banks	1.72	1.83	.13301
Business Link	2.01	1.92	-.11212
Chambers of Commerce	2.78	2.70	-.07552
Agents Overseas	3.13	3.20	.06954
Agents in U.K.	2.28	2.35	.06757
Trade Associations	2.99	2.93	-.06128
Business Advisors			-.05637
Canonical Correlation	.3695		
Wilks' Lambda	.863500		
Chi-Square	181.838		
Degrees of Freedom	14		
Sig	.0000*		
Cases Correctly Classified	68.51%		
Proportional Chance Criteria	$(0.274)^2 + (0.726)^2 = 60.21\%$		

The questionnaire asked respondents to please indicate the level of usefulness of the various sources of export information. Responses were obtained on a 5 point scale ranging from 1 = Not useful, to 5 = Very useful.

Note: Care must be taken in the interpretation of perceptions towards DTI services with the relatively new introduction of Business Link and that the DTI (other) category was not specified. Furthermore, many SMEs did not make use of several sources resulting in arithmetic averages based on small sample sizes.

Table 5.31

**A Comparison of the Perceptions of Asian and Indigenous-Owned SMEs
Towards the Usefulness of Export Marketing Information Sources in Rank Order**

<u>Rank</u>	<u>Asian</u>	<u>Mean</u>	<u>Indigenous</u>	<u>Mean</u>
1	Agents Overseas	3.13	Own Market Research Team	3.40
2	Trade Associations	2.99	Agents Overseas	3.20
3	Chamber of Commerce	2.78	Sales Force in U.K.	3.16
4	Sales Force in U.K.	2.63	Sales Branch Overseas	2.95
5	Government Body (DTI)	2.60	Trade Associations	2.93
6	Own Market Research Team	2.58	Government Body (DTI)	2.85
7	Sales Branch Overseas	2.44	Chamber of Commerce	2.70
8	Government Body (Other)	2.28	Government Body (Other)	2.39
9	Agents in U.K.	2.28	Agents in U.K.	2.35
10	Business Advisors	2.10	Business Advisors	2.06
11	Business Link	2.01	Market Research Agency	1.99
12	Banks	1.72	Business Link	1.92
13	Market Research Agency	1.55	Banks	1.83
14	Other (Not Specified)	1.39	Other (Not Specified)	1.62

5.14 Hypothesis 7 - Types of Information Required

Differences from the investigation into the two groups of managers' perceptions in relation to the types of information required for exporting are summarised in Tables 5.32 and 5.33. The results indicate that all seventeen factors under consideration exhibited statistical differences between Asian and indigenous-owned firms.

Therefore, it appears that based on the results of this study, there may be a need for policy makers to differentiate between the two groups in relation to types of information made available to these firms.

Focusing attention on the mean values (in aggregate terms) displayed in Table 5.34, shows that both Asian and indigenous-owned firms perceived most of the factors under consideration as important in terms of the types of information required for exporting. However, the factors deemed as most important were: potential barriers to exporting into the market, competitive products available in the market, market size, local competitors in the market and international competition in the market. In addition, an interesting point to note was that the Asian managers ranked (in aggregate terms) buyers' preferences in the export market in first position whereas the indigenous managers ranked this factor in sixth position. It is suggested from these results that special attention may be warranted by policy makers in relation to the types of information offered.

When Tables 5.32 and 5.34 are considered together an interesting observation can be made in that although significant differences were highlighted in all seventeen factors under consideration between the two groups, the rank order of the seventeen factors was very similar for both groups.

Table 5.32**A Comparative Analysis of the Types of Information Required by Asian and Indigenous-Owned SMEs**

<u>Information</u>	<u>Mean of Asian SMEs (n=342)</u>	<u>Std Dev</u>	<u>Mean of Indigenous SMEs (n=906)</u>	<u>Std Dev</u>	<u>F Ratio</u>	<u>F Prob</u>
Market Size	2.24	1.16	1.82	1.04	37.15	.000*
Market Growth Rate	2.38	1.15	2.03	1.03	26.40	.000*
Govt Aid to Exporters	2.41	1.12	2.03	1.16	27.86	.000*
Mkt. Transport Infrastructure	3.04	1.09	2.88	1.15	4.87	.027*
Mkt. Social/Political Backgrd	3.08	1.07	2.79	1.06	19.23	.000*
Mkt. Economic Background	2.71	1.14	2.26	1.03	45.50	.000*
Mkt. Distribution/Storage	3.01	1.13	2.63	1.19	24.93	.000*
Exchange Rate Fluctuations	2.48	1.12	2.15	1.09	22.16	.000*
Mkt. Legal Requirements	2.36	1.09	1.99	1.01	30.95	.000*
Int. Competition in Mkt.	2.26	1.10	1.86	1.00	37.31	.000*
Local Competition in Mkt.	2.17	1.11	1.86	1.06	19.55	.000*
Buyers Preferences in Mkt.	2.14	1.05	1.87	1.00	16.87	.000*
Comp Products Avail in Mkt.	2.16	1.04	1.75	1.01	41.04	.000*
Price Trends in Mkt.	2.30	1.06	1.95	1.00	29.84	.000*
Pot Export Barriers to Mkt	2.15	1.09	1.71	.932	50.02	.000*
Ways to Adapt Prod for Mkt.	2.56	1.21	2.20	1.11	24.70	.000*
Guide to Promoting into Mkt.	2.48	1.13	2.19	1.09	17.60	.000*

The questionnaire asked respondents to please indicate how important, if at all, each type of information is to your decision to engage in export activities. Responses were obtained on a 5 point scale ranging from 1 = Extremely important, to 5 = Not at all important.

Table 5.33**Results From the Discriminant Analysis Between Asian and Indigenous-Owned SMEs Concerning Perceptions Towards the Type of Information Required From the Government**

<u>Type of Information</u>	<u>Group Means</u>		<u>Discriminant Loadings</u>
	<u>Asian</u> (n=342)	<u>Indigenous Firms</u> (n=906)	
Potential Export Barriers to Mkt.	2.15	1.71	.68926
Mkt. Economic Background	2.71	2.26	.65738
Comp Products Avail in Mkt.	2.16	1.75	.62433
Int. Competition in Mkt.	2.26	1.86	.59529
Market Size	2.24	1.82	.59406
Mkt. Legal Requirements	2.36	1.99	.54216
Price Trends in Mkt.	2.30	1.95	.53243
Govt Aid to Exporters	2.41	2.03	.51440
Market Growth Rate	2.38	2.03	.50076
Mkt. Distribution/Storage	3.01	2.63	.48661
Ways to Adapt Product for Mkt.	2.56	2.20	.48441
Exchange Rate Fluctuations	2.48	2.15	.45883
Local Competitors in Mkt.	2.17	1.86	.43095
Mkt. Social/Political Background	3.08	2.79	.42735
Guide to Promoting into Mkt.	2.48	2.19	.40884
Buyers Preferences in Mkt.	2.14	1.87	.40034
Mkt. Transport Infrastructure	3.04	2.88	.21520
Canonical Correlation	.2791		
Wilks' Lambda	.922079		
Chi-Square	100.391		
Degrees of Freedom	17		
Sig	.0000*		
Cases Correctly Classified	72.60%		
Proportional Chance Criteria	$(0.274)^2 + (0.726)^2 = 60.21\%$		

The questionnaire asked respondents to please indicate how important, if at all, each type of information is to your decision to engage in export activities. Responses were obtained on a 5 point scale ranging from 1 = Extremely important, to 5 = Not at all important.

Table 5.34**A Comparative Analysis of the Types of Information Required by Asian and Indigenous-Owned SMEs in Rank Order**

<u>Rank</u>	<u>Asian</u>	<u>Mean</u>	<u>Indigenous</u>	<u>Mean</u>
1	Buyers' Preferences in Mkt	2.14	Pot Export Barriers to Mkt	1.71
2	Pot Export Barriers to Mkt	2.15	Comp Prods Avail in Mkt	1.75
3	Comp Products Avail in Mkt	2.16	Market Size	1.82
4	Local Competition in Mkt	2.17	Local Competition in Mkt	1.86
5	Market Size	2.24	Int Competition in Mkt	1.86
6	Int Competition in Mkt	2.26	Buyers' Preferences in Mkt	1.87
7	Price Trends in Mkt	2.30	Price Trends in Mkt	1.95
8	Mkt. Legal Requirements	2.36	Mkt. Legal Requirements	1.99
9	Market Growth Rate	2.38	Market Growth Rate	2.03
10	Govt Aid to Exporters	2.41	Govt Aid to Exporters	2.03
11	Exchange Rate Fluctuations	2.48	Exchange Rate Fluctuations	2.15
12	Guide to Promoting into Mkt	2.48	Guide to Promoting into Mkt	2.19
13	Ways to Adapt Prod for Mkt	2.56	Ways to Adapt Prod for Mkt	2.20
14	Mkt. Econ Background	2.71	Mkt. Econ Background	2.26
15	Mkt. Distribution/Storage	3.01	Mkt. Distribution/Storage	2.63
16	Mkt. Transport Infrastructure	3.04	Mkt. Social/Political Backgrd	2.79
17	Mkt. Social/Political Backgrd	3.08	Mkt. Transport Infrastructure	2.88

5.15 Hypothesis 8 - Problems Faced

The results from the investigation into differences between the two groups of managers in relation to the problems perceived in exporting are summarised in Tables 5.35 and 5.36. The results indicate a number of significant perceptual differences between Asian and indigenous-owned SMEs in relation to problems faced in exporting. As Table 5.35 suggests, the problem areas exhibiting statistical differences between Asian and indigenous-owned firms were: advertising, sales effort, marketing information gathering,

information on business practices, communication, obtaining financial information, financing, funds transfer, providing quality control and providing repair service. Table 5.35 also indicates that there were insignificant perceptual differences between the two groups of managers regarding the other eleven problem areas under investigation. Therefore, it appears that based on the results of this study, there are a number of statistical differences between the problems perceived by the two ethnic groups of managers, approximately half the variables under investigation. Consequently, if this translates itself into a similar set of findings for managers' assistance requirements, it would appear that policy makers may have a need to differentiate between the two groups and offer tailored export assistance.

Focusing attention on the aggregate mean values (displayed in Table 5.37) shows that both Asian and indigenous-owned firms rated certain factors highly in terms of being problem areas. Specifically, these factors related to the areas of information (marketing information gathering, obtaining financial information and information on business practices), sales effort, financing and promotion. Therefore, it is suggested from these results that special attention may be warranted by policy makers in these areas.

When Tables 5.35 and 5.37 are considered together an interesting observation can be made in that although significant differences were highlighted in almost half of the factors under consideration between the two groups, the rank order of the twenty one factors was very similar for both groups.

Table 5.35**A Comparative Analysis of the Problems Faced by Asian and Indigenous-Owned SMEs**

<u>Problem</u>	<u>Mean of Asian SMEs</u> (n=342)	<u>Std Dev</u>	<u>Mean of Indigenous SMEs</u> (n=906)	<u>Std Dev</u>	<u>F Ratio</u>	<u>F Prob</u>
Physical Product	2.25	1.08	2.31	1.04	.7678	.381
Advertising	2.47	1.09	2.70	1.20	9.21	.002*
Sales Effort	2.85	1.13	3.14	1.27	14.33	.000*
Market Inf. Gathering	3.07	1.19	3.52	1.14	38.09	.000*
Inf. on Business Practices	2.73	1.07	3.13	1.14	31.09	.000*
Communication	2.64	1.11	2.81	1.12	5.71	.016*
Arranging Transport	1.95	.903	2.04	1.00	2.09	.147
Trans. Rate Determination	2.02	.928	2.09	.989	1.28	.256
Handling of Docn.	2.50	1.07	2.43	1.10	1.07	.299
Obtaining Financial Inf.	2.74	1.09	2.91	1.14	5.91	.015*
Distribution Co-ordination	2.08	.846	2.16	.967	1.90	.167
Financing	2.51	1.08	2.89	1.26	23.14	.000*
Funds Transfer	2.40	1.08	2.56	1.16	4.78	.028*
Packaging	1.99	.889	2.02	1.01	.180	.671
Obtaining Insurance	2.18	1.01	2.09	1.10	1.88	.169
Pricing Internationally	2.52	1.04	2.52	1.16	.0002	.988
Providing Parts Availability	1.83	.850	1.79	.924	.4065	.523
Providing Quality Control	2.09	.970	1.90	.981	9.81	.001*
Providing Repair Service	1.83	.885	2.01	1.11	6.94	.008*
Pro Design/Tech Advice	1.92	.998	1.95	1.02	.2669	.605
Providing Warehousing	1.94	.973	1.99	1.11	.6544	.418

The questionnaire asked respondents to please indicate how much of a problem it is to deal with each of the factors in exporting. Responses were obtained on a 5 point scale ranging from 1 = None at all, to 5 = To a large extent.

Table 5.36**Results From the Discriminant Analysis Between Asian and Indigenous-Owned SMEs Concerning Problems Faced in Exporting**

<u>Problem</u>	<u>Group Means</u>		<u>Discriminant Loadings</u>
	<u>Asian Firms</u> (n=342)	<u>Indigenous Firms</u> (n=906)	
Market Information Gathering	3.07	3.52	.48843
Information on Business Practices	2.73	3.13	.44129
Financing	2.51	2.89	.38070
Sales Effort	2.85	3.14	.29960
Providing Quality Control	2.09	1.90	-.24792
Advertising	2.47	2.70	.24027
Providing Repair Service	1.83	2.01	.20853
Obtaining Financial Information	2.74	2.91	.19252
Communication	2.64	2.81	.18927
Funds Transfer	2.40	2.56	.17308
Arranging Transport	1.95	2.04	.11465
Distribution Co-ordination	2.08	2.16	.10926
Obtaining Insurance	2.18	2.09	-.10878
Transport Rate Determination	2.02	2.09	.08977
Handling of Documentation	2.50	2.43	-.08208
Physical Product	2.25	2.31	.06934
Providing Warehousing	1.94	1.99	.06402
Providing Parts Availability	1.83	1.79	-.05046
Providing Design/Tech Advice	1.92	1.95	.04088
Packaging	1.99	2.02	.03360
Pricing Internationally	2.52	2.52	.00114
Canonical Correlation	.3370		
Wilks' Lambda	.886408		
Chi-Square	148.974		
Degrees of Freedom	21		
Sig	.0000*		
Cases Correctly Classified	73.56%		
Proportional Chance Criteria	$(0.274)^2 + (0.726)^2 = 60.21\%$		

The questionnaire asked respondents to please indicate how much of a problem it is to deal with each of the factors in exporting. Responses were obtained on a 5 point scale ranging from 1 = None at all, to 5 = To a large extent.

Table 5.37**A Comparative Analysis of the Problems Faced by Asian and Indigenous-Owned SMEs in Rank Order**

<u>Rank</u>	<u>Asian</u>	<u>Mean</u>	<u>Indigenous</u>	<u>Mean</u>
1	Market Inf. Gathering	3.07	Market Inf. Gathering	3.52
2	Sales Effort	2.85	Sales Effort	3.14
3	Obtaining Financial Inf.	2.74	Inf. on Business Practices	3.13
4	Inf. on Business Practices	2.73	Obtaining Financial Inf.	2.91
5	Communication	2.64	Financing	2.89
6	Pricing Internationally	2.52	Communication	2.81
7	Financing	2.51	Advertising	2.70
8	Handling of Docu.	2.50	Funds Transfer	2.56
9	Advertising	2.47	Pricing Internationally	2.52
10	Funds Transfer	2.40	Handling of Docu.	2.43
11	Physical Product	2.25	Physical Product	2.31
12	Obtaining Insurance	2.18	Distribution Co-ordination	2.16
13	Providing Quality Control	2.09	Trans. Rate Determination	2.09
14	Distribution Co-ordination	2.08	Obtaining Insurance	2.09
15	Trans. Rate Determination	2.02	Arranging Transport	2.04
16	Packaging	1.99	Packaging	2.02
17	Arranging Transport	1.95	Providing Repair Service	2.01
18	Providing Warehousing	1.94	Providing Warehousing	1.99
19	Pro. Design/Tech Advice	1.92	Pro Design/ Tech Advice	1.95
20	Providing Repair Service	1.83	Providing Quality Control	1.90
21	Providing Parts Availability	1.83	Providing Parts Availability	1.79

5.16 Hypothesis 9 - Assistance Requirements

Following the discussion in the last section concerning problems in exporting, results from an investigation into differences between the two groups of managers in relation to their government assistance requirements are summarised in Tables 5.38 and 5.39. This details the findings for the same twenty one factors related to export practices. An analysis of the results presented in Table 5.38 shows that they are fairly consistent with

those in Table 5.35 and indicate that twelve factors provided statistical differences between the two groups. The results in Table 5.38 suggest that the following factors provided statistical differences between the two groups: physical product, advertising, sales effort, marketing information gathering, information on business practices, communication, obtaining financial information, financing, funds transfer, pricing internationally, providing quality control and providing repair service. Table 5.38 also indicates that there were insignificant perceptual differences between the two groups of managers regarding the other nine areas under investigation. Therefore, it appears that based on the results of this study, there are a number of statistical differences between the government assistance requirements as perceived by the two ethnic groups of managers, approximately half the variables under investigation. Consequently, it would appear that policy makers may have a need to differentiate between the two groups and offer tailored export assistance.

Focusing attention on the mean values (in aggregate terms) displayed in Table 5.40 shows that both Asian and indigenous-owned firms rated certain factors highly in terms of requiring government assistance. Specifically, these factors related to the areas of information (marketing information gathering, information on business practices and obtaining financial information), sales effort, financing and promotion. Therefore, it is suggested from these results that special attention may be warranted by policy makers in these areas.

When Tables 5.38 and 5.40 are considered together an interesting observation can be made in that although significant differences were highlighted in twelve out of the

twenty one factors under consideration between the two groups, the rank order of the twenty one factors was very similar.

Table 5.38

A Comparative Analysis of the Government Assistance Requirements of Asian and Indigenous-Owned SMEs

<u>Assistance</u>	Mean of <u>Asian SMEs</u> (n=342)	Std <u>Dev</u>	Mean of <u>Indigenous SMEs</u> (n=906)	Std <u>Dev</u>	<u>F Ratio</u>	<u>F Prob</u>
Physical Product	1.94	.986	2.15	1.06	9.56	.002*
Advertising	2.49	1.21	2.91	1.35	25.67	.000*
Sales Effort	2.59	1.18	3.05	1.32	31.52	.000*
Market Inf. Gathering	2.94	1.29	3.55	1.17	63.35	.000*
Inf. on Business Practices	2.72	1.24	3.10	1.20	24.01	.000*
Communication	2.36	1.02	2.65	1.22	15.13	.000*
Arranging Transport	1.86	.910	1.91	1.02	.4467	.504
Trans. Rate Determination	1.83	.894	1.89	.964	1.17	.277
Handling of Documentation	2.41	1.20	2.31	1.19	1.68	.195
Obtaining Financial Inf.	2.61	1.23	2.97	1.21	21.37	.000*
Distribution Co-ordination	1.90	.895	1.90	.995	.0221	.881
Financing	2.50	1.25	3.06	1.37	42.90	.000*
Funds Transfer	2.24	1.14	2.53	1.30	13.00	.000*
Packaging	1.80	.939	1.84	1.00	.331	.565
Obtaining Insurance	2.22	1.18	2.22	1.24	.0001	.992
Pricing Internationally	2.18	1.06	2.36	1.21	5.29	.021*
Pro Parts Availability	1.73	.966	1.64	.897	2.11	.146
Providing Quality Control	1.86	1.00	1.71	.979	6.14	.013*
Providing Repair Service	1.76	.995	1.64	.903	4.12	.042*
Pro Design/Tech Advice	1.89	1.06	1.84	1.07	.4836	.486
Providing Warehousing	1.71	.896	1.81	1.06	2.10	.147

The questionnaire asked respondents to please indicate how would your firm's performance improve if the government were to offer assistance in these areas. Responses were obtained on a 5 point scale ranging from 1 = None at all, to 5 = To a large extent.

Table 5.39**Results From the Discriminant Analysis Between Asian and Indigenous-Owned SMEs Concerning Government Assistance Required in Exporting**

<u>Assistance</u>	<u>Group Means</u>		<u>Discriminant Loadings</u>
	<u>Asian Firms</u> (n=342)	<u>Indigenous Firms</u> (n=906)	
Market Information Gathering	2.94	3.55	.60800
Financing	2.50	3.06	.50034
Sales Effort	2.59	3.05	.42887
Advertising	2.49	2.91	.38707
Information on Business Practices	2.72	3.10	.37435
Obtaining Financial Information	2.61	2.97	.35312
Communication	2.36	2.65	.29715
Funds Transfer	2.24	2.53	.27543
Physical Product	1.94	2.15	.23622
Providing Quality Control	1.86	1.71	-.18929
Pricing Internationally	2.18	2.36	.17575
Providing Repair Service	1.76	1.64	-.15510
Providing Parts Availability	1.73	1.64	-.11085
Providing Warehousing	1.71	1.81	.11085
Handling of Documentation	2.41	2.31	-.09903
Transport Rate Determination	1.83	1.89	.08297
Proving Design/Tech Advice	1.89	1.84	-.05312
Arranging Transport	1.86	1.91	.05105
Packaging	1.80	1.84	.04394
Distribution Co-ordination	1.90	1.90	.01135
Obtaining Insurance	2.22	2.22	.00071
Canonical Correlation	.3477		
Wilks' Lambda	.879077		
Chi-Square	159.235		
Degrees of Freedom	21		
Sig	.0000*		
Cases Correctly Classified	74.52%		
Proportional Chance Criteria	$(0.274)^2 + (0.726)^2 = 60.21\%$		

The questionnaire asked respondents to please indicate how would your firm's performance improve if the government were to offer assistance in these areas. Responses were obtained on a 5 point scale ranging from 1 = None at all, to 5 = To a large extent.

Table 5.40**A Comparative Analysis of the Government Assistance Requirements of Asian and Indigenous-Owned SMEs in Rank Order**

<u>Rank</u>	<u>Asian</u>	<u>Mean</u>	<u>Indigenous</u>	<u>Mean</u>
1	Market Inf. Gathering	2.94	Market Inf. Gathering	3.55
2	Inf. On Business Practices	2.72	Inf. On Business Practices	3.10
3	Obtaining Financial Inf.	2.61	Financing	3.06
4	Sales Effort	2.59	Sales Effort	3.05
5	Financing	2.50	Obtaining Financial Inf.	2.97
6	Advertising	2.49	Advertising	2.91
7	Handling of Documentation	2.41	Communication	2.65
8	Communication	2.36	Funds Transfer	2.53
9	Funds Transfer	2.24	Pricing Internationally	2.36
10	Obtaining Insurance	2.22	Handling of Documentation	2.31
11	Pricing Internationally	2.18	Obtaining Insurance	2.22
12	Physical Product	1.94	Physical Product	2.15
13	Distribution Co-ordination	1.90	Arranging Transport	1.91
14	Pro Design/Tech Advice	1.89	Distribution Co-ordination	1.90
15	Providing Quality Control	1.86	Trans. Rate Determination	1.89
16	Arranging Transport	1.86	Packaging	1.84
17	Trans. Rate Determination	1.83	Pro Design/Tech Advice	1.84
18	Packaging	1.80	Providing Warehousing	1.81
19	Providing Repair Service	1.76	Providing Quality Control	1.71
20	Pro Parts Availability	1.73	Pro Parts Availability	1.64
21	Providing Warehousing	1.71	Providing Repair Service	1.64

5.17 Hypothesis 10 - Current Motives for Exporting

Findings from the investigation into differences between the two groups of managers in relation to their current motives for exporting are summarised in Tables 5.41 and 5.42.

The results indicate a number of significant perceptual differences between Asian and indigenous-owned SMEs in relation to their current motives for exporting. As Table 5.41 suggests, the motives exhibiting statistical differences between Asian and indigenous-owned firms were: competitive pressures, over-production, excess capacity,

managerial urge, unique products, profit advantage, marketing advantage, design/technological advantage, unsolicited orders from overseas, economics of scale resulting from additional orders, favourable currency movements, new information about sales opportunities overseas, reduction in tariffs, opportunity to increase the number of country markets and reduce the market related risk, and eased product regulations in target markets. Table 5.41 also indicates that there were insignificant perceptual differences between the two groups of managers regarding the other five factors under investigation. Therefore, it appears that based on the results of this study, there are a large number of statistical differences between the current motives for exporting as perceived by the two ethnic groups of managers, three-quarters of the variables under investigation. Consequently, it would appear that policy makers may have a need to differentiate between the two groups when considering their export promotion strategies if they are to motivate particular managers from such firms to engage in export activities.

Focusing attention on the mean values (in aggregate terms) displayed in Table 5.43, shows that both Asian and indigenous-owned firms rated certain factors highly in terms of being motives to export. However, the factors deemed as most important were: profit advantage, opportunity to increase the number of country markets and reduce the market related risk, economics of scale resulting from additional orders, marketing advantage, managerial urge and competitive pressures. In addition, an interesting point to note was that although excess capacity and over-production are frequently quoted in the international marketing literature (refer to chapter 2) as primary reasons why firms export, it could be argued that the results of this study contradict these factors as primary

motivators for exporting. Overall, it is suggested from these results that special attention may be warranted by policy makers to the highest ranked factors highlighted above.

When Tables 5.41 and 5.43 are considered together an interesting observation can be made in that although significant differences were highlighted in fifteen out of the twenty factors under investigation between the two groups, the rank order of the twenty factors was very similar for both groups.

Table 5.41
A Comparative Analysis of the Current Motives for Exporting of Asian and Indigenous-Owned SMEs

<u>Motives</u>	Mean of <u>Asian SMEs</u> (n=342)	Std <u>Dev</u>	Mean of <u>Indigenous SMEs</u> (n=906)	Std <u>Dev</u>	<u>F Ratio</u>	<u>F Prob</u>
Competitive Pressures	2.89	1.17	3.11	1.18	8.62	.003*
Over-Production	1.90	.868	1.69	.901	13.59	.000*
Declining Domestic Sales	2.67	1.11	2.76	1.33	1.19	.274
Excess Capacity	2.34	1.03	2.18	1.14	5.37	.020*
Saturated Domestic Market	2.52	1.10	2.58	1.24	.564	.452
Exclusive Information	2.33	1.11	2.31	1.18	.128	.720
Managerial Urge	2.83	1.19	3.22	1.26	24.58	.000*
Unique Products	2.77	1.17	3.15	1.32	21.76	.000*
Profit Advantage	3.06	1.18	3.46	1.16	29.54	.000*
Marketing Advantage	2.85	1.15	3.22	1.14	25.93	.000*
Design/Tech Advantage	2.75	1.20	2.95	1.30	6.01	.014*
Unsol Orders from Overseas	2.56	1.07	2.74	1.17	5.98	.014*
Econ of Scale from Add Orders	2.88	1.24	3.33	1.18	33.80	.000*
Attractive Export Incentives	2.04	.974	2.19	1.30	3.66	.055
Nat Export Prom Programs	1.95	.987	1.98	1.17	.216	.641
Favourable Cur Movements	2.35	1.04	2.57	1.30	7.58	.006*
New Inf. on O'seas Sales Ops	2.50	1.11	2.74	1.19	10.12	.001*
Reduction in Tariffs	2.44	1.12	2.65	1.30	7.09	.007*
Opp to Increase the No. of Mkts and Reduce the Mkt. Rel Risk	2.93	1.29	3.42	1.26	36.66	.000*
Eased Prod Regs in Target Mkts	2.45	1.07	2.68	1.27	8.25	.004*

The questionnaire asked respondents to please indicate the extent to which each factor motivates current exporting effort. Responses were obtained on a 5 point scale ranging from 1 = Not at all important, to 5 = Extremely important.

Table 5.42**Results From the Discriminant Analysis Between Asian and Indigenous-Owned SMEs Involving Current Motives for Exporting**

<u>Motive</u>	<u>Group Means</u>		<u>Discriminant Loadings</u>
	<u>Asian Firms</u> (n=342)	<u>Indigenous Firms</u> (n=906)	
Opportunity to Increase the No. of Mkts and Reduce the Mkt Rel Risk	2.93	3.42	.55529
Econ of Scale from Add Orders	2.88	3.33	.53319
Profit Advantage	3.06	3.46	.49842
Marketing Advantage	2.85	3.22	.46701
Managerial Urge	2.83	3.22	.45470
Unique Products	2.77	3.15	.42780
Over-Production	1.90	1.69	-.33810
New Inf. on Overseas Sales Ops	2.50	2.74	.29185
Competitive Pressures	2.89	3.11	.26932
Eased Prod Regs in Target Mkts	2.45	2.68	.26354
Favourable Currency Movements	2.35	2.57	.25260
Reduction in Tariffs	2.44	2.65	.24423
Design/Technological Advantage	2.75	2.95	.22495
Unsolicited Orders from Overseas	2.56	2.74	.22437
Excess Capacity	2.34	2.18	-.21258
Attractive Export Incentives	2.04	2.19	.17550
Declining Domestic Sales	2.67	2.76	.10028
Saturated Domestic Market	2.52	2.58	.06887
Nat Export Promotion Programs	1.95	1.98	.04270
Exclusive Information	2.33	2.31	-.03286
Canonical Correlation	.2952		
Wilks' Lambda	.912880		
Chi-Square	112.662		
Degrees of Freedom	20		
Sig	.0000*		
Cases Correctly Classified	73.08%		
Proportional Chance Criteria	$(0.274)^2 + (0.726)^2 = 60.21\%$		

The questionnaire asked respondents to please indicate the extent to which each factor motivates current exporting effort. Responses were obtained on a 5 point scale ranging from 1 = Not at all important, to 5 = Extremely important.

Table 5.43**A Comparative Analysis of the Current Motives for Exporting of Asian and Indigenous-Owned SMEs in Rank Order**

<u>Rank</u>	<u>Asian</u>	<u>Mean</u>	<u>Indigenous</u>	<u>Mean</u>
1	Profit Advantage	3.06	Profit Advantage	3.46
2	Opp to Increase the No. of Mkts and Reduce the Mkt. Rel Risk	2.93	Opp to Increase the No. of Mkts and Reduce the Mkt. Rel Risk	3.42
3	Competitive Pressures	2.89	Econ of Scale from Add Orders	3.33
4	Econ of Scale from Add Orders	2.88	Managerial Urge	3.22
5	Marketing Advantage	2.85	Marketing Advantage	3.22
6	Managerial Urge	2.83	Unique Products	3.15
7	Unique Products	2.77	Competitive Pressures	3.11
8	Design/Tech Advantage	2.75	Design/Tech Advantage	2.95
9	Declining Domestic Sales	2.67	Declining Domestic Sales	2.79
10	Unsol Orders From Overseas	2.56	Unsol Orders From Overseas	2.74
11	Saturated Domestic Market	2.52	New Info. on O'seas Sales Ops	2.74
12	New Info on O'seas Sales Ops	2.50	Eased Prod Regs in Target Mkts	2.68
13	Eased Prod Regs in Target Mkts	2.45	Reduction in Tariffs	2.65
14	Reduction in Tariffs	2.44	Saturated Domestic Market	2.58
15	Favourable Cur Movements	2.35	Favourable Cur Movements	2.57
16	Excess Capacity	2.34	Exclusive Information	2.31
17	Exclusive Information	2.33	Attractive Export Incentives	2.19
18	Attractive Export Incentives	2.04	Excess Capacity	2.18
19	Nat Export Prom Programs	1.95	Nat Export Prom Programs	1.98
20	Over-Production	1.90	Over-Production	1.69

5.18 Hypothesis 11 - Perceptions of Advertising Effectiveness

As Table 5.44 suggests, caution must be taken in interpreting the findings concerning perceptions towards the effectiveness of particular bodies' advertising. Consequently, it would be inappropriate to comment in detail on the results in Table 5.44 or to provide

results from a Discriminant Analysis. Perhaps the major observation is that the firms in Wales were the only regional group (irrespective of ethnicity considerations) to score their trade office as above the mid-point on the rating scale employed. Furthermore, the trade bodies outside of the main government organisations were also rated below the mid-point. Together, this may indicate why the awareness of both groups towards particular services were rated low (see Table 5.14), likewise the bodies' usefulness as a source of information (refer to Table 5.29). However, it is emphasised that the results may not be indicative of a causal link and further investigation is required in this respect.

Table 5.44**A Comparison of the Perceptions of Asian and Indigenous-Owned SMEs Towards the Effectiveness of the Advertising of Selected Public and Private Sector Bodies**

<u>Organisation</u>	<u>Mean of Asian SMEs</u> (n=342)	<u>Std Dev</u>	<u>Mean of Ind SMEs</u> (n=906)	<u>Std Dev</u>	<u>F Ratio</u>	<u>F Prob</u>
DTI	2.62	1.36	3.04	1.18	29.13	.000*
Foreign & Com Office	1.60	.846	1.53	.743	1.98	.159
Scottish Trade Int	1.49	.750	1.46	.838	.316	.574
Welsh Office Ind Depart	1.64	.906	1.61	.871	.302	.582
Ind Dept for N. Ireland	1.45	.672	1.35	.691	5.05	.024*
Chamber of Commerce	2.24	1.18	2.62	1.12	27.17	.000*
Trade Associations	2.27	1.15	2.81	1.19	52.63	.000*
Business Link	1.91	1.00	1.99	1.04	1.78	.181

The questionnaire asked respondents to please indicate your perception of the advertising effectiveness for each organisation. Responses were obtained on a 5 point scale ranging from 1 = Not effective, to 5 = Very effective.

Note: Care must be taken in the interpretation of perceptions towards the DTI's promotion with the relatively new introduction of Business Link. Also, due to the sample sizes involved, results are based on aggregated data, i.e. for all firms irrespective of their location. This affects perceptions of regional bodies making true comparisons invalid. Therefore, for regional bodies, the following data provides comparisons for firms' perceptions from within the specific area (small sample sizes makes differences by ethnicity difficult to calculate with any reliability. Therefore, for the 4 regions; the results are for all firms within the area, irrespective of ethnic background).

	<u>Mean</u>	<u>Std Dev</u>
DTI (England)	2.97	1.24
Scottish Trade International	2.69	1.28
Welsh Office Ind Department	3.17	1.30
Ind Dept for N. Ireland	2.80	1.20

5.19 Analysis Within the Framework of Existing Government Support

Although the analysis presented within this chapter has so far addressed the substantive hypotheses under investigation, it is recognised that in pragmatic terms, the tailoring of support to particular ethnic groups is likely to be required to fit within the existing framework of the provision of government assistance rather than being a differentiating criterion in its own right. Although Chapter 3 discussed the two existing criteria in detail, the analysis summarised in Table 5.13 suggested that in terms of the number of statistical differences, stages of internationalisation provided the most useful way of differentiating between U.K. firms. Consequently, it seems appropriate to establish where the differences between Asian and indigenous-owned firms exist between stages of export development in order that support is focused in meeting SMEs' needs as commitment towards exporting increases. In doing so, Tables A-J (Appendix 2 refers) detail the results in tabular format and a discussion is presented in the final chapter in order to provide conclusions for policy makers in the way in which export assistance may be more effectively targeted towards ethnic groups in various stages of internationalisation.

5.20 Conclusion

This chapter has detailed the results from this investigation and provided empirical evidence to suggest that policy makers might consider reviewing the way in which export assistance is targeted to U.K. firms. Specifically, it highlighted that statistical differences exist between Asian and indigenous-owned firms in relation to all the major

hypotheses under investigation. In doing so, it suggested that ethnicity plays a role in differentiating between the behaviour and perceptions of U.K. firms as such factors relate to export promotion policy. Furthermore, the results suggest that irrespective of ethnic origin, certain factors under investigation provide cause for concern by policy makers, since particular issues were of importance at an aggregated level. Although specific factors were discussed in detail within the various sections of this chapter, certain areas included the low awareness and use of particular services and the similarities in ratings between the ethnic groups in relation to many of the behavioural issues under investigation. While such issues offer areas for further research in their own right, specific conclusions and recommendations can be drawn from the results of this study and these are discussed in the final chapter which now follows.

CHAPTER 6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

It is appropriate to introduce this concluding chapter with an overview of the key points that have been hitherto discussed in this thesis together with a summary of the limitations acknowledged at each stage of the study so that conclusions and recommendations can be placed in context.

The thesis started with an introduction into the importance of exporting to the U.K. by looking at poor trade figures in recent years and suggested that policy makers need to improve the efficiency of exporting firms in order to rectify these trade statistics. This led to the objective of determining whether firms could be differentiated by background characteristics so that export assistance is targeted more selectively rather than on a generic basis. The thesis developed this objective by formulating a series of hypotheses based on a review of published work. The literature highlighted three main bases for differentiating firms (independent variables), which while subjective and in some cases difficult to classify, were found to be useful in previous research (Czinkota, 1982; Crick, 1993). These were stage of internationalisation, firm size, and levels of success. Also, the first two variables were found to be currently used by U.K. policy makers in the targeting of export assistance.

Furthermore, the thesis proceeded to suggest that previous research had omitted any consideration of the ethnic backgrounds of firms and consequently ethnicity was developed as an additional basis for differentiating between firms for the targeting of export assistance. This represented the fourth main independent variable and the focus of this investigation. In doing so, the thesis provided a distinct contribution to the literature in this area of research.

In addition, a number of key factors were formulated (dependent variables) so that the thesis could establish whether firms differed in their behaviour in relation to these factors, for example the problems faced, types of assistance required, and consequently, whether behaviour would change if assistance was forthcoming in managing certain variables. It should be pointed out that the dependent variables were formulated on the basis of previous published research, advice from various trade bodies and, academics, plus interviews with firms representing both ethnic groupings during the exploratory stage of the research (Chapter 3 refers).

During the course of the study, certain limitations were highlighted due to time and cost restrictions and these are worthy of consideration at this stage. First, the thesis is restricted to only two ethnic groupings and therefore the conclusions may not be applicable for other ethnic minority groups within the U.K. Also, the results are based on managers' attitudes in 1995 (the year in which the empirical work was undertaken), and therefore such attitudes are likely to change over time as firms evolve within changing environmental circumstances. Affiliated with this is the fact that although the findings are based on a large scale mail survey, a greater qualitative element would have been desirable to provide a more comprehensive understanding of the behavioural aspects of managerial decision making rather than relying mainly on aggregated statistics. Ideally this would have been administered over a reasonable period of time to add a longitudinal perspective.

The previous chapter provided an interpretation of the main statistical findings from this research and offered a number of supplementary qualitative statements representative of numerous comments made by managers in the postal questionnaires. This chapter builds on these findings and provides conclusions for U.K. policy makers, managers, and

academics involving profiles of exporting SMEs and then proceeds to offer recommendations on the way in which export assistance might be targeted to these groups of firms. In doing so, it provides profiles of firms exhibiting key characteristics from the differentiation method found in this study to display the most statistical differences, namely the stages of internationalisation, in order that policy makers, managers and academics can view a summary of firstly, these firms' major characteristics and secondly, the observable differences between the two ethnic groups of firms at each stage of export development. This is important because it enables interested parties to understand key aspects of and the differences between the behaviour of the two groups of firms.

However, it must be emphasised that the profiles are based on arithmetic averages from the survey, and while a sound methodology was discussed in Chapter 4, we can only be statistically confident that groups of firms behave in particular ways, but not that every individual firm acts in the same way. With this reservation in mind, the next section proceeds to look at profiles of firms in each stage of the internationalisation process to gain a deeper understanding into the behaviour and export assistance requirements of Asian and indigenous-owned U.K. SMEs within particular stages of export development.

6.2 Profiles of Firms in Stages of the Internationalisation Process

It is appropriate at this point to provide an overview of how the stages model used in this research was developed. Chapter 2 discussed models in detail and brought to light a number of problems associated with these models (see section 2.5 for a full discussion). Chapter 3 then conceptualised the approach adopted in this study by developing an eight stage model of the internationalisation process discussed in Section 3.2.2 and is based on the model proposed by Campbell (1987). In the sub-sections that follow, a profile of firms in each stage of the model is developed together with an analysis of the differences

between the two ethnic groups at each stage. This addresses the identified gap in the literature and provides a framework against which policy makers may target assistance more efficiently to meet the different needs of managers.

6.2.1 Stage One

Firm description: our firm has not exported and would not fill an unsolicited foreign order.

Profile of All Firms

It was, perhaps, not surprising to note that firms at this stage of internationalisation were relatively unaware of the government assistance programmes on offer and therefore the fact that none of the firms actually used the assistance programmes was an expected result. With respect to U.K. firms' perceptions towards the timeliness, reliability and availability of assistance programmes, it was interesting to note that overseas trade fairs and outward missions were rated consistently highly, in relative terms, for all three criteria. From the point of view of firms' perceptions of the usefulness of selected sources of export information, all sources were rated low. However, taking into consideration the stage of internationalisation these firms were in, this result could be a consequence of their lack of experience in using these sources rather than a fair reflection on the extent to which they considered them worthwhile. Alternatively, it may simply be a result of firms' current lack of interest in exporting and the usefulness may change to reflect future export intentions should managers become interested in engaging in export activities at a future date. With respect to the types of export information required, overall, none of the factors were considered as too important, however, government aid to exporters, market size and international competition in the market were considered most important. Looking at firms' perceptions of problems in exporting, again none of the factors listed were

perceived as presenting any considerable problems, however, those pertaining to information were rated highest, namely: marketing information gathering, information on business practices and obtaining financial information. A similar set of findings were evident with respect to their assistance requirements where firms did not feel the need for assistance to any significant extent in relation to the factors listed, however, in relative terms, those factors related to information gathering were rated highest. Finally, taking into account that firms at this stage of internationalisation are completely uninterested in exporting, it was not surprising to note that none of the motives listed were rated highly in terms of influencing the firms to consider exporting.

Differences Between Asian and Indigenous-Owned Firms in Stage 1

Considering the fact that none of the Asian firms indicated an awareness of the assistance programmes, it was surprising to note that with respect to the timeliness, reliability and availability of these programmes, the Asian sample perceived all three criteria higher in comparison to indigenous firms. From these results, it could be suggested that although none of the firms have actually used the assistance programmes, the Asian firms have a better perception of them, in general terms, in comparison to the indigenous-owned firms, arguably by way of networking within the community.

For the remaining criteria under investigation, an interesting observation can be made in that the Asian sample displayed a lesser concern regarding types of export information required, problems in exporting, and assistance requirements in comparison to indigenous firms. No response was recorded for the Asian sample regarding motives for exporting. In comparison, the indigenous-owned firms considered profit advantage and competitive pressures as possible motives for exporting. Initially, it could be suggested that these

results signify a comparative lack of interest and/or knowledge by the Asian firms in comparison to the indigenous firms with regard to exporting. However, since by definition the firms in this group should not have an interest in exporting, further research is required to ascertain the underlying motives of such firms since it could be the case that intrinsically, some firms may have more of an interest in commencing exporting than their classification (in terms of export development) suggests. Should this prove to be the case, policy makers may need to address their needs and encourage (where applicable) export involvement. Also of importance within such future research is to ascertain whether support should be offered to such firms, since policy makers with limited resources might want to target assistance to firms exhibiting a greater motivation to export. This is a decision for policy makers rather than an issue which can be recommended from a quantitative based investigation such as this.

6.2.2 Stage Two

Firm description: our firm has not exported but plans on doing so in the future or is willing to explore the possibility of exporting.

Profile of All Firms

Firms at this stage of internationalisation were relatively unaware of the government assistance programmes on offer. With respect to U.K. firms' perceptions towards the timeliness, reliability and availability of assistance programmes, it was interesting to note that overseas trade fairs and outward missions were rated consistently highly, in relative terms, for all three criteria. From the point of view of firms' perceptions of the usefulness of selected sources of export information, all sources were rated low although, agents overseas, trade associations and Chambers of Commerce received a higher rating. However, in overall terms, taking into consideration the stage of internationalisation these

firms were in, this result could be a consequence of their lack of experience in using these sources rather than a true reflection on the extent to which they considered them worthwhile. It should be pointed out that firms' perceptions on the usefulness of these sources may change if they become more involved in exporting activities in the future.

With respect to the types of export information required, overall, all the factors were considered as quite important, however, in relative terms, legal requirements in the market, government aid to exporters and political barriers to exporting in the market were considered most important. Looking at firms' perceptions of problems in exporting, none of the factors listed were perceived as presenting any considerable problems, however, marketing information gathering, advertising and sales effort were rated highest. Perhaps an interesting point to note was that the mean values for all factors were higher for firms in stage 2 compared to the corresponding mean values for firms in stage 1. This was not unexpected considering that firms in stage 2 showed an interest in engaging in export activities compared to firms in stage 1.

A similar set of findings was evident with respect to their assistance requirements, where all firms did not feel the need for assistance to any significant extent in relation to the factors listed, however, marketing information gathering, advertising and information on business practices were rated highest. Finally, with respect to firms' motives for exporting, none of the factors listed were rated highly in terms of influencing the firms to consider exporting, although competitive pressures, declining domestic sales, profit advantage and marketing advantage were rated highest.

Differences Between Asian and Indigenous-Owned Firms in Stage 2

With respect to the awareness of assistance programmes, indigenous firms rated three

programmes noticeably higher than Asian companies, namely: overseas trade fairs, store promotions and the overseas status report service. From the results, it could be suggested that although hardly any of the firms had used the assistance programmes, their perceptions of them with regard to their timeliness, reliability and availability were similar. Turning to their perceptions of the usefulness of sources of export information, in comparative terms, indigenous firms rated all sources higher than the Asian sample. Looking at the types of information required, the Asian sample exhibited a lesser concern for all factors listed compared to the indigenous sample. In relation to their problems and assistance requirements, indigenous firms displayed much greater concern for marketing information gathering compared to the Asian sample. Finally, with respect to motives for exporting, all the factors listed were rated higher by indigenous firms compared to their Asian counterparts, the greatest difference being exhibited by competitive pressures as the major motive to export by the indigenous sample. It could be suggested that these results signify a comparative lack of interest and/or knowledge by the Asian firms in comparison to the indigenous firms with regard to issues relating to exporting activities. Even so, firms in stage 2 are a key audience for policy makers to reach (based on their motivation to commence exporting) and therefore it is important that their needs are fully addressed. In addressing these needs, differences between Asian and indigenous-owned firms must be recognised to avoid wasting scarce resources.

6.2.3 Stage Three

Firm description: our firm has exported in the past but is not currently engaged in exporting and does not plan to export in the future.

Profile of All Firms

At this stage of internationalisation, firms were relatively unaware of the government

assistance programmes on offer and therefore the fact that very little, if any, use had been made of these programmes was an expected result. With respect to U.K. firms' perceptions towards the timeliness, reliability and availability of assistance programmes, it was interesting to note that overseas trade fairs, outward missions, market information enquiries and the overseas status report service were rated consistently highly, for all three criteria. From the point of view of firms' perceptions of the usefulness of selected sources of export information, all sources were rated low, although, in relative terms, trade associations, agents overseas and Chambers of Commerce received a higher rating. A point of concern worth noting is that firms at this stage of internationalisation have exported in the past but were not currently doing so nor were they planning to export in the future. Arguably, this situation may have occurred for a number of reasons, for example: a previous negative experience with exporting, or a lack of appropriate assistance for successful exporting operations in the past. Consequently, the underlying reasons that influence perceptions may be worth further research, but this is outside the scope of this particular investigation.

With respect to the types of export information required, overall, the majority of factors were considered as quite important, although political barriers to exporting in the market, competitive products available in the market, buyers' preferences in the export market and market size were considered most important. Looking at firms' perceptions of problems in exporting, none of the factors listed were perceived as presenting any considerable problems, however, in relative terms, marketing information gathering, sales effort and information on business practices were rated highest. A similar set of findings was evident with respect to their assistance requirements, where firms did not feel the need for assistance to any significant extent in relation to the factors listed, albeit marketing

information gathering, information on business practices, obtaining financial information and sales effort were rated highest. Finally, with regard to firms' motives for exporting, given the characteristics of firms at this stage of internationalisation, it was perhaps not surprising that all of the factors listed received a low rating.

Differences Between Asian and Indigenous-Owned Firms in Stage 3

In relation to the awareness and frequency of use of assistance programmes, the Asian sample displayed a greater awareness and frequency of use of these programmes compared to indigenous firms for whom a nil response was recorded for both categories. With respect to the timeliness and reliability of assistance programmes, similar results were recorded for both samples. However, an interesting observation can be made in that the indigenous sample perceived all the programmes as being more easily available in comparison to the Asian one. With regard to their perceptions of the usefulness of sources of export information, in comparative terms, the indigenous firms rated the majority of sources higher than the Asian firms. Looking at the types of information required, the Asian firms exhibited a lesser concern for all factors listed compared to the indigenous firms. In relation to the problems and assistance requirements, differences were noticeable with respect to all factors, however, the factor displaying the greatest difference was marketing information gathering with the indigenous sample exhibiting a higher aggregate value. Finally, with respect to motives for exporting, all the factors listed were rated higher by indigenous firms compared to the Asian sample, the greatest difference being exhibited by profit advantage as the major motive to export by indigenous firms. It could be suggested that this signifies a comparative lack of interest and/or knowledge by the Asian firms in comparison to the indigenous firms with regard to exporting in the future, although based on the characteristics of the internationalisation group, this should have

been the case for both Asian and indigenous-owned firms. Consequently, policy makers need to further investigate the characteristics of this group in order that assistance needs are met should firms be more interested in exporting than their categorisation suggests. However, as with firms in stage 1, although a matter for policy makers, with limited resources, it might be suggested that limited attention is paid to firms in this stage due to their intrinsic lack of motivation concerning exporting.

6.2.4 Stage Four

Firm description: our firm has exported in the past, but is not currently engaged in exporting. However, it plans on doing so in the future.

Profile of All Firms

Firms at this stage of internationalisation were relatively unaware of the government assistance programmes on offer and therefore the finding that very little, if any, use had been made of these programmes came as no surprise. With respect to U.K firms' perceptions towards the timeliness, reliability and availability of assistance programmes, it was interesting to note that overseas trade fairs and outward missions were rated consistently highly for all three criteria. From the point of view of firms' perceptions of the usefulness of selected sources of export information, all sources were rated low, although, agents overseas, Chambers of Commerce and trade associations received a higher rating. With respect to the types of export information required, all the factors were considered as quite important, with international competition in the market, buyers' preferences in the export market and price trends in the market considered most important. Looking at firms' perceptions of problems in exporting, none of the factors listed were perceived as presenting any considerable problems, with marketing information gathering, sales effort and advertising rated highest. A similar set of findings

was evident with respect to their assistance requirements, where firms did not feel the need for assistance to any significant extent in relation to the factors listed, although marketing information gathering, information on business practices and advertising were rated highest. Finally, in relation to firms' motives for exporting, the majority of factors had a low rating, although, in relative terms, profit advantage, opportunity to increase the number of country markets and reduce the market related risk, and marketing advantage received the highest ratings.

Differences Between Asian and Indigenous-Owned Firms in Stage 4

With respect to the awareness of assistance programmes a marked difference was observed between the two samples. In relative terms, the indigenous firms were far more aware of the assistance programmes on offer in comparison to the Asian firms. When looking at the firms' frequency of use of these programmes, the differences between the two groups of firms were much smaller, with the indigenous firms making slightly more use of them, although, it should be pointed out that all of the firms actually made very little, if any, use of the programmes. This was not surprising due to the characteristics of firms forming membership of this stage of export development. In relation to the timeliness and reliability of assistance programmes, the Asian sample generally perceived them higher than the indigenous one, although the reverse was evident with respect to the availability of these programmes. With regard to their perceptions of the usefulness of sources of export information, in comparative terms, the indigenous firms rated the majority of sources higher than the Asian firms. Looking at the types of information required, the Asian sample exhibited a lessor concern for the majority of factors listed compared to the indigenous sample, the exceptions being the transport infrastructure in the export market and the social/political background of the export market. In relation to

the problems and assistance requirements, the Asian sample displayed a lesser concern for the majority of factors under investigation. Perhaps worth noting was the fact that the Asian sample exhibited greater concern for providing parts availability, providing quality control and providing a repair service. Finally, with respect to motives for exporting, the indigenous sample placed greater emphasis on profit advantage, marketing advantage and, opportunity to increase the number of country markets and reduce the market related risk, whereas the Asian sample placed greater concern on over-production and declining domestic sales. It could be argued, therefore, that the type of assistance the two groups of firms require needs to be adjusted accordingly, since this group is arguably of major interest to policy makers. The reactive nature to export stimuli of Asian-owned firms is particularly worthy of consideration.

6.2.5 Stage Five

Firm description: our firm would or does fill unsolicited foreign orders but currently does not actively seek foreign orders.

Profile of All Firms

At this stage of internationalisation, firms were relatively unaware of the government assistance programmes on offer, perhaps with the exception of overseas trade fairs, and therefore the finding that very little, if any, use had been made of these programmes was an expected result. With respect to U.K. firms' perceptions towards the timeliness, reliability and availability of assistance programmes, it was the case that overseas trade fairs and outward missions were rated consistently highly, in relative terms, for all three criteria. From the point of view of firms' perceptions of the usefulness of selected sources of export information, all sources were rated low, although, Chambers of Commerce and trade associations received a higher rating.

With respect to the types of export information required, the majority of factors listed were considered as quite important, with the possible exception of the transport infrastructure in the export market and the social/political background of the export market. The factors considered most important, in this respect, were the legal requirements in the market and the political barriers to exporting in the market. Looking at firms' perceptions of problems in exporting, none of the factors listed were perceived as presenting any major problems, however, communication, marketing information gathering and sales effort were rated highest. A similar set of findings was evident with respect to assistance requirements, where firms did not feel the need for assistance to any major extent in relation to the factors listed, albeit sales effort, marketing information gathering and obtaining financial information were rated highest. Lastly, in relation to firms' motives for exporting, the majority of factors had a low rating, although, unsolicited orders from overseas and competitive pressures received the highest ratings. This was perhaps not surprising given that firms at this stage of internationalisation were reactive in nature, in that they tended to fill unsolicited foreign orders but did not actively seek export opportunities.

Differences Between Asian and Indigenous-Owned Firms in Stage 5

In relation to the awareness of assistance programmes, no major differences were observed between the two groups of firms. This finding was consistent with the results for the frequency of use of assistance programmes by the Asian and indigenous firms, with the exception of overseas trade fairs, where the Asian sample made relatively more use of this programme. It should be pointed out that on average, all of the firms actually made very little, if any, use of the programmes. In relation to the timeliness and reliability of assistance programmes, the indigenous firms generally perceived them

higher than the Asian sample, however, the reverse was evident with respect to the availability of these programmes. With regard to their perceptions of the usefulness of sources of export information, in comparative terms, the indigenous firms rated the majority of sources higher than the Asian firms, the most marked differences were displayed for the firms' own marketing research team and own sales force in the U.K. Looking at the types of information required, the Asian firms exhibited a lesser concern for the majority of factors listed compared to the indigenous firms, especially with respect to the legal requirements in the market, the exceptions being the transport infrastructure in the export market and the social/political background of the export market. In relation to the problems and assistance requirements, the Asian sample displayed a lesser concern for the majority of factors under investigation. Finally, with respect to motives for exporting, the indigenous sample placed emphasis on unsolicited orders from overseas, competitive pressures and profit advantage, compared with Asian firms who emphasised competitive pressures, managerial urge and profit advantage.

It could be suggested that arguably managerial urge commands greater importance in Asian firms compared to indigenous-owned firms within this stage of export development. Consequently, if an increase in export activities is to be achieved by policy makers within SMEs, the requirements of less committed exporters such as those in this section need to be addressed in order to stimulate a greater commitment in export involvement.

6.2.6 Stage Six

Firm description: our firm does export and actively explores export opportunities current export sales equal 10 percent, or less, of our production.

Profile of All Firms

Firms at this stage of internationalisation were relatively unaware of the government

assistance programmes on offer, the possible exceptions to this were overseas trade fairs, outward missions, overseas seminars and market information enquiries. When translated into the frequency of use of these programmes it was found that very little, if any, use had been made of them. A point of concern, in relation to these findings, needs to be noted here because the firms in this stage of internationalisation categorise themselves as firms who do export and actively explore export opportunities. With respect to U.K. firms' perceptions towards the timeliness, reliability and availability of assistance programmes, it was noticeable that overseas trade fairs and outward missions were rated consistently highly, for all three criteria. From the point of view of firms' perceptions of the usefulness of selected sources of export information, all sources were rated low, although, the firms' own marketing research team, agents overseas, trade associations and their own sales force in the U.K. received a higher rating. With respect to the types of export information required, all the factors were considered as quite important. However, in relative terms, political barriers to exporting in the market, competitive products available in the market and buyers' preferences in the export market were considered most important. Looking at firms' perceptions of problems and assistance requirements in exporting, the majority of factors listed for both criteria were not perceived as presenting any considerable concern, however, four factors were highlighted as presenting problems and therefore requiring greater assistance, namely: marketing information gathering, information on business practices, obtaining financial information and sales effort. Finally, in relation to firms' motives for exporting, the majority of factors had a low rating, although, in relative terms, profit advantage, opportunity to increase the number of country markets and reduce the market related risk, and economies of scale resulting from additional orders received the highest ratings.

Differences Between Asian and Indigenous-Owned Firms in Stage 6

With respect to the awareness of assistance programmes, no major differences were observed between the two groups of firms. In relation to the frequency of use of assistance programmes by the Asian and indigenous firms, although very little, if any, use was made of the programmes by any of the firms, nevertheless, the aggregate mean value for the indigenous sample was higher than the corresponding aggregate mean value for the Asian sample, for all programmes. Looking at the timeliness and reliability of assistance programmes, the Asian firms generally perceived them higher than the indigenous firms, however, the reverse was evident with respect to the availability of these programmes. With reference to their perceptions of the usefulness of sources of export information, no marked differences were noted between the two sets of firms. Looking at the types of information required, the Asian firms exhibited a lesser concern for the majority of factors listed compared to the indigenous firms. In relation to the problems and assistance requirements, although, the Asian firms displayed a greater concern for the majority of factors as perceived problems compared to the indigenous firms, they exhibited a lesser concern with respect to assistance requirements for the majority of factors under investigation. Lastly, with respect to motives for exporting, it was worth noting that the Asian firms placed greater emphasis on a number of factors, in relation to the indigenous firms, namely: declining domestic sales, excess capacity, saturated domestic market and unsolicited orders from overseas. Perhaps also worth noting was the reversal in importance, as compared to firms in stage 5, with respect to managerial urge at stage 6 of the internationalisation process; the indigenous firms considered this factor of greater importance compared with the Asian firms. Overall, although firms in this stage of the internationalisation process are committed exporters, their poor awareness and use of

government support, needs addressing to ensure export activities remain high and profitable.

6.2.7 Stage Seven

Firm description: our firm does export and actively explores export opportunities. Current export sales equal more than 10 percent of our production.

Profile of All Firms

At this stage of internationalisation, firms were relatively unaware of the government assistance programmes on offer, the exceptions to this were overseas trade fairs, outward missions, market information enquiries and inward missions. When considering the frequency of use of these programmes it was found that very little, if any, use had been made of them. A point of concern, in relation to these findings needs to be noted here because the firms in this stage of internationalisation categorise themselves as firms who do export and actively explore export opportunities with sales equalling more than 10 percent of their total production. With respect to U.K. firms' perceptions towards the timeliness, reliability and availability of assistance programmes, it was noticeable that overseas trade fairs and outward missions were rated consistently highly for all three criteria. From the point of view of firms' perceptions of the usefulness of selected sources of export information, all sources were rated low, although, in relative terms, agents overseas, the firms' own marketing research teams and their own sales forces in the U.K. received a higher rating. With respect to the types of export information required, all the factors were considered as quite important, however, in relative terms, competitive products available in the market, local competitors in the market and political barriers to exporting in the market were considered most important. Looking at firms' perceptions of problems and assistance requirements in exporting, the majority of factors listed, for both

criteria, were not perceived as presenting any considerable concern. However, in overall terms, four factors were highlighted as presenting problems and therefore requiring greater assistance, namely: marketing information gathering, information on business practices, sales effort and financing. Finally, in relation to firms' motives for exporting, the majority of factors had a low rating, although profit advantage, opportunity to increase the number of country markets and reduce the market related risk, and marketing advantage received the highest ratings.

Differences Between Asian and Indigenous-Owned Firms in Stage 7

In relation to the awareness of assistance programmes, it was evident that the indigenous firms were relatively more aware of the majority of government assistance programmes compared to the Asian firms. When looking at the firms' frequency of use of these programmes the differences between the two groups of firms were small, with the indigenous firms making more use of them, although, it should be pointed out that all of the firms actually made very little, if any, use of the programmes. With respect to the timeliness, reliability and availability of assistance programmes, the indigenous firms generally perceived them higher than the Asian firms. With reference to their perceptions of the usefulness of sources of export information, the two noticeable differences were that the indigenous firms appeared to perceive their own marketing research teams as being more useful as compared to the Asian firms and that the Asian firms found trade associations more useful in comparison to the indigenous firms. Looking at the types of information required, the Asian firms exhibited a lesser concern for all the factors listed compared to the indigenous firms. In relation to the problems and assistance requirements, although the Asian firms displayed a lesser concern for the majority of factors in terms of perceived problems compared to the indigenous firms, when

considering their assistance requirements, the Asian firms exhibited a greater concern for almost half of the factors under investigation, although it needs to be emphasised that the differences were small in magnitude. Finally, with respect to motives for exporting, the indigenous sample perceived the majority of factors as more important as motives for exporting in comparison to the Asian sample, the exceptions being competitive pressures, over-production, exclusive information and marketing advantage. Therefore, in line with the comments addressed to policy makers in relation to firms in stage 6, assistance requirements of SMEs need to be targeted to create awareness and use in order to stimulate export trade further.

6.2.8 Stage Eight

Firm description: our firm does export and actively explores export opportunities. Foreign market opportunities receive the same attention and emphasis as domestic (U.K.) opportunities.

Profile of All Firms

Firms at this stage of internationalisation were relatively familiar with the majority of government assistance programmes on offer, especially overseas trade fairs and outward missions. The assistance programmes that the firms were relatively unaware of were store promotions, overseas project fund and new products from Britain service. When considering the frequency of use of these programmes it was found that very little, if any, use had been made of them. A point of concern in relation to the findings concerning usage of services needs to be noted here, because the firms in this stage of internationalisation categorise themselves as firms who do export and actively explore export opportunities with foreign market opportunities receiving the same attention and emphasis as their domestic (U.K.) opportunities. With respect to U.K. firms' perceptions

towards the timeliness, reliability and availability of assistance programmes, it was noticeable that overseas trade fairs and outward missions were rated consistently highly, in relative terms, for all three criteria. From the point of view of firms' perceptions of the usefulness of selected sources of export information, the majority of sources were rated low, the exceptions being the firms' own marketing research teams, agents overseas, their own sales forces in the U.K. and sales branches overseas. With respect to the types of export information required, all the factors were considered as quite important, however, political barriers to exporting in the market, competitive products available in the market and market size were considered most important. Looking at firms' perceptions of problems and assistance requirements in exporting, the majority of factors listed for both criteria were not perceived as presenting any considerable concern. This said, four factors were highlighted as presenting problems and therefore requiring greater assistance, namely: marketing information gathering, information on business practices, sales effort and finance related issues. Finally, in relation to firms' motives for exporting, the three most important factors identified were: opportunity to increase the number of country markets and reduce the market related risk, economies of scale resulting from additional orders and profit advantage.

Differences Between Asian and Indigenous-Owned Firms in Stage 8

With respect to the awareness of assistance programmes, generally, it was found that the indigenous firms were more familiar with the majority of assistance programmes in comparison to the Asian firms. When considering the firms' frequency of use of these programmes, the differences between the two groups of firms were small, with the indigenous firms making comparatively greater use of them, although it should be pointed out that all of the firms actually made very little, if any, use of the programmes. With

respect to the timeliness and reliability of assistance programmes, the Asian firms perceived them as higher than the indigenous firms. However, when looking at the availability of assistance programmes, the Asian firms perceived the majority of programmes as less available in comparison to the indigenous firms. With reference to their perceptions of the usefulness of sources of export information, the two noticeable differences were that the indigenous firms appeared to perceive their own marketing research teams and sales forces in the U.K. as being more useful in comparison to the Asian firms, whereas the Asian firms perceived trade associations and Chambers of Commerce as more useful in comparison to the indigenous firms. Looking at the types of information required, the Asian firms exhibited a lesser concern for the majority of factors under investigation compared to the indigenous firms, the only exception being buyers' preferences in the export market. In relation to the problems and assistance requirements, the Asian firms displayed a lesser concern for the majority of factors with respect to both criteria. Finally, considering motives for exporting, the indigenous firms considered the majority of factors as more important in comparison to the Asian firms, however, it was important to note that the Asian firms considered domestic market factors as more important, for example: over-production, declining domestic sales, excess capacity and saturated domestic market. To maintain export involvement, policy makers should note such findings in targeting export assistance.

6.3 Contribution to the Literature

This study has provided a contribution to the literature by bringing together the areas of export assistance and the business practices of ethnic minority-owned firms to establish whether current export assistance and targeting procedures are suitable for managers from different sub-cultures.

The investigation established that there are a large number of significant differences between indigenous and ethnic minority-owned firms in relation to their export behaviour and assistance requirements; a similar outcome resulted when considering the assistance requirements of the two groups when differentiated by other background characteristics i.e. stage of internationalisation, size of firm and success level of firm. Furthermore, the research strongly indicates the need for policy makers to reconsider the way in which services are provided irrespective of the ethnic backgrounds of firms.

However, it needs to be emphasised that the research was essentially exploratory in nature culminating in an initial understanding of the issues involved. It is evident, therefore, that possibilities exist for further research in this area.

Although specific recommendations are suggested for policy makers, managers and academics in later sections, at this stage it was thought important to provide a framework/model, based on the plethora of knowledge gained from the study, which should help policy makers to reconsider the types of assistance they need to provide for firms at different stages of the internationalisation process.

The model presents a framework for policy makers to consider and act upon in relation to initiatives designed to facilitate export development activities, including specific recommendations aimed at the targeting of ethnic minority-owned SMEs at different stages of the internationalisation process. In doing so, it offers a policy model that links in with, but expands upon, the government's current approach in the targeting of export assistance to U.K. firms. Furthermore, it provides a framework for academics to build upon in research studies addressing this relatively neglected area of investigation. A description of the major features of the model now follows.

6.4 SME Internationalisation Policy Model

Based upon the knowledge acquired from this investigation, it was deemed important to propose a tentative model (Figure 8) which would provide a useful framework for policy makers to consider and academics to take further in future research.

When constructing the model, firms were initially segregated in relation to their stage of development with respect to exporting. However, it is important to recognise that further analysis in relation to firms' attitudes to exporting resulted in firms at stages 2 and 3 being reorganised. Furthermore, it is worth noting that the model applies to all firms, irrespective of ethnicity, however, proposals are presented specifically for the purposes of ethnic minority enterprise development in the final column of the model. A description of the model now follows.

Firms in Stages 1 and 3

Within this category, firms display a general negative stance towards exporting and therefore the proposed recommended strategy is to firstly, provide support to these firms in achieving a competitive advantage in their domestic market with the aim of expanding within this market, by way of, for example: import substitution. Secondly, to encourage firms to get involved in limited exporting activity, by way of indirect exports through the use of intermediaries, for example, export houses.

With reference to ethnic minority businesses, it is proposed that they would require the assistance of support bodies who display an understanding and appreciation of the intrinsic characteristics and challenges that these firms face and on this basis build relationships in order to assist these firms to break-out into mainstream markets, for

example: the use of ethnic minority personal business advisors and ethnic minority support groups.

Firms in Stages 2 and 4

Firms in this category display a positive yet rather passive stance towards exporting and therefore the proposed recommended strategy is one of pre-export development. From a policy initiative point of view, this would involve three possibilities. Firstly, encouraging exporting activity through the use of intermediaries. Secondly, the provision of management development training programmes to help firms achieve an appropriate level of managerial competence in preparation for the challenges of exporting. Finally, the provision of export promotion programmes to assist firms in developing their exporting activities.

With respect to ethnic minority firms, similar proposals are recommended to those applicable to firms in stages 1 and 3.

In addition there is the need to incubate the growth of these firms through the use of, for example, consultants who have a cultural affinity and possess credibility with respect to the needs of ethnic minority-owned firms and/or greater usage of ethnic minority support groups and enterprise centres which are designed specifically to help these firms combat the exporting challenges they face. The implication for support groups and enterprise centres is to be able to provide a comprehensive service for firms in this respect and may involve the need to hire the use of specialised external consultants.

Firms in Stage 5

Firms at this stage of development display a reactive and experiential stance towards exporting. Therefore, further development of their exporting capabilities is

recommended. In order to achieve this a number of initiatives are proposed. Firstly, the recruitment of export management personnel, alternatively, seek the assistance of consultants on a temporary basis (government funding/subsidies to encourage usage could be a possibility). Secondly, management development training programmes. Finally, encourage greater involvement in export promotion programmes to enable a more significant commitment to exporting, this may involve the introduction of joint ventures and/or licensing as possible developmental forms of market entry.

In the case of ethnic minority firms, it is important for these businesses to target appropriate consultancy and management development provision in relation to their specific needs. Caution needs to be exercised in selecting appropriate service providers, for example: assessing their credentials with respect to their knowledge, expertise and experience of export markets in which ethnic minority firms have an interest. It is imperative, therefore, that support providers recognise the need for such specific support and consequently ensure its availability.

Firms in Stage 6

At this stage of development firms exhibit a confident stance towards exporting, however, exporting represents a relatively marginal activity in relation to their total production. In order to enable greater involvement in exporting activities a strategy of export market expansion is recommended. To achieve greater commitment two policy initiatives are proposed. Firstly, to increase the awareness and potential usage of export promotion programmes and secondly, provide assistance in enhancing expansion through possible involvement in joint ventures and/or licensing.

In relation to ethnic minority development similar recommendations are proposed. However, the need for specific assistance in achieving break-out in relation to advanced

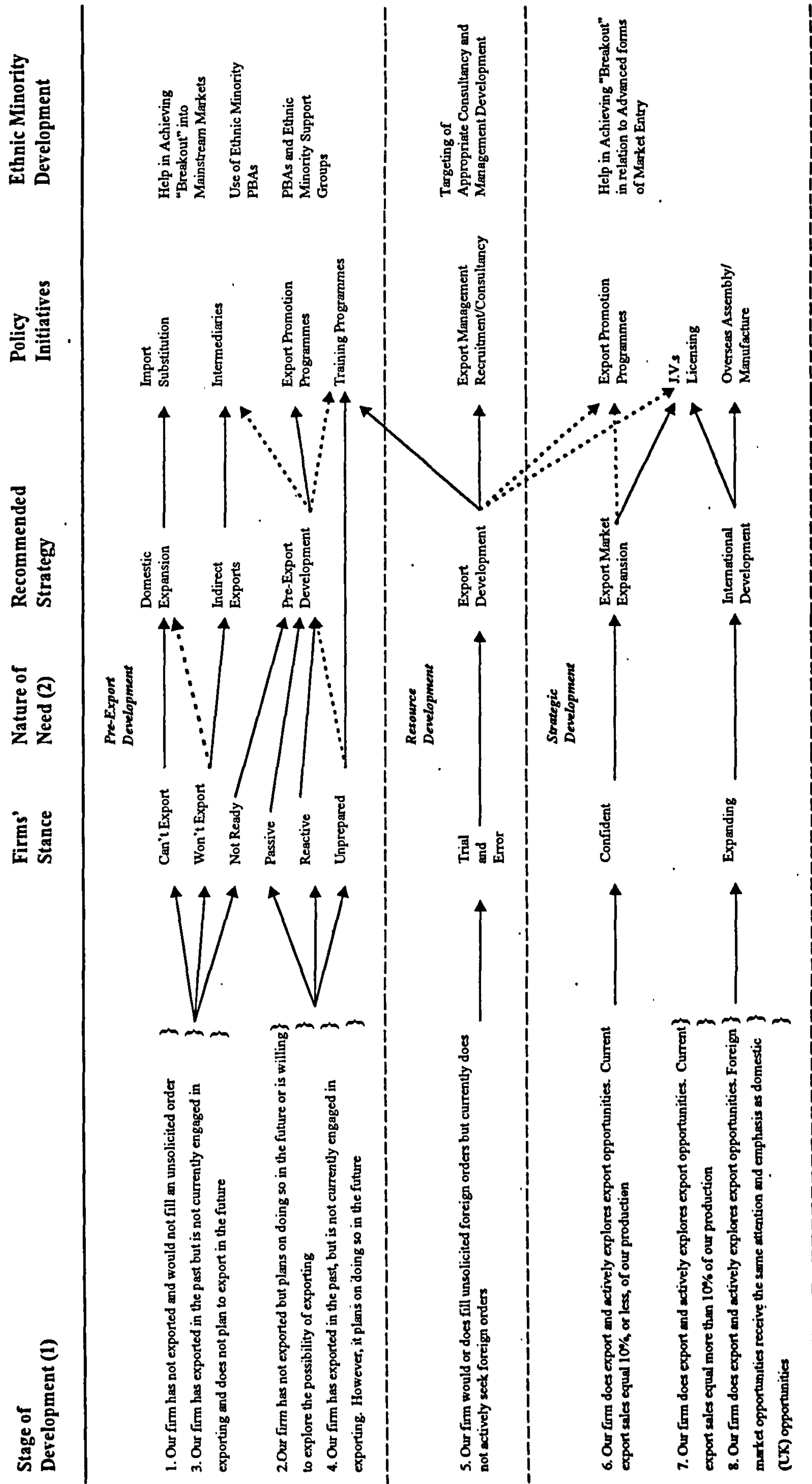
forms of market entry warrants further attention. This needs to be addressed by the use of advisors exhibiting the cultural affinity outlined for firms in stages 2 and 4.

Firms in Stages 7 and 8

Firms at these stages of development display a proactive and expansive stance towards overseas involvement, exporting activities represent a significant proportion of their businesses. For these firms further international development through provision of assistance to aid greater involvement in more advanced forms of market entry is recommended, examples of modes of entry vary from joint ventures and licensing to overseas assembly and manufacture.

With respect to ethnic minority firms, similar forms of assistance are recommended, however, greater investigation into the specific needs and problems experienced by these firms is needed in order to inform the determination of more effective assistance. Nevertheless, there is a need for advisors with credibility and specialised knowledge in advanced forms of market entry methods outside of the usual export promotion staff employed by Business Links. These will need to have detailed knowledge of the markets in which Asian-owned firms express an interest, for example: distribution systems, government regulations and the like. It is envisaged that national policy makers could offer advice in respect to appropriate personnel (with specific country knowledge), but these must have credibility and must not be stereotypical ex-FCO staff, rather those who can demonstrate affinity with the needs and challenges of such firms together with their market specific knowledge.

Figure 8. SME INTERNATIONALISATION POLICY MODEL



(1) Based on Campbell (1987)
 (2) Based on Serringhaus (1987)

The assistance of Dr. Jim Bell and Professor Stephen Young in the development of this model is gratefully acknowledged.

6.5 Implications for Policy Makers

The results of this study indicate that there is a need for U.K. government officials to raise managers' awareness of the advantages and potential benefits of exporting, including the availability of government assistance. Within this, they could emphasise the potential risks of concentrating on the domestic market. However, some firms may not be ready to export and therefore should not be forced into it too quickly in case failure lowers confidence. Alternatively, firms may be better off concentrating on the domestic market if a competitive advantage can be achieved as exporting is not necessarily always the best course of action to take. It is recommended that in order to change managers' attitudes, meetings with trade associations, export clubs and the like could be arranged involving presentations by local officials and/or local executives from established exporting firms.

From the point of view of government assistance, the process of obtaining specific information from government departments should be reviewed. Local officers should have at their fingertips details of exactly which department is responsible for individual services and should receive training in dealing with routine matters to assist in speeding up information services. Additionally, it is suggested that policy makers constantly review the information requirements of firms and the ways in which the information is disseminated. This could be achieved by ensuring that government representatives at local level are fully briefed concerning the services and information available, how to arrange for its speedy processing, the requirements to take up the service, and have details of the costs to hand. The introduction of the ongoing process of having Business Links in particular regions should facilitate this.

Furthermore, it needs to be recognised that as firms progress through the stages of internationalisation, their information requirements change. For example, in the early stages of internationalisation, general market information may suffice. However, in the latter stages more detailed information on an operational level is needed, for example, support in relation to financial assistance in order to overcome the problems of export expansion; for instance, subsidies (where allowed) and grants.

The major area of concern in this study was to ascertain whether there is a need for policy makers to differentiate firms on the basis of their ethnic backgrounds in order to target export assistance more effectively and efficiently. For pragmatic reasons, in addition to acting as a targeting criterion in its own right, analysis was also undertaken in relation to firms' stages of export development (the main approach used by policy makers in the U.K.). With respect to the perceived problems and export assistance requirements of Asian and indigenous-owned firms in the U.K. several factors provided the greatest differences in the assistance requirements perceived by SMEs. Specifically, these factors related to the areas of information, financing and to a lesser extent promotion. The findings therefore suggest that ethnicity does play a limited role in the export behaviour of SMEs, arguably making it perhaps incorrect to generalise from large scale surveys regarding the export practices of firms where ethnic origin has not been a factor under investigation. This has implications for policy makers who may need to reconsider the type of assistance offered and the way in which it is delivered, both at the local and national level.

Consequently, the way in which policy makers target export assistance programmes between groups of firms could be questioned. Moreover, if export growth in ethnic minority-owned businesses is to be a major consideration, only by developing an

appreciation of culturally specific characteristics of these firms can resources be utilised effectively. Public policy makers need to ensure that they do not attempt to impose formal, marketing constructs used by large (probably indigenous-owned) firms on ethnic minority-owned SMEs, as these may be counter productive.

Also, the findings suggest that there are differences between the perceived problems of both Asian and indigenous-owned SMEs in relation to their exporting operations. This provides evidence to suggest that the U.K. government's assistance could be differentiated in order to address different export problems based on ethnic considerations, in addition to the current two segmentation bases. Therefore, where pragmatic to do so, tailored rather than generic assistance may be required by the groups of managers so that scarce resources are targeted efficiently.

In addition, it is important to recognise that all managers (in aggregate terms) rated certain factors highly in terms of problems and assistance requirements, and therefore special attention may be warranted by policy makers so that they can more effectively assist all firms. By way of example, for the three factors concerning information: marketing information gathering, information on business practices and obtaining financial information, both groups of managers rated these factors relatively highly in terms of being problem areas and in need of assistance. Consequently, policy makers may wish to consider why it is the case and how best to overcome the issue.

Although not reported in the statistical results, the in-depth interviews used at the exploratory stage of this study provided some additional findings which may offer considerations for policy makers. However, caution needs to be taken in interpreting the qualitative findings. For example, the interviews were conducted on a limited

sample size and discussed general issues related to factors in the questionnaire rather than specifically determining a rationale to explain the quantitative results reported in this study (refer to Chapter 4 for more details).

An interesting observation was that many Asian-owned firms rated a number of factors as less of a problem and in need of assistance than indigenous-owned firms. Although the exploratory interviews did not specifically address the issue of differences between the ethnic groups concerning particular factors under investigation, it did nevertheless uncover a general negative attitude towards organisations outside of the ethnic grouping which may reveal a distrust in their involvement in providing assistance. This creates a problem for policy makers in the way in which assistance is delivered and the government's initiative towards employing specialist business advisors may go some way towards solving this issue. However, it should be emphasised that some cultural attitudes in ethnic minorities may be difficult for policy makers to change, nevertheless, the findings of this study offer a foundation on which future research can be built.

6.6 Implications for Managers

Although the major thrust of this study is to make recommendations to policy makers with respect to the assistance required for exporting, nevertheless, it is incumbent on managers to represent their concerns in order that policy makers are not under the misapprehension that managers are aware of what support is on offer but are just not taking it up. Therefore, if managers are unaware of the assistance available, or in the case of the experienced exporters find the information available to be inapplicable (in line with the results of this study) then some of the responsibility in trying to improve the situation must rest with the managers themselves. This could be instigated for

example, by managers who share similar problems with respect to exporting, perhaps belonging to a particular stage of the internationalisation process, to make collective representations via their trade associations to the government to bring to its attention their concerns and hence assistance needs. Within this, it is suggested that Asian managers should be pushing to bring to the government's attention their concerns and assistance requirements in an organised and collective manner, for example through Asian Business Associations.

6.7 Recommendations for Further Research

The previous sections highlighted the major implications derived from this study for managers and policy makers with respect to considering ways of targeting export promotion more effectively and efficiently to SMEs based upon their different ethnic backgrounds. It is necessary to take this issue further by discussing recommendations for further research as a result of the findings in this study.

Related future studies that can build on the research findings are important and can be undertaken in a number of ways to overcome the limitations outlined throughout the thesis. For example, this study grouped firms owned by managers from an Asian background into a single category, potentially ignoring the problems associated with intra-group differences in culture, religion and country of origin, for example: India, Pakistan, East Africa, Bangladesh and so on. Therefore, research which looks at the behaviour of these sub-groups of Asian firms in the U.K. in relation to exporting warrants further investigation.

Additionally, it would be useful to carry out research into different generations of managers. As Asians move into their second and third generations in the U.K., other

members of the family may also need to be targeted and perhaps indirectly targeted or influenced. For example, as more students are taught international marketing as part of universities' business degrees, the perceptions of exporting may become more positive, and indeed, be seen as necessary.

Also, a potential opportunity for further research lies in considering Asian-owned firms in relation to different trade sectors, especially those sectors which are not normally associated with Asian businesses, for example: the high technology sectors as compared to stereotypical sectors such as clothing and textiles.

It is important to recognise that the main findings of this study are based on aggregated statistical data and therefore the need to determine the intrinsic reasons behind the results require more detailed investigation using a qualitative approach. It is suggested that this would warrant the use of extensive personal interviewing over and above the exploratory nature of the interviews undertaken in this investigation.

Additionally, there is the need for further research to be conducted on a longitudinal basis since this study, as with the majority of studies, took place in a limited time frame. This is both expensive and time consuming insofar as the sponsors of most projects ideally require the results as soon as possible, whereas the recommended research approach would be over a period of years. This makes funding for such projects unlikely. Even so, a study which warrants consideration would be an investigation into the change in attitudes of Asian (and indigenous-owned) firms over time specifically in relation to the changing government services available and their influences on SMEs. Examples of these relatively new initiatives include the setting up of Business Links and the government's attempts to provide personal business advisors from ethnic minority

backgrounds to serve their own communities. Clearly, in order to ascertain how the perceptions of Asian firms towards government services are affected by the introduction of such initiatives would warrant a study undertaken on a longitudinal basis.

It can therefore be concluded that numerous opportunities exist to take this study further since this is a vastly under researched area. This study has provided a contribution to the literature by discussing the empirical findings and formulating conclusions from a U.K. perspective and therefore has laid the foundations for researchers to replicate the research, with respect to the effects of ethnicity, in other countries in addition to advancing particular aspects of this study in the U.K.

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APPENDIX 1

DAC/JEC



DE MONTFORT
UNIVERSITY
LEICESTER

For the attention of the Managing Director.

School of Business
Department of Marketing

Professor Peter J Baron BSc MS
Head of Department

Dear Sir,

Survey of Government Export Assistance to Manufacturing Firms

As I am sure you will agree, the topic of government assistance to manufacturing firms has stimulated much comment, but surprisingly little has been written on the topic. Consequently, I am conducting a survey among executives of both exporting and non-exporting firms as part of my PhD degree as part of a study sponsored by the British Overseas Trade Board. This is a national survey reflecting different regional, sectoral and demographic attitudes on government assistance. Therefore, whether you currently export or not, your participation is important in order to enable policy makers to become more responsive to the needs of manufacturers.

I recognise that executives receive numerous requests for information of all kinds from different bodies and people, and appreciate what assistance means in terms of time and cost. However, I do hope that since the results of this survey will be sent directly to the British Overseas Trade Board to influence policy matters, you will find it possible to respond on this occasion. If exporting is handled by someone other than yourself, I would appreciate you passing the questionnaire to the executive with responsibilities in this area.

Answers given will remain strictly confidential. Indeed, to maintain anonymity, we have not coded the questionnaire, although an optional section has been included in case you would like to receive the results of the survey. This means that certain apparently obvious questions such as location have been asked and I therefore hope you recognise the need to carry out the survey in this way.

I hope to receive your completed questionnaire soon and I enclose a reply paid envelope in anticipation of your assistance. If you would like to discuss the project further, my supervisor, Dr. David Crick, or myself would be happy to hear from you.

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'S. S. Chaudhry', followed by a large, stylized flourish or cross-like mark.

Shiv Chaudhry
Principal Lecturer in Marketing



**DE MONTFORT
UNIVERSITY
LEICESTER**

Department of Marketing

**Survey of attitudes towards
Government export assistance**

Instructions for answering the questionnaire

All responses should relate to current attitudes and practices unless otherwise stated. If your company has a diversified range of products please complete this questionnaire in relation to your principal product range.

Please state below your principal product range eg. injection moulding, hosiery, etc.

General information

This information will only be used so that a summary of the results can be sent to those organisations that participated in the survey.

Optional - please complete the section below if you would like to receive the results of this study.

Name of company _____

Company address _____

Name of the person to whom the results should be sent

Confidential questionnaire to survey attitudes towards Government export assistance

Instructions

The questionnaire will be read by an optical mark reader, so please mark boxes boldly like this:

Do NOT tick, cross or circle boxes like this:

Please use a blue or black biro or HB pencil.

PLEASE DO NOT FOLD THE QUESTIONNAIRE

Section 1

1 In this section we are interested in your awareness and frequency of use of certain Government assistance. Against the list of forms of assistance, please indicate your firm's awareness and frequency of use of the particular forms of support.

Awareness					Assistance list	Frequency of use				
never heard of it 1	2	3	4	very familiar with it 5		never used it 1	2	3	4	always use it 5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overseas trade fairs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Store promotions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Outward missions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Inward missions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overseas seminars	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	VIP visits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Export marketing research scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overseas projects fund	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Export representative service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overseas status report service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Market information enquiries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	New products from Britain service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 2

2 In this section we are interested in your perceptions of timeliness and reliability of the same Government assistance. Beside the list of forms of assistance, please indicate which best reflect your perceptions of such assistance.

Timeliness					Assistance list	Reliability				
never current 1	2	3	4	always current 5		completely unreliable 1	2	3	4	always reliable 5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overseas trade fairs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Store promotions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Outward missions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Inward missions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overseas seminars	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	VIP visits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Export marketing research scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overseas projects fund	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Export representative service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overseas status report service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Market information enquiries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	New products from Britain service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 3

3 Against the name of the same forms of Government assistance, please indicate your perceptions of the availability and the single source of your first information about each of the forms of support.

Availability					Assistance list	Source of knowledge					
very hard to get 1	2	3	4	always available 5		referred to by prior user 1	Government advert'g 2	trade assoc 3	business adviser 4	other 5	don't know 6
[]	[]	[]	[]	[]	Overseas trade fairs	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Store promotions	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Outward missions	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Inward missions	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Overseas seminars	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	VIP visits	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Export marketing research scheme	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Overseas projects fund	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Export representative service	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Overseas status report service	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Market information enquiries	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	New products from Britain service	[]	[]	[]	[]	[]	[]

Section 4

4 We are now interested in the usefulness of export information from Government departments compared to other sources. Please indicate the level of usefulness of the following sources of information.

	not useful 1	slightly useful 2	of average use 3	quite useful 4	very useful 5
Your marketing research team	[]	[]	[]	[]	[]
Your own sales force in UK	[]	[]	[]	[]	[]
Your sales branch overseas	[]	[]	[]	[]	[]
Agents in UK	[]	[]	[]	[]	[]
Agents overseas	[]	[]	[]	[]	[]
Government bodies (please specify)	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]
Chambers of commerce	[]	[]	[]	[]	[]
Trade associations	[]	[]	[]	[]	[]
Business advisers	[]	[]	[]	[]	[]
Business link	[]	[]	[]	[]	[]
Banks	[]	[]	[]	[]	[]
Market research agency	[]	[]	[]	[]	[]
Other, please specify	[]	[]	[]	[]	[]

If you feel that the Government bodies are not useful, please indicate why:

Section 5

5 We are now interested in the type of information you need from the Government. Listed below are a number of types of information which may be important for your export operation. Please indicate how important, if at all, each type of information is to your decision to engage in export activities.

	extremely important 1	quite important 2	neither important nor unimportant 3	not so important 4	not at all important 5
Market size	[]	[]	[]	[]	[]
Market growth rate	[]	[]	[]	[]	[]
Government aid to exporters	[]	[]	[]	[]	[]
Transport infrastructure in export market	[]	[]	[]	[]	[]
Social/political background of export market	[]	[]	[]	[]	[]
Economic background of export market	[]	[]	[]	[]	[]
Possible means of distribution/storage in export market	[]	[]	[]	[]	[]
Exchange rate fluctuations	[]	[]	[]	[]	[]
Legal requirements in the market	[]	[]	[]	[]	[]
International competition in the market	[]	[]	[]	[]	[]
Local competitors in the market	[]	[]	[]	[]	[]
Buyers preferences in the export market	[]	[]	[]	[]	[]
Competitive products available in the market	[]	[]	[]	[]	[]
Price trends in the market	[]	[]	[]	[]	[]
Potential barriers to exporting into the market	[]	[]	[]	[]	[]
Ways to adapt current product for the export market	[]	[]	[]	[]	[]
Guide to promoting into the market	[]	[]	[]	[]	[]

Section 6

6 We are now interested in determining both problems and the extent to which you perceive the firm's performance would improve if the Government were to offer assistance, eg. advisers, in performing tasks for you to help overcome such problems.

6a Problem					List of factors	6b Assistance				
Please indicate below how much of a problem it is to deal with each of the factors in your exporting effort.					The following list of factors may be part of your export performance. Please use these factors in answering question 6.	How would you perceive your firm's performance would improve if the Government were to offer assistance.				
none at all 1	2	3	4	to a large extent 5		none at all 1	2	3	4	to a large extent 5
[]	[]	[]	[]	[]	Physical product	[]	[]	[]	[]	[]
1	2	3	4	5	Activities related to exporting	1	2	3	4	5
[]	[]	[]	[]	[]	Advertising	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Sales effort	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Marketing information gathering	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Information on business practices	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Communication	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Arranging transport	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Transport rate determination	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Handling of documentation	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Obtaining of financial information	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Distribution coordination	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Financing	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Funds transfer	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Packaging	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Obtaining insurance	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Pricing internationally	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Providing parts availability	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Providing quality control	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Providing repair service	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Providing design/technical advice	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	Providing warehousing	[]	[]	[]	[]	[]

Section 7

7 Next, to enable the government to stimulate export activities we are interested in determining motives for exporting. Therefore, please indicate the extent to which each of the following motivate your CURRENT effort.

Motive	Importance				
	not at all important 1	marginally important 2	somewhat important 3	very important 4	extremely important 5
Competitive pressures	[]	[]	[]	[]	[]
Over-production	[]	[]	[]	[]	[]
Declining domestic sales	[]	[]	[]	[]	[]
Excess capacity	[]	[]	[]	[]	[]
Saturated domestic market	[]	[]	[]	[]	[]
Exclusive information	[]	[]	[]	[]	[]
Managerial urge	[]	[]	[]	[]	[]
Unique products	[]	[]	[]	[]	[]
Profit advantage	[]	[]	[]	[]	[]
Marketing advantage	[]	[]	[]	[]	[]
Design/technological advantage	[]	[]	[]	[]	[]
Unsolicited orders from overseas	[]	[]	[]	[]	[]
Economics of scale resulting from additional orders	[]	[]	[]	[]	[]
Attractive export incentives	[]	[]	[]	[]	[]
National export promotion programs	[]	[]	[]	[]	[]
Favourable currency movements	[]	[]	[]	[]	[]
New information about sales opportunities overseas	[]	[]	[]	[]	[]
Reduction in tariffs	[]	[]	[]	[]	[]
Opportunity to increase the number of country markets and reduce the market related risk.	[]	[]	[]	[]	[]
Eased product regulations in target countries	[]	[]	[]	[]	[]

Section 8

8 We are now interested in your perception of the effectiveness of the advertising of the following Government departments and independent bodies. Please indicate your perception of the advertising effectiveness for each organisation.

	not effective 1	slightly effective 2	of average effectiveness 3	quite effective 4	very effective 5
Department of Trade & Industry (DTI)	[]	[]	[]	[]	[]
Foreign & Commonwealth Office (FCO)	[]	[]	[]	[]	[]
Scottish Trade International	[]	[]	[]	[]	[]
Welsh Office Industry Department	[]	[]	[]	[]	[]
The Industry Department for N Ireland	[]	[]	[]	[]	[]
Chambers of commerce	[]	[]	[]	[]	[]
Trade associations	[]	[]	[]	[]	[]
Business Link	[]	[]	[]	[]	[]

Section 9

This section allows us to categorise your business in relation to normal export practices

9 Export sales volume

A What percentage of your total annual sales volume does your firm currently export?

0%	1-5%	6-10%	11-15%	16-20%	21-25%	26-30%	31-35%	36-40%	41-45%	46-50%	>50%
[]	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]

B What percentage of your total annual sales volume did your firm export two years ago?

0%	1-5%	6-10%	11-15%	16-20%	21-25%	26-30%	31-35%	36-40%	41-45%	46-50%	>50%
[]	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]

C What percentage of your total annual sales volume does your firm plan to export in two years?

0%	1-5%	6-10%	11-15%	16-20%	21-25%	26-30%	31-35%	36-40%	41-45%	46-50%	>50%
[]	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]

10 Number of countries

A To how many countries is your firm currently exporting?

0	1-5	6-10	11-20	21-30	>30
[]	[]	[]	[]	[]	[]

B To how many countries was your firm exporting two years ago?

0	1-5	6-10	11-20	21-30	>30
[]	[]	[]	[]	[]	[]

C To approximately how many countries is your firm planning to export within the next two years?

0	1-5	6-10	11-20	21-30	>30
[]	[]	[]	[]	[]	[]

11 Export markets

What percentage of your firm's total exports went to each of the following markets during the past year?

	0%	1-5%	6-10%	11-15%	16-20%	21-25%	26-30%	31-35%	36-40%	>40%
EC	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
Other Western Europe	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
Eastern Europe	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
North America	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
South America	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
Australia/New Zealand	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
Asia (excl Indian sub-continent)	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
Africa (excl East Africa)	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
Middle East (inc Egypt)	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
East Africa (Kenya, Uganda, Tanzania)	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
Indian sub-cont (India, Pakistan, Bangladesh)	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]

12 Where in the UK is your firm located?

England	[]	N Ireland	[]	Scotland	[]	Wales	[]
---------	-----	-----------	-----	----------	-----	-------	-----

13 Did your firm actively seek the first export order?

Yes [] No []

or was it unsolicited?

Yes [] No []

or are you not currently exporting?

Yes [] No []

14 For how long has your firm been exporting?

not exporting	less than 1 year	1-2 years	3-5 years	6-10 years	>10 years
[]	[]	[]	[]	[]	[]

15 What is your current annual EXPORT sales volume? (£)

less than 1 million	1-2 million	3-5 million	6-10 million	>10 million
[]	[]	[]	[]	[]

16 Approximately how many different export customers did you deal with last year?	0 []	1-5 []	6-10 []	11-20 []	>21 []
17 Approximately how many export transactions did you carry out during the last year?	0 []	1-5 []	6-10 []	11-20 []	>21 []
18 Over the last 3 years how has your export profitability (return on investment) compared with that of your domestic (UK) operations? Exporting is <input type="checkbox"/> more <input type="checkbox"/> equally <input type="checkbox"/> less <input type="checkbox"/> profitable than UK operations					
19 Over the last 3 years how has your growth in exports (as a percentage of total sales) met the expectations you had for it? Growth in exports has <input type="checkbox"/> exceeded <input type="checkbox"/> met <input type="checkbox"/> failed to meet <input type="checkbox"/> expectations					
20 Over the last 3 years how have the results of your export performance compared with your total objectives? Performance in exports has <input type="checkbox"/> exceeded <input type="checkbox"/> met <input type="checkbox"/> failed to meet <input type="checkbox"/> objectives					
21 What was your approximate TOTAL sales volume last year (£)? less than 1 million <input type="checkbox"/> 1-2 million <input type="checkbox"/> 3-5 million <input type="checkbox"/> 6-10 million <input type="checkbox"/> >10 million <input type="checkbox"/>					
22 Is your firm a subsidiary of another firm? <input type="checkbox"/> Yes <input type="checkbox"/> No					
23 How many people did your firm employ last year? 1-5 <input type="checkbox"/> 6-10 <input type="checkbox"/> 11-20 <input type="checkbox"/> 21-30 <input type="checkbox"/> 31-50 <input type="checkbox"/> 51-99 <input type="checkbox"/> 100-249 <input type="checkbox"/> 250-500 <input type="checkbox"/> >500 <input type="checkbox"/>					
24 How many staff are TOTALLY dedicated to export strategy and procedures within your firm, ie. none of their time is spent working on operations within the UK market. 0 <input type="checkbox"/> 1-5 <input type="checkbox"/> 6-10 <input type="checkbox"/> 11-20 <input type="checkbox"/> 21-30 <input type="checkbox"/> 31-50 <input type="checkbox"/> 51-99 <input type="checkbox"/> >100 <input type="checkbox"/>					
25 Please mark ONE box only against the statement which best describes your firm.					
<input type="checkbox"/> Our firm has not exported and would not fill an unsolicited foreign order.					
<input type="checkbox"/> Our firm has not exported but plans on doing so in the future or is willing to explore the possibility of exporting.					
<input type="checkbox"/> Our firm has exported in the past but is not currently engaged in exporting and does not plan to export in the future.					
<input type="checkbox"/> Our firm has exported in the past, but is not currently engaged in exporting. However, it plans on doing so in the future.					
<input type="checkbox"/> Our firm would or does fill unsolicited foreign orders but currently does not actively seek foreign orders.					
<input type="checkbox"/> Our firm does export and actively explores export opportunities. Current export sales equal 10%, or less, of our production.					
<input type="checkbox"/> Our firm does export and actively explores export opportunities. Current export sales equal more than 10% of our production.					
<input type="checkbox"/> Our firm does export and actively explores export opportunities. Foreign market opportunities receive the same attention and emphasis as domestic (UK) opportunities.					
26 How would you classify the ethnic origin of the owner of your firm? This question is not about nationality, place of birth or citizenship, only about the colour and broad ethnic and cultural association with languages used in exporting.					
Black African <input type="checkbox"/> Black Caribbean <input type="checkbox"/> Black other <input type="checkbox"/>					
Asian Indian <input type="checkbox"/> Asian Pakistani <input type="checkbox"/> Asian Bangladeshi <input type="checkbox"/> Asian Chinese <input type="checkbox"/> Asian other <input type="checkbox"/>					
N/A Pict <input type="checkbox"/> White <input type="checkbox"/> Any other ethnic group <input type="checkbox"/>					

Thank you for completing this questionnaire

APPENDIX 2

TABLE A - UK FIRMS' AWARENESS OF SELECTED ASSISTANCE PROGRAMMES
EFFECT OF ETHNICITY AND STAGE ON INTERNATIONALISATION

PROGRAMME	STAGE 1		STAGE 2		STAGE 3		STAGE 4		STAGE 5		STAGE 6		STAGE 7		STAGE 8		ETHNICITY AND								
	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ETHNICITY AND	ETHNICITY AND							
	(n=9)	(n=36)	(n=15)	(n=18)	(n=12)	(n=12)	(n=14)	(n=24)	(n=42)	(n=46)	(n=108)	(n=39)	(n=174)	(n=213)	(n=54)	(n=213)	(n=267)	(n=123)	(n=372)	(n=495)	INT STAGE F VALUE	F PROB			
Overseas Trade Fairs		2.00	1.80	1.33	2.75	1.90	3.00	2.60	1.80	3.10	2.25	3.21	3.00	3.08	3.53	3.72	3.68	3.83	4.18	4.11	3.87	4.40	4.27	6.91	.000*
Store Promotions		1.69	1.55	1.33	2.25	1.70	2.00	1.80	1.47	2.02	1.66	1.92	2.05	2.00	2.62	2.28	2.34	1.77	2.10	2.03	2.60	2.33	2.40	2.90	.005*
Outward Missions		1.66	1.53	1.33	1.50	1.40	2.00	1.80	1.50	3.07	2.05	2.78	2.68	2.72	3.30	3.60	3.55	3.31	3.98	3.84	3.85	4.12	4.06	3.78	.000*
Inward Missions		1.84	1.67	1.33	1.50	1.40	2.00	1.80	1.47	2.63	1.87	2.57	2.22	2.36	3.00	3.10	3.08	2.50	3.43	3.24	3.41	3.40	3.40	4.25	.000*
Overseas Seminars		1.66	1.53	1.33	1.50	1.40	2.00	1.80	1.46	2.74	1.90	2.35	2.31	2.33	3.38	3.18	3.22	2.72	3.23	3.13	3.34	3.07	3.14	4.46	.000*
VIP Visits		1.66	1.53	1.33		1.20	2.00	1.80	1.44	2.58	1.84	2.00	2.28	2.17	2.84	2.78	2.79	2.88	2.79	2.81	2.87	2.88	2.88	2.41	.019*
Export Marketing Research Scheme		1.58	1.46	1.33	1.25	1.30	2.00	1.80	1.52	2.73	1.94	1.92	2.27	2.13	2.23	2.80	2.70	2.83	3.18	3.11	3.29	3.30	3.29	2.29	.025*
Overseas Projects Fund		1.58	1.46	1.33	1.50	1.40	1.75	1.60	1.40	1.62	1.48	1.78	1.59	1.66	2.30	2.05	2.09	2.22	2.07	2.10	2.36	2.00	2.09	1.15	.323
Export Representative Service		1.58	1.46	1.33		1.20	2.00	1.80	1.37	2.45	1.75	2.11	2.09	2.10	1.84	2.50	2.38	2.64	2.84	2.80	2.87	3.05	3.01	2.12	.039*
Overseas Status Report Service		1.81	1.65	1.33	1.75	1.50	2.25	2.00	1.45	2.60	1.85	2.42	2.36	2.38	2.60	2.75	2.72	2.87	2.96	2.94	2.95	3.12	3.08	1.90	.066
Market Information Enquiries		1.75	1.60	1.33	1.25	1.30	2.25	2.00	1.40	2.76	1.87	2.71	2.41	2.53	2.92	3.21	3.16	3.38	3.22	3.25	3.26	3.37	3.34	3.34	.002*
New Products from Britain Service		1.75	1.60	1.33	1.25	1.30	1.50	1.40	1.47	1.76	1.57	2.00	1.68	1.80	1.84	2.14	2.08	2.05	2.14	2.12	2.34	2.22	2.25	1.10	.355

TABLE B - UK FIRMS' FREQUENCY OF USE OF SELECTED ASSISTANCE PROGRAMMES
EFFECT OF ETHNICITY AND STAGE OF INTERNATIONALISATION

PROGRAMME	STAGE 1		STAGE 2		STAGE 3		STAGE 4		STAGE 5		STAGE 6		STAGE 7		STAGE 8		ETHNICITY AND INT STAGE				
	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	F VALUE	F PROB			
	(n=9)	(n=36)	(n=18)	(n=30)	(n=12)	(n=3)	(n=15)	(n=24)	(n=69)	(n=42)	(n=66)	(n=108)	(n=99)	(n=174)	(n=213)	(n=54)	(n=213)	(n=267)	(n=122)	(n=372)	(n=495)
Overseas Trade Fairs				1.80	1.34	1.78	1.49	2.14	1.23	1.58	1.92	2.10	2.07	1.88	2.22	2.15	2.31	2.71	2.61	4.03	.000*
Store Promotions					1.00	1.01	1.01	1.00	1.23	1.14	1.07	1.16	1.14	1.00	1.13	1.11	1.05	1.17	1.14	0.43	.877
Outward Missions				1.19	1.06	1.61	1.25	1.42	1.31	1.35	1.30	1.89	1.78	1.55	2.04	1.94	2.22	2.33	2.30	1.54	1.49
Inward Missions					1.03	1.31	1.13	1.14	1.25	1.20	1.07	1.56	1.47	1.41	1.57	1.54	1.68	1.62	1.63	1.60	1.30
Overseas Seminars					1.03	1.06	1.04	1.07	1.15	1.12	1.23	1.63	1.56	1.58	1.54	1.55	1.76	1.49	1.56	2.45	.017*
VIP Visits					1.02	1.17	1.07	1.07	1.19	1.14	1.07	1.34	1.29	1.43	1.34	1.36	1.56	1.44	1.46	1.28	.253
Export Marketing Research Scheme				1.60	1.04	1.58	1.23	1.14	1.51	1.37	1.15	1.80	1.68	1.81	1.81	1.81	1.58	1.91	1.83	1.89	.067
Overseas Projects Fund					1.01	1.02	1.01		1.05	1.03	1.07	1.17	1.15	1.28	1.14	1.17	1.30	1.20	1.22	0.83	.560
Export Representative Service				1.60	1.03	1.56	1.21	1.07	1.36	1.25	1.07	1.36	1.30	1.30	1.56	1.51	1.53	1.68	1.64	1.03	403
Overseas Status Report Service				1.60	1.04	1.58	1.23	1.21	1.44	1.35	1.38	1.77	1.70	1.41	1.77	1.70	1.70	1.80	1.78	1.27	258
Market Information Enquiries				1.60	1.06	1.87	1.34	1.35	1.40	1.38	1.69	2.15	2.07	1.88	2.14	2.08	2.00	2.12	2.09	1.47	171
New Products from Britain Service				1.01	1.03	1.02	1.21	1.25	1.25	1.23	1.07	1.19	1.16	1.29	1.43	1.40	1.24	1.39	1.35	0.18	989

TABLE C - UK FIRMS' PERCEPTIONS TOWARDS THE TIMELINESS OF SELECTED ASSISTANCE PROGRAMMES
EFFECT OF ETHNICITY AND STAGE OF INTERNATIONALISATION

PROGRAMME	STAGE 1		STAGE 2		STAGE 3		STAGE 4		STAGE 5		STAGE 6		STAGE 7		STAGE 8		ETHNICITY AND					
	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ETHNICITY AND	ETHNICITY AND				
	(n=9)	(n=36)	(n=45)	(n=18)	(n=12)	(n=3)	(n=15)	(n=45)	(n=24)	(n=69)	(n=42)	(n=66)	(n=108)	(n=39)	(n=174)	(n=213)	(n=267)	(n=123)	(n=372)	F VALUE	F PROR	
Overseas Trade Fairs	3.53	3.32	3.36	3.53	3.90	3.68	3.26	3.53	3.32	3.28	3.37	2.80	3.02	3.85	3.33	3.42	3.50	3.74	3.70	3.71	4.28	.000*
Store Promotions	2.56	2.38	2.41	2.56	3.17	2.80	2.67	2.56	2.64	2.21	2.03	2.39	2.25	3.10	2.55	2.65	2.60	2.73	2.65	2.66	6.93	.000*
Outward Missions	3.46	3.13	3.20	3.46	3.46	3.46	3.34	3.46	3.37	3.23	3.12	2.78	2.91	3.75	3.39	3.46	3.45	3.64	3.63	3.63	2.91	.005*
Inward Missions	3.04	2.78	2.83	2.70	3.04	2.83	3.03	3.04	3.03	3.07	2.45	2.65	2.57	3.56	3.10	3.18	2.99	3.23	3.09	3.13	2.14	.037*
Overseas Seminars	3.06	2.80	2.85	3.06	3.06	3.06	3.04	3.06	3.05	3.00	2.54	2.71	2.64	3.33	2.94	3.02	3.03	3.37	3.14	3.20	1.37	.210
VIP Visits	2.20	2.58	2.50	2.80	2.80	2.80	2.85	2.80	2.84	2.71	2.36	2.42	2.39	3.04	2.65	2.72	2.87	3.09	2.93	2.97	2.44	.017*
Export Marketing Research Scheme	3.06	2.80	2.85	3.06	3.04	3.05	3.04	3.06	3.04	3.09	2.53	2.79	2.69	3.56	2.93	3.04	3.13	3.12	3.11	3.11	3.03	.004*
Overseas Projects Fund	2.64	2.50	2.53	2.37	2.73	2.51	2.64	2.64	2.64	2.03	2.01	2.52	2.32	2.99	2.64	2.70	2.68	2.73	2.69	2.70	5.06	.000*
Export Representative Service	2.93	2.69	2.74	2.93	2.93	2.93	2.95	2.93	2.94	2.48	2.31	2.74	2.57	2.97	2.90	2.91	3.01	3.01	2.97	2.98	1.80	.083
Overseas Status Report Service	2.91	2.68	2.72	2.91	2.91	2.91	3.18	2.91	3.13	2.84	2.31	2.64	2.51	3.19	2.89	2.94	2.97	3.09	2.95	2.99	1.75	.093
Market Information Enquiries	3.00	2.75	2.80	3.00	3.00	3.00	3.25	3.00	3.20	2.12	2.69	2.63	2.75	3.23	2.87	2.94	3.07	3.17	3.12	3.13	2.83	.006*
New Products from Britain Service	2.64	2.45	2.48	2.64	2.64	2.64	2.23	2.64	2.31	2.32	2.15	2.44	2.33	2.98	2.63	2.69	2.71	2.76	2.70	2.71	1.91	.063

TABLE D - UK FIRMS' PERCEPTIONS TOWARDS THE RELIABILITY OF SELECTED ASSISTANCE PROGRAMMES
EFFECT OF ETHNICITY AND STAGE OF INTERNATIONALISATION

PROGRAMME	STAGE 1		STAGE 2		STAGE 3		STAGE 4		STAGE 5		STAGE 6		STAGE 7		STAGE 8		ETHNICITY AND INT STAGE					
	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	F VALUE	F PROB		
	(n=9)	(n=36)	(n=45)	(n=18)	(n=12)	(n=30)	(n=12)	(n=3)	(n=15)	(n=45)	(n=24)	(n=99)	(n=42)	(n=108)	(n=39)	(n=174)	(n=213)	(n=423)	(n=495)			
Overseas Trade Fairs	3.53	3.36	3.39	3.53	3.58	3.52	3.46	2.56	3.15	3.55	3.08	3.26	3.85	3.32	3.42	3.35	3.59	3.54	3.61	3.62	5.00	.000*
Store Promotions	2.60	2.58	2.59	2.60	2.74	2.28	2.60	2.15	2.44	2.31	2.56	2.47	3.31	2.55	2.69	2.36	2.56	2.52	2.64	2.67	6.65	.000*
Outward Missions	3.43	3.27	3.30	3.43	3.43	3.43	3.43	2.85	3.23	3.38	3.13	3.23	3.70	3.19	3.28	3.31	3.36	3.35	3.51	3.56	1.69	.107
Inward Missions	3.01	2.92	2.94	3.01	3.01	2.61	3.01	2.50	2.83	2.72	2.82	2.78	3.46	2.95	3.04	2.89	2.96	2.94	3.02	3.05	2.66	.010*
Overseas Seminars	3.00	2.92	2.93	3.00	3.00	2.60	3.00	2.50	2.82	2.57	2.86	2.75	3.23	2.79	2.87	2.94	2.93	2.93	3.03	3.09	3.65	.001*
VIP Visits	2.87	2.80	2.82	2.87	2.87	2.49	2.87	2.71	2.81	2.48	2.80	2.68	3.32	2.70	2.82	2.80	2.83	2.82	2.93	2.99	4.46	.000*
Export Marketing Research Scheme	2.89	2.83	2.84	2.89	2.90	2.51	2.89	2.72	2.83	2.64	2.73	2.70	3.26	2.81	2.89	2.77	3.00	2.95	2.92	2.91	2.19	.033*
Overseas Projects Fund	2.63	2.60	2.61	2.63	2.66	2.63	2.63	2.15	2.46	2.33	2.58	2.48	2.90	2.52	2.59	2.38	2.58	2.54	2.74	2.76	3.54	.001*
Export Representative Service	2.81	2.76	2.77	2.81	2.81	3.05	2.81	2.58	2.73	2.45	2.69	2.59	2.99	2.71	2.76	2.73	2.85	2.82	2.85	2.90	1.85	.074
Overseas Status Report Service	2.92	2.85	2.87	2.92	2.92	3.14	2.92	2.84	2.90	2.60	2.88	2.77	3.12	2.87	2.92	2.73	2.90	2.87	2.97	3.01	1.74	.095
Market Information Enquiries	2.96	2.89	2.90	2.96	2.97	3.17	2.96	2.61	2.84	2.91	2.80	2.84	3.37	2.90	2.99	2.87	2.86	2.86	3.05	3.06	1.50	.160
New Products from Britain Service	2.65	2.63	2.63	2.65	2.65	2.32	2.65	2.49	2.60	2.51	2.58	2.56	2.99	2.62	2.69	2.71	2.63	2.64	2.71	2.73	1.02	.408

TABLE E - UK FIRMS' PERCEPTIONS TOWARDS THE AVAILABILITY OF SELECTED ASSISTANCE PROGRAMMES
EFFECT OF ETHNICITY AND STAGE OF INTERNATIONALISATION

PROGRAMME	STAGE 1		STAGE 2		STAGE 3		STAGE 4		STAGE 5		STAGE 6		STAGE 7		STAGE 8		ETHNICITY AND INT STAGE						
	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	F VALUE	F PROB					
	(n=9)	(n=36)	(n=45)	(n=18)	(n=12)	(n=12)	(n=30)	(n=12)	(n=15)	(n=45)	(n=24)	(n=60)	(n=42)	(n=56)	(n=108)	(n=39)	(n=174)	(n=213)	(n=257)	(n=372)	(n=495)		
Overseas Trade Fairs	3.58	2.99	3.11	3.15	3.14	3.15	2.64	3.58	2.83	3.35	3.29	2.55	2.84	3.43	3.56	3.74	3.60	3.63	3.72	3.80	3.78	2.60	.011*
Store Promotions	2.44	1.85	1.96	2.20	2.47	2.30	2.22	2.44	2.26	2.33	2.11	2.14	2.13	2.37	2.54	2.19	2.37	2.34	2.82	2.48	2.56	2.69	.009*
Outward Missions	3.40	2.33	2.55	3.00	2.95	2.98	2.70	3.40	2.84	3.22	3.16	2.55	2.79	3.37	3.40	3.47	3.39	3.41	3.57	3.65	3.63	2.39	.019*
Inward Missions	2.98	2.15	2.32	2.65	2.48	2.58	2.49	2.98	2.58	2.71	2.90	2.56	2.45	2.49	2.94	2.88	2.98	2.96	3.31	3.13	3.17	1.78	.087
Overseas Seminars	2.94	2.22	2.36	2.61	2.72	2.65	2.47	2.94	2.56	2.68	2.82	2.39	2.35	2.36	2.96	2.86	2.96	2.94	3.24	3.06	3.10	1.43	.189
VIP Visits	2.53	1.97	2.08	2.28	2.15	2.23	2.26	2.53	2.32	2.33	2.46	2.30	2.11	2.19	2.63	2.54	2.49	2.50	2.68	2.63	2.64	0.92	.483
Export Marketing Research Scheme	2.96	2.07	2.24	2.64	2.24	2.48	2.48	2.96	2.58	2.70	3.11	2.84	2.55	2.40	2.46	2.83	2.95	2.92	3.08	3.15	3.13	1.69	.106
Overseas Projects Fund	2.25	1.77	1.87	2.04	2.12	2.08	2.12	2.25	2.15	2.09	2.22	2.13	1.98	2.01	2.36	2.21	2.26	2.25	2.22	2.32	2.29	0.46	.857
Export Representative Service	2.84	2.01	2.18	2.53	2.38	2.47	2.42	2.84	2.50	2.59	3.06	2.75	2.40	2.36	2.38	2.42	2.73	2.88	2.92	3.08	3.04	1.37	.214
Overseas Status Report Service	3.10	2.21	2.39	2.75	3.05	2.87	2.55	3.10	2.66	2.82	3.16	2.94	2.51	2.58	2.94	3.09	3.00	3.02	3.32	3.25	3.27	1.28	.253
Market Information Enquiries	3.15	2.23	2.41	2.79	2.82	2.80	2.57	3.15	2.69	2.86	3.55	3.10	2.73	2.52	2.60	2.87	3.07	3.15	3.21	3.39	3.35	2.08	.043*
New Products from Britain Service	2.48	1.95	2.05	2.23	2.11	2.18	1.74	2.48	1.89	2.28	2.43	2.33	2.20	2.22	2.21	2.65	2.38	2.44	2.51	2.66	2.62	1.10	.355

TABLE F - UK FIRMS' PERCEPTIONS OF THE USEFULNESS OF SELECTED SOURCES OF EXPORT INFORMATION
EFFECT OF ETHNICITY AND STAGE OF INTERNATIONALISATION

SOURCE	STAGE 1		STAGE 2		STAGE 3		STAGE 4		STAGE 5		STAGE 6		STAGE 7		STAGE 8		ETHNICITY AND INT. STAGE					
	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	F VALUE	F PROB				
	(n=9)	(n=36)	(n=18)	(n=12)	(n=12)	(n=30)	(n=12)	(n=15)	(n=45)	(n=24)	(n=60)	(n=42)	(n=60)	(n=108)	(n=99)	(n=174)	(n=213)	(n=267)	(n=123)	(n=372)	(n=495)	
Own Marketing Research Team	1.83	1.66		2.37	1.54	1.81	3.24	2.09	1.82	3.04	2.56	3.57	3.35	3.39	2.91	3.40	3.30	3.17	3.71	3.57	5.01	0.00*
Own Sales Force in U.K.	1.75	1.60		2.75	1.70	2.00	3.00	2.20	1.78	3.22	2.66	3.38	2.98	3.05	3.27	3.07	3.11	3.22	3.50	3.43	7.71	0.00*
Sales Branch Overseas	1.72	1.58	1.33	2.45	1.78	1.48	2.93	1.77	1.84	2.38	2.17	2.59	2.53	2.54	2.99	3.00	3.00	3.06	3.44	3.34	1.73	.097
Agents in U.K.	1.52	1.41	1.50	2.23	1.79	2.32	2.31	2.32	2.15	2.26	2.01	2.51	2.45	2.46	2.36	2.17	2.21	2.65	2.54	2.57	2.43	0.17*
Agents Overseas	1.91	1.72	1.66	2.92	2.16	2.80	3.23	2.89	2.77	2.49	2.39	3.51	3.15	3.22	3.59	3.26	3.33	3.63	3.49	3.52	3.23	0.02*
DTI	1.84	1.67	1.33	2.66	1.86	1.95	2.82	2.12	1.83	2.87	2.66	3.07	2.96	2.98	2.70	2.98	2.92	3.15	2.84	2.92	9.43	0.00*
Govt Body (other unspecified)	2.40	2.16	2.21	2.80	2.00	2.40	2.40	2.40	2.25	2.35	2.28	2.27	2.19	2.37	2.32	2.39	2.38	2.37	2.45	2.43	7.96	0.00*
Chambers of Commerce	1.81	1.65	1.83	2.34	2.03	2.92	2.69	2.87	2.62	2.50	2.58	2.81	2.74	2.96	2.93	2.91	2.71	2.75	3.01	2.69	1.76	.091
Trade Associations	1.91	1.73	1.83	2.49	2.09	3.25	2.99	3.19	2.73	2.12	2.52	2.71	2.77	3.13	3.09	3.33	2.90	2.98	3.36	3.04	3.12	0.02*
Business Advisors	1.60	1.48	1.33	2.03	1.61	2.01	2.06	2.02	2.01	2.28	2.26	2.08	1.93	1.95	2.23	2.19	2.20	2.25	2.06	2.11	1.68	.108
Business Link	1.56	1.45	1.66	1.97	1.79	1.73	1.95	1.78	1.98	1.98	1.93	2.07	1.84	1.82	2.04	2.06	2.05	2.21	1.93	2.00	2.14	0.037*
Banks	1.26	1.21		1.65	1.26	1.75	1.80	1.76	1.28	1.74	1.63	2.21	1.86	1.92	1.75	1.91	1.88	1.95	1.85	1.87	2.98	.004*
Market Research Agency	1.30	1.24		1.71	1.28	1.23	1.92	1.37	1.24	1.84	1.65	1.99	2.08	2.06	1.58	2.19	2.07	1.74	1.97	1.91	1.38	.208
Other (unspecified)	1.38	1.19	1.22	1.09	1.42	1.22	1.57	1.34	1.26	1.50	1.34	1.54	1.66	1.65	1.40	1.52	1.50	1.42	1.68	1.62	0.89	.509

TABLE G - TYPES OF EXPORT INFORMATION REQUIRED BY U.K. FIRMS
EFFECT OF ETHNICITY AND STAGE OF INTERNATIONALISATION

TYPE OF INFORMATION	STAGE 1		STAGE 2		STAGE 3		STAGE 4		STAGE 5		STAGE 6		STAGE 7		STAGE 8		ETHNICITY AND INT. STAGE								
	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	F VALUE	F PROB							
	(n=9)	(n=36)	(n=18)	(n=12)	(n=12)	(n=30)	(n=12)	(n=3)	(n=15)	(n=45)	(n=24)	(n=69)	(n=42)	(n=108)	(n=39)	(n=174)	(n=213)	(n=54)	(n=213)	(n=123)	(n=372)	(n=495)			
Market Size	4.66	3.74	3.92	2.66	1.72	2.29	2.75	1.90	2.58	2.33	1.86	2.16	2.62	2.17	2.35	1.53	1.61	2.32	1.74	1.85	1.97	1.70	1.76	2.21	.031*
Market Growth Rate	4.66	3.75	3.93	2.50	1.77	2.20	2.75	2.09	2.61	2.40	2.01	2.26	2.65	2.23	2.39	1.92	2.00	2.45	1.99	2.08	2.17	1.87	1.94	1.44	.182
Government Aid to Exporters	4.66	3.68	3.87	2.50	1.54	2.11	3.00	2.15	2.83	2.34	1.81	2.15	2.66	2.18	2.37	1.92	2.12	2.28	1.94	2.01	2.34	1.89	2.00	2.04	.046*
Transport Infrastructure in Export Market	4.66	4.16	4.26	2.50	2.48	2.49	3.25	2.93	3.18	2.46	2.61	2.51	2.91	3.17	3.07	2.84	2.78	3.33	2.79	2.90	3.19	2.84	2.93	1.84	.075
Social/Political Background of Export Market	4.66	3.98	4.12	2.66	2.46	2.58	3.50	2.84	3.36	2.32	2.46	2.37	2.97	3.03	3.01	3.07	2.66	3.32	2.71	2.84	3.21	2.75	2.86	1.76	.091
Economic Background of Export Market	4.66	3.86	4.02	2.50	2.33	2.43	3.50	2.34	3.26	2.35	2.21	2.30	2.90	2.22	2.49	2.71	2.25	2.85	2.09	2.24	2.54	2.19	2.28	1.48	.169
Possible Means of Distribution/Storage in Export Market	4.66	4.14	4.24	2.50	2.18	2.37	3.50	2.74	3.34	2.38	2.18	2.31	2.94	2.71	2.80	2.92	2.47	3.20	2.55	2.68	3.10	2.63	2.75	0.48	.843
Exchange Rate Fluctuations	4.66	3.85	4.01	2.66	1.80	2.32	3.25	2.21	3.04	2.28	1.90	2.14	2.18	2.18	2.18	2.00	1.88	2.45	1.98	2.07	2.56	2.24	2.32	1.31	.237
Legal Requirements in the Market	4.66	3.84	4.00	2.50	1.51	2.10	3.25	2.07	3.01	2.26	1.76	2.09	2.43	1.73	2.00	1.76	1.69	2.39	2.03	2.10	2.27	2.01	2.08	2.03	.048*
International Competition in the Market	4.66	3.74	3.92	2.50	1.97	2.29	3.00	1.91	2.78	2.32	1.47	2.03	2.69	2.17	2.37	1.69	1.70	2.16	1.68	1.77	2.04	1.80	1.86	2.37	.021*
Local Competitors in the Market	4.66	3.90	4.05	2.66	1.72	2.28	3.00	1.89	2.77	2.39	1.47	2.07	2.55	2.08	2.26	1.38	1.62	2.10	1.75	1.82	1.90	1.82	1.83	4.01	.000*
Buyers' Preferences in the Export Market	4.66	3.82	3.99	2.50	1.97	2.29	2.75	1.90	2.58	2.39	1.35	2.03	2.48	2.13	2.26	1.60	1.51	2.16	1.79	1.86	1.80	1.86	1.85	4.30	.000*
Competitive Products Available in the Market	4.66	3.81	3.98	2.50	1.95	2.28	2.75	1.82	2.56	2.32	1.60	2.07	2.46	1.89	2.11	1.46	1.53	2.26	1.59	1.72	1.89	1.69	1.74	3.18	.002*
Price Trends in the Market	4.66	3.91	4.06	2.66	2.25	2.50	2.75	2.02	2.60	2.26	1.63	2.04	2.71	2.09	2.33	1.61	1.74	2.22	1.77	1.86	2.17	1.92	1.98	2.27	.026*
Political Barriers to Exporting in the Market	4.66	3.81	3.98	2.50	1.69	2.17	2.75	1.77	2.55	2.40	1.56	2.11	2.54	1.71	2.03	1.53	1.51	2.09	1.75	1.82	1.87	1.59	1.66	3.23	.002*
Ways to Adjust Current Product for the Export Market	4.66	3.77	3.95	2.50	1.83	2.23	2.75	2.32	2.66	2.26	1.79	2.10	2.99	2.01	2.39	2.07	1.95	2.74	2.21	2.31	2.44	2.23	2.29	2.11	.039*
Guide to Promoting into the Market	4.66	3.85	4.01	2.66	1.82	2.32	2.75	2.28	2.65	2.33	1.82	2.15	2.91	2.02	2.37	1.84	2.02	2.40	2.13	2.19	2.42	2.18	2.24	2.83	.006*

TABLE H - UK FIRMS' PERCEPTIONS OF PROBLEMS IN EXPORTING
EFFECT OF ETHNICITY AND STAGE OF INTERNATIONALISATION

PROBLEM AREA	STAGE 1		STAGE 2		STAGE 3		STAGE 4		STAGE 5		STAGE 6		STAGE 7		STAGE 8		ETHNICITY AND								
	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ASIAN	IND	ALL	INT							
	(n=16)	(n=16)	(n=18)	(n=18)	(n=12)	(n=12)	(n=15)	(n=15)	(n=24)	(n=24)	(n=10)	(n=10)	(n=17)	(n=17)	(n=21)	(n=21)	(n=17)	(n=17)	STAGE						
Physical Product	1.69	1.55	2.33	1.90	2.16	2.25	2.30	2.26	2.22	2.11	2.18	2.37	2.81	2.64	2.48	2.46	2.41	2.33	2.35	2.16	2.24	2.22	1.29	.248	
Advertising	1.63	1.50	2.33	2.81	2.52	2.25	2.63	2.32	2.35	3.70	2.82	2.36	2.96	2.73	3.38	2.88	2.97	2.68	2.76	2.74	2.33	2.57	2.51	4.73	.000*
Sales Effort	1.67	1.53	2.16	2.79	2.41	2.25	3.08	2.41	2.33	3.77	2.83	2.53	3.32	3.01	3.69	3.59	3.61	3.39	3.09	3.15	2.93	3.05	3.02	5.31	.000*
Marketing Information Gathering	1.66	1.95	1.89	2.23	2.62	2.25	3.43	2.48	2.42	3.60	2.83	2.76	3.17	3.01	3.23	3.88	3.76	3.65	3.64	3.65	3.41	3.52	3.49	3.52	.001*
Information on Business Practices	1.66	1.83	1.80	2.33	2.25	2.25	3.00	2.40	2.26	3.50	2.69	2.50	3.22	2.94	3.00	3.56	3.46	3.00	3.26	3.21	2.97	2.98	2.98	3.75	.000*
Communication	1.59	1.64	1.63	2.29	2.38	2.25	2.77	2.35	2.18	3.19	2.53	2.49	3.37	3.03	2.84	3.19	3.13	3.03	2.79	2.84	2.79	2.65	2.69	5.05	.000*
Arranging Transport	1.58	1.46	2.16	1.99	2.09	2.25	1.99	2.19	2.26	2.37	2.30	2.07	2.27	2.19	2.07	2.29	2.25	1.72	1.99	1.94	1.87	1.94	1.92	0.62	.738
Transport Rate Determination	1.67	1.53	2.33	2.02	2.21	2.25	2.05	2.21	2.13	2.38	2.22	2.30	2.41	2.37	2.30	2.19	2.21	1.72	2.14	2.06	1.93	1.98	1.97	1.54	1.48
Handling of Documentation	1.70	1.56	2.16	2.22	2.18	2.25	2.44	2.28	2.36	2.73	2.49	2.47	2.74	2.63	3.03	2.77	2.82	2.27	2.38	2.36	2.68	2.29	2.38	2.83	.006*
Obtaining Financial Information	1.66	1.65	2.16	2.43	2.27	2.25	2.87	2.37	2.31	3.21	2.63	2.66	2.93	2.82	3.68	3.27	3.34	2.87	2.94	2.92	2.77	2.86	2.84	2.42	.018*
Distribution Co-ordination	1.68	1.54	2.16	2.05	2.12	2.25	2.11	2.22	2.27	2.54	2.36	2.25	2.06	2.13	2.30	2.33	2.33	1.90	2.24	2.17	2.01	2.08	2.06	1.37	2.13
Financing	1.48	1.38	2.33	2.41	2.36	2.25	2.82	2.36	2.25	3.33	2.62	2.43	2.84	2.68	3.53	2.90	3.02	2.70	3.09	3.01	2.40	2.91	2.78	4.39	.000*
Funds Transfer	1.67	1.53	2.16	2.50	2.30	2.25	2.51	2.30	2.23	3.00	2.50	2.04	2.79	2.50	3.04	2.73	2.78	2.72	2.64	2.65	2.41	2.46	2.45	3.14	.003*
Packaging	1.58	1.46	2.16	1.99	2.09	2.25	1.99	2.19	2.13	2.12	2.12	1.99	2.09	2.05	2.46	2.18	2.23	1.77	2.02	1.97	1.92	1.98	1.96	1.15	3.24
Obtaining Insurance	1.42	1.34	2.33	2.07	2.22	2.25	2.13	2.22	2.20	2.51	2.31	1.83	2.10	1.99	2.46	2.11	2.17	2.29	2.29	2.29	2.22	1.99	2.05	1.52	.153
Pricing Internationally	1.75	1.60	2.16	2.52	2.31	2.25	2.55	2.31	2.27	3.13	2.57	2.30	2.73	2.56	2.88	2.76	2.78	2.56	2.54	2.55	2.75	2.41	2.50	3.84	.000*
Providing Parts Availability	1.65	1.52	2.33	1.91	2.16	2.25	1.82	2.16	2.25	1.68	2.05	1.79	1.74	1.76	1.44	1.76	1.70	1.58	1.91	1.84	1.87	1.77	1.79	3.28	.002*
Providing Quality Control	1.49	1.39	2.33	1.97	2.18	2.25	1.9	2.18	2.19	1.61	1.99	2.12	1.94	2.01	2.14	1.96	1.99	1.88	2.00	1.98	2.16	1.87	1.94	1.71	1.03
Providing Repair Service	1.66	1.53	2.33	1.98	2.19	2.25	2	2.19	2.26	2.24	2.25	2.06	2.31	2.21	1.53	1.87	1.81	1.66	2.23	2.11	1.73	1.93	1.88	1.36	2.18
Providing Design/Technical Advice	1.41	1.33	2.33	1.97	2.19	2.25	2	2.19	2.13	2.23	2.16	2.05	1.90	1.96	1.91	1.99	1.98	2.05	2.05	2.05	1.73	1.94	1.88	0.79	.589
Providing Warehousing	1.57	1.46	2.33	2.23	2.29	2.25	2	2.19	2.13	2.23	2.16	1.98	2.08	2.04	1.76	1.89	1.87	1.77	2.20	2.11	1.97	1.91	1.93	1.17	3.14

TABLE 1 - UK FIRMS' ASSISTANCE REQUIREMENTS IN EXPORTING
EFFECT OF ETHNICITY AND STAGE OF INTERNATIONALISATION

ASSISTANCE AREA	STAGE 1		STAGE 2		STAGE 3		STAGE 4		STAGE 5		STAGE 6		STAGE 7		STAGE 8		ETHNICITY AND INT. STAGE										
	ASIAN (n=8)	IND (n=16)	ASIAN (n=15)	IND (n=12)	ASIAN (n=12)	IND (n=7)	ASIAN (n=5)	IND (n=24)	ASIAN (n=9)	IND (n=6)	ASIAN (n=10)	IND (n=174)	ASIAN (n=13)	IND (n=113)	ASIAN (n=172)	IND (n=195)	ETHNICITY	INT. STAGE									
																	F VALUE	F PROR									
Physical Product		1.67	1.53	2.33	2.01	2.20	2.25	2.03	2.20	1.86	2.39	2.05	1.72	2.28	2.06	2.31	2.19	2.21	2.06	2.22	2.19	1.86	2.10	2.04	1.62	.124	
Advertising		1.81	1.65	2.33	2.63	2.45	2.25	2.76	2.35	1.91	3.59	2.50	2.16	3.07	2.71	3.07	3.03	3.07	2.80	3.09	3.03	2.64	2.80	2.76	3.87	.000*	
Sales Effort		1.73	1.58	2.33	2.44	2.37	2.25	2.89	2.37	1.92	3.22	2.37	2.19	3.53	3.01	2.92	3.05	3.37	3.15	3.02	3.05	2.82	2.93	2.91	5.37	.000*	
Marketing Information Gathering	1.66	2.36	2.22	2.33	3.20	2.68	2.25	3.41	2.48	1.96	3.92	2.64	2.41	3.35	2.99	3.76	3.61	3.86	3.60	3.61	3.61	3.18	3.49	3.41	6.44	.000*	
Information on Business Practices	1.66	2.08	2.00	2.33	2.50	2.40	2.25	3.01	2.40	1.93	3.87	2.60	2.43	3.18	2.89	3.38	3.53	3.50	3.16	3.17	3.16	2.90	2.92	2.92	6.31	.000*	
Communication	1.66	1.92	1.87	2.33	2.02	2.21	2.25	2.55	2.31	1.90	3.14	2.33	2.19	3.18	2.79	2.69	2.92	2.88	2.95	2.69	2.74	2.30	2.47	2.43	4.73	.000*	
Arranging Transport		1.56	1.44	2.33	2.18	2.27	2.25	1.86	2.17	1.85	1.84	1.85	1.90	2.16	2.06	2.00	2.12	2.10	1.87	1.96	1.95	1.77	1.76	1.77	0.64	.720	
Transport Rate Determination		1.80	1.64	2.33	2.17	2.27	2.25	1.85	2.17	1.85	1.83	1.85	2.04	2.39	2.25	2.06	1.88	1.91	1.76	2.02	1.97	1.65	1.73	1.71	1.70	1.03	
Handling of Documentation		1.80	1.64	2.33	2.41	2.36	2.25	2.32	2.26	1.88	2.79	2.20	2.35	2.71	2.57	2.84	2.65	2.68	2.64	2.33	2.40	2.52	2.10	2.20	2.20	4.03	.000*
Obtaining Financial Information	1.66	2.15	2.05	2.33	2.43	2.37	2.25	2.87	2.37	1.92	3.35	2.42	2.54	3.21	2.95	3.61	3.16	3.24	3.04	3.05	3.05	2.53	2.88	2.79	4.69	.000*	
Distribution Co-ordination		1.81	1.64	2.33	1.93	2.17	2.25	1.86	2.17	1.85	2.21	1.98	1.97	2.12	2.06	2.38	2.03	2.10	1.87	1.95	1.93	1.71	1.78	1.76	2.00	.052	
Financing		1.82	1.65	2.33	2.46	2.38	2.25	2.92	2.38	1.92	3.23	2.38	2.19	3.26	2.85	3.38	3.02	3.09	2.65	3.27	3.14	2.63	3.06	2.95	3.74	.001*	
Funds Transfer		1.65	1.52	2.33	2.47	2.38	2.25	2.45	2.28	1.89	2.36	2.05	1.95	2.85	2.50	2.84	2.73	2.75	2.60	2.71	2.68	2.20	2.38	2.33	1.75	.093	
Packaging		1.71	1.57	2.33	1.88	2.15	2.25	1.77	2.15	1.85	1.57	1.75	1.81	2.11	1.99	2.07	2.03	2.04	1.92	1.87	1.88	1.59	1.71	1.68	1.50	.163	
Obtaining Insurance		1.70	1.56	2.33	2.12	2.24	2.25	2.24	2.24	1.88	2.65	2.15	2.33	2.38	2.36	2.76	2.10	2.22	2.52	2.36	2.39	2.07	2.20	2.17	2.91	.005*	
Pricing Internationally		1.80	1.64	2.33	2.15	2.26	2.25	2.30	2.26	1.88	2.82	2.21	2.20	2.66	2.48	2.33	2.52	2.48	2.92	2.48	2.57	1.98	2.19	2.14	3.39	.001*	
Providing Parts Availability		1.77	1.61	2.33	1.81	2.12	2.25	1.63	2.12	1.84	1.31	1.65	1.70	1.92	1.83	1.71	1.65	1.66	1.79	1.64	1.67	1.60	1.61	1.60	2.29	.025*	
Providing Quality Control		1.53	1.42	2.33	2.10	2.24	2.25	1.70	2.14	1.84	1.39	1.68	1.72	1.97	1.87	2.08	1.64	1.72	1.96	1.76	1.80	1.77	1.70	1.71	1.85	.073	
Providing Repair Service		1.77	1.61	2.33	1.82	2.12	2.25	1.64	2.12	1.84	1.74	1.80	1.78	1.72	1.74	1.86	1.61	1.65	1.84	1.64	1.68	1.57	1.61	1.60	1.69	1.07	
Providing Design/Technical Advice		1.64	1.51	2.33	1.41	1.96	2.25	1.83	2.16	1.85	1.68	1.79	1.75	1.94	1.86	1.82	1.93	1.91	2.20	1.75	1.84	1.80	1.87	1.85	2.46	.016*	
Providing Warehousing		1.56	1.45	2.33	1.62	2.05	2.25	1.75	2.15	1.85	1.53	1.73	1.87	2.06	1.99	1.57	1.71	1.68	1.80	2.05	2.00	1.53	1.73	1.68	1.61	1.26	

TABLE J - UK FIRMS' MOTIVES FOR EXPORTING
EFFECT OF ETHNICITY AND STAGE OF INTERNATIONALISATION

MOTIVE	STAGE 1		STAGE 2		STAGE 3		STAGE 4		STAGE 5		STAGE 6		STAGE 7		STAGE 8		ETHNICITY AND INT STAGE			
	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ASIAN	ALL	ETHNICITY	INT STAGE		
	(n=9)	(n=3)	(n=18)	(n=12)	(n=10)	(n=12)	(n=15)	(n=24)	(n=19)	(n=42)	(n=56)	(n=106)	(n=174)	(n=213)	(n=267)	(n=372)	(n=495)	β VALUE	β PROB	
Competitive Pressures	2.80	2.44	2.16	4.02	2.91	1.75	3.10	2.02	2.48	2.65	2.53	2.90	3.23	3.01	3.07	3.12	3.27	3.24	6.07	.000*
Over-Production	1.79	1.63	2.16	2.93	2.47	1.75	1.75	1.75	2.23	1.40	1.94	1.73	1.59	1.70	1.73	1.89	1.66	1.72	5.03	.000*
Declining Domestic Sales	2.17	1.94	2.33	3.68	2.87	1.75	2.73	1.94	2.49	1.90	2.28	2.40	3.38	2.80	2.79	2.84	2.76	2.78	3.36	.001*
Excess Capacity	1.89	1.71	2.16	2.81	2.42	1.75	2.24	1.84	2.30	2.46	2.35	2.12	3.07	2.15	2.12	2.52	2.14	2.23	4.23	.000*
Saturated Domestic Market	2.03	1.82	2.16	2.90	2.46	1.75	2.62	1.92	2.28	2.15	2.23	2.27	3.23	2.67	2.65	2.70	2.63	2.65	2.66	.010*
Exclusive Information	2.24	1.99	2.33	2.81	2.52	1.75	2.27	1.85	2.23	2.13	2.20	1.99	1.84	2.51	2.53	2.59	2.25	2.34	3.95	.000*
Managerial Urge	2.50	2.20	2.16	2.53	2.31	1.75	3.15	2.03	2.42	3.16	2.67	2.60	2.38	3.35	3.35	3.27	3.39	3.36	3.82	.000*
Unique Products	2.76	2.40	2.16	3.50	2.70	1.75	3.01	2.00	2.53	3.25	2.78	2.53	2.46	3.39	3.33	3.17	3.27	3.24	3.53	.001*
Profit Advantage	2.96	2.57	2.16	3.59	2.73	1.75	3.37	2.07	2.51	3.96	3.02	2.85	3.69	3.62	3.54	3.54	3.49	3.50	8.61	.000*
Marketing Advantage	2.66	2.33	2.33	3.28	2.71	1.75	3.14	2.02	2.48	3.39	2.80	2.30	2.69	3.36	3.38	3.24	3.40	3.36	4.69	.000*
Design/Technological Advantage	2.64	2.31	2.16	3.24	2.59	1.75	2.96	1.99	2.46	2.86	2.60	2.27	2.61	3.19	3.14	3.17	3.09	3.11	4.15	.000*
Unsolicited Orders from Overseas	2.28	2.03	2.16	2.90	2.46	1.75	2.63	1.92	2.35	2.83	2.51	2.93	3.15	2.75	2.70	2.69	2.69	2.69	3.65	.001*
Economies of Scale Resulting from Additional Orders	2.73	2.38	2.16	3.31	2.62	1.75	3.25	2.05	2.56	3.06	2.74	2.66	2.84	3.36	3.33	3.32	3.58	3.52	2.88	.005*
Attractive Export Incentives	1.90	1.72	2.16	3.28	2.61	1.75	2.11	1.82	2.41	2.17	2.33	2.21	2.07	2.31	2.17	2.12	2.12	2.12	2.70	.009*
National Export Promotion Programmes	1.79	1.63	2.33	2.73	2.49	1.75	1.93	1.78	2.25	1.97	2.15	2.01	1.84	2.16	2.03	2.07	1.90	1.94	3.19	.002*
Favourable Currency Movements	2.22	1.98	2.33	2.88	2.55	1.75	2.53	1.90	2.47	2.00	2.31	2.50	2.53	2.77	2.58	2.57	2.65	2.63	4.87	.000*
New Information About Sales Opportunities Overseas	2.47	2.18	2.33	2.66	2.46	1.75	2.67	1.93	2.42	2.83	2.56	2.36	2.92	2.95	2.86	2.65	2.77	2.74	2.76	.007*
Reduction in Tariffs	2.35	2.08	2.33	2.65	2.46	1.75	2.60	1.92	2.41	2.27	2.36	2.22	3.15	2.90	2.73	2.63	2.74	2.71	5.52	.000*
Opportunity to Increase the Number of Country Markets and Reduce the Market Related Risk	2.61	2.29	2.16	2.58	2.33	1.75	3.33	2.06	2.64	3.71	3.01	2.66	3.23	3.57	3.50	3.40	3.64	3.58	2.67	.010*
Eased Product Regulations in Target Countries	2.34	2.07	2.16	2.64	2.35	1.75	2.58	1.91	2.27	2.44	2.33	2.45	2.69	2.94	2.79	2.79	2.78	2.78	4.20	.000*