

1982

# The Export Performance Of Manufacturing Firms In Developing Countries: A Jamaican Study

Christopher A. Ross

Follow this and additional works at: <https://ir.lib.uwo.ca/digitizedtheses>

---

## Recommended Citation

Ross, Christopher A., "The Export Performance Of Manufacturing Firms In Developing Countries: A Jamaican Study" (1982).  
*Digitized Theses*. 1189.  
<https://ir.lib.uwo.ca/digitizedtheses/1189>

This Dissertation is brought to you for free and open access by the Digitized Special Collections at Scholarship@Western. It has been accepted for inclusion in Digitized Theses by an authorized administrator of Scholarship@Western. For more information, please contact [tadam@uwo.ca](mailto:tadam@uwo.ca), [wlsadmin@uwo.ca](mailto:wlsadmin@uwo.ca).

The author of this thesis has granted The University of Western Ontario a non-exclusive license to reproduce and distribute copies of this thesis to users of Western Libraries. Copyright remains with the author.

Electronic theses and dissertations available in The University of Western Ontario's institutional repository (Scholarship@Western) are solely for the purpose of private study and research. They may not be copied or reproduced, except as permitted by copyright laws, without written authority of the copyright owner. Any commercial use or publication is strictly prohibited.

The original copyright license attesting to these terms and signed by the author of this thesis may be found in the original print version of the thesis, held by Western Libraries.

The thesis approval page signed by the examining committee may also be found in the original print version of the thesis held in Western Libraries.

Please contact Western Libraries for further information:

E-mail: [libadmin@uwo.ca](mailto:libadmin@uwo.ca)

Telephone: (519) 661-2111 Ext. 84796

Web site: <http://www.lib.uwo.ca/>

# CANADIAN THESES ON MICROFICHE

I.S.B.N.

## THESES CANADIENNES SUR MICROFICHE



National Library of Canada  
Collections Development Branch

Canadian Theses on  
Microfiche Service

Ottawa, Canada  
K1A 0N4

Bibliothèque nationale du Canada  
Direction du développement des collections

Service des thèses canadiennes  
sur microfiche

### NOTICE

The quality of this microfiche is heavily dependent upon the quality of the original thesis submitted for microfilming. Every effort has been made to ensure the highest quality of reproduction possible.

If pages are missing, contact the university which granted the degree.

Some pages may have indistinct print especially if the original pages were typed with a poor typewriter ribbon or if the university sent us a poor photocopy.

Previously copyrighted materials (journal articles, published tests, etc.) are not filmed.

Reproduction in full or in part of this film is governed by the Canadian Copyright Act, R.S.C. 1970, c. C-30. Please read the authorization forms which accompany this thesis.

**THIS DISSERTATION  
HAS BEEN MICROFILMED  
EXACTLY AS RECEIVED**

### AVIS

La qualité de cette microfiche dépend grandement de la qualité de la thèse soumise au microfilmage. Nous avons tout fait pour assurer une qualité supérieure de reproduction.

S'il manque des pages, veuillez communiquer avec l'université qui a conféré le grade.

La qualité d'impression de certaines pages peut laisser à désirer, surtout si les pages originales ont été dactylographiées à l'aide d'un ruban usé ou si l'université nous a fait parvenir une photocopie de mauvaise qualité.

Les documents qui font déjà l'objet d'un droit d'auteur (articles de revue, examens publiés, etc.) ne sont pas microfilmés.

La reproduction, même partielle, de ce microfilm est soumise à la Loi canadienne sur le droit d'auteur, SRC 1970, c. C-30. Veuillez prendre connaissance des formules d'autorisation qui accompagnent cette thèse.

**LA THÈSE A ÉTÉ  
MICROFILMÉE TELLE QUE  
NOUS L'AVONS REÇUE**

THE EXPORT PERFORMANCE OF  
MANUFACTURING FIRMS IN DEVELOPING COUNTRIES:  
A JAMAICAN STUDY



by

Christopher A. Ross

School of Business Administration

Submitted in partial fulfilment of  
the requirements for  
the degree of Doctor of Philosophy

Faculty of Graduate Studies  
The University of Western Ontario

London, Ontario

May 1982

© Christopher A. Ross 1982.

## ABSTRACT

There is a great deal of published research on the economic factors and policies which influence the export performance, in manufactured products, of developing countries. Yet, for these countries, there are few systematic reports which illustrate how these factors and policies affect the managers of individual manufacturing firms. Also, there are few reports which attempt to explain the differential export performance of these enterprises, both from the point of view of the firm and of the manager. The objective of this study, therefore, was to identify and assess the relationship between the firm's export behaviour and the characteristics of the firm, its managers and their perceptions of the domestic and foreign environments.

With a conceptual model as a framework data for this research was collected in Jamaica. One hundred and nineteen firms were interviewed, including forty non-exporters. Each interview lasted approximately two hours. The data was analyzed using Discriminant Analysis and Multiple Regression.

The results indicated that the factors which distinguished the exporting from the non-exporting firm were substantially different from the factors which determined export performance. The results also indicated that the

managerial characteristics associated with exporting firms were those which have traditionally been linked with innovators. Also important was the finding that firms established during a regime of import substitution were poor export performers. On the basis of the research results a revised conceptual model was developed.

The study concluded that managerial characteristics were important, if a firm wished to enter the export market, but that the resources of the enterprise were the key to export performance. These resources center on the technical superiority of the firm and on its product. It was also concluded that the governing authorities in developing countries should not expect firms established during a regime of import substitution to be significant exporters. And finally, because of the importance of the domestic environment, it was also concluded that managers and public policy makers need to develop a close working relationship if manufactured exports are to be encouraged.

#### ACKNOWLEDGEMENTS

This thesis benefited from the support, enthusiasm and encouragement of many different people and institutions. It is difficult to name all those who helped during the period of this thesis project, but the following must be given a special thanks.

First of all, I must thank the Canadian International Development Agency. This agency funded me through most of my years as a graduate student at the University of Western Ontario and also willingly agreed to fund this thesis project. The government of the Province of Ontario also funded me in my last year as a doctoral student.

While I was in Jamaica, many people readily gave of their valuable time. Without the help of many business executives who were willing to be interviewed, the data collection would not have been possible. Quite often, these executives agreed to be interviewed at short notice and during non-working hours. Ainsley Henriques and the staff at the Jamaica National Export Corporation shared their experiences with me and opened up several doors.

A special thanks must also be extended to Dr. Fred Nunes, Head of the Department of Management Studies at the University of the West Indies, Mona, Jamaica. Dr. Nunes made available to me all the departmental facilities which I needed and also provided much needed help in locating and remunerating my three research assistants. Mrs. Monica Phillibert from the Faculty of Social Science helped with many secretarial tasks, often working late into the night and on weekends.

This thesis would not have been possible without the help of my thesis committee: Professors Blair Little, Harold Crookell and Roger More. They provided valuable guidance during the initial stages of this thesis and continued doing so right to the end.

For Blair Little a special word is necessary. Blair is the ideal supervisor. He provided encouragement, support and clarification during many stages of this thesis. At the end of each meeting, I always had the feeling that I had his full support. In the process, he became a friend. For the past two years, because of distance, his help and guidance was provided by means of the telephone and the post-office. His encouragement by way of letters was unique. Many thanks Blair.

And finally, I would like to say thanks to my wife Carole, who, knowing exactly what it is to write a thesis, provided ideas, a home and an environment such that I could complete this project. Her encouragement and criticisms were invaluable. Hopefully, I can do the same for her as she finishes her thesis. This thesis is dedicated to Carole with deep love.



## TABLE OF CONTENTS

CERTIFICATE OF EXAMINATION.....	ii
ABSTRACT.....	iii
ACKNOWLEDGEMENTS .....	v
TABLE OF CONTENTS .....	vii
LIST OF TABLES.....	xi
LIST OF FIGURES .....	xiv
CHAPTER 1 - DEVELOPING COUNTRIES AND MANUFACTURED EXPORTS.....	1
1.1. INTRODUCTION.....	1
1.2. MANUFACTURED EXPORTS FROM DEVELOPING COUNTRIES.....	2
1.3. MANUFACTURED EXPORTS FROM JAMAICA.....	6
1.4. THE VIEWS OF PUBLIC POLICY MAKERS.....	9
1.5. EXPORT INCENTIVES.....	12
1.6. THE MANAGERIAL PROBLEM.....	14
1.7. OBJECTIVES AND SCOPE OF THE RESEARCH.....	16
1.8. THE RESEARCH PLAN.....	17
CHAPTER 2 - THE EXPORT PERFORMANCE OF DEVELOPING COUNTRIES: THEORETICAL AND EMPIRICAL PERSPECTIVES.....	19
2.1. THEORIES OF TRADE.....	20
2.2. SUPPLY FACTORS AND THE EXPORT PERFORMANCE OF DEVELOPING COUNTRIES.....	26
2.2.1 Non-controllable Factors and Export Performance.....	27
2.2.2 Controllable Factors and Export Performance.....	31
2.2.3 Firm Factors and Export Performance..	35
2.3. DEMAND FACTORS AND THE EXPORT PERFORMANCE OF DEVELOPING COUNTRIES.....	41
2.3.1 Tariff Barriers and Export Performance.....	42
2.3.2 Non-tariff Barriers and Export Performance.....	45
2.3.3 Product Market Factors and Export Performance.....	47

CHAPTER 3 - MANAGERS AND EXPORT PERFORMANCE.....	52
3.1 A TENTATIVE CONCEPTUALISATION.....	52
3.2 MANAGERIAL MODELS OF EXPORT BEHAVIOUR.....	56
3.3 AN OVERVIEW OF THE CONCEPTUAL MODEL.....	62
3.4 THE INDEPENDENT CONSTRUCTS OF THE MODEL.....	67
3.5 THE MEDIATING CONSTRUCTS OF THE MODEL.....	77
3.6 THE DEPENDENT VARIABLES.....	81
3.7 ASSUMPTIONS AND LIMITATIONS OF THE MODEL...	83
 CHAPTER 4 - THE OPERATIONAL MODEL AND THE METHODODOLOGY.....	 87
4.1 THE INDEPENDENT CONSTRUCTS.....	87
4.1.1 The Export Market.....	87
4.1.2 The Export Market Environment.....	88
4.1.3 Management Characteristics.....	89
4.1.4 The Characteristics of the Firm.....	93
4.1.5 The Domestic Environment.....	96
4.2 THE MEDIATING CONSTRUCTS.....	98
4.2.1 Perceived Market Attractiveness.....	98
4.2.2 Perceived Export Capability.....	99
4.2.3 Perceived Risks.....	101
4.2.4 Contractual Relations.....	102
4.2.5 Export Restraint.....	102
4.3 THE DEPENDENT VARIABLES.....	102
4.3.1 Export Performance.....	104
4.3.2 Export Commitment.....	106
4.4 DATA COLLECTION.....	107
4.5 THE NATURE OF THE SAMPLE.....	112
4.6 LIMITATIONS AND ASSUMPTIONS OF THE DATA.....	120
4.7 HYPOTHESES AND METHODS OF TESTING.....	123
4.7.1 Hypothesis Set H <sub>1</sub> .....	123
4.7.2 Hypothesis Set H <sub>2</sub> .....	127
4.7.3 Hypothesis Set H <sub>3</sub> .....	129
4.7.4 Hypothesis Set H <sub>4</sub> .....	131
4.7.5 Hypothesis Set H <sub>5</sub> .....	133
4.7.6 Hypothesis Set H <sub>6</sub> .....	135

CHAPTER 5 - THE CHARACTERISTICS OF EXPORTERS AND NON-EXPORTERS AND THE DETERMINANTS OF EXPORT CAPABILITY AND MARKET ATTRACTIVENESS.....	138
5.1 THE CHARACTERISTICS OF EXPORTERS AND NON-EXPORTERS: H <sub>1</sub> .....	139
5.2 THE DETERMINANTS OF EXPORT CAPABILITY: H <sub>2</sub>	147
5.2.1 Management Characteristics.....	149
5.2.2 The Domestic Environment.....	152
5.2.3 Firm Characteristics.....	153
5.3 THE DETERMINANTS OF MARKET ATTRACTIVENESS: H <sub>3</sub> .....	155
5.3.1 The Export Market.....	157
5.3.2 The Export Market Environment.....	158
5.3.3 Management Characteristics.....	159
5.4 THE DETERMINANTS OF MARKET ATTRACTIVENESS EXTENDED .....	161
5.5 SUMMARY.....	164
CHAPTER 6 - THE DETERMINANTS OF EXPORT PERFORMANCE	167
6.1 GENERAL RESULTS ON EXPORT PERFORMANCE.....	167
6.2 THE INTERVENING VARIABLES AND EXPORT PERFORMANCE: H <sub>4</sub> .....	170
6.3 THE DETERMINANTS OF EXPORT PERFORMANCE H <sub>5</sub> ..	173
6.3.1 Management Characteristics.....	175
6.3.2 The Export Market Environment.....	177
6.3.3 The Export Market.....	178
6.3.4 The Domestic Environment.....	180
6.3.5 Firm Characteristics.....	181
6.3.6 Export Restraint and Contractual Relations.....	182
6.3.7 Firm Size Reconsidered.....	182
6.4 THE RELATIONSHIP BETWEEN COMMITMENT AND EXPORT PERFORMANCE.....	187
6.5 PERCEIVED RISK AS AN INTERVENING CONSTRUCT.	189
6.6 COMMITMENT AS A DEPENDENT VARIABLE.....	192
6.7 SUMMARY.....	196

CHAPTER 7 - SUMMARY AND IMPLICATIONS OF THE STUDY	200
7.1 SUMMARY OF THE STUDY.....	200
7.2 A REVISED MODEL BASED ON THE RESULTS OF THE STUDY.....	206
7.3 MANAGERIAL IMPLICATIONS OF THE STUDY.....	209
7.4 PUBLIC POLICY IMPLICATIONS OF THE STUDY...	212
7.5 THEORETICAL AND RESEARCH IMPLICATIONS OF THE STUDY.....	215
APPENDIX I LETTER OF INTRODUCTION TO SAMPLE FIRMS.....	220
APPENDIX II RESEARCH QUESTIONNAIRE FOR EXPORTERS.....	221
APPENDIX III RESEARCH QUESTIONNAIRE FOR NON- EXPORTERS.....	234
APPENDIX IV COMPARISON OF ASSOCIATION LIST AND SAMPLE FIRMS.....	247
APPENDIX V MEANS AND STANDARD DEVIATION OF VARIABLES.....	248
APPENDIX VI RELIABILITY ASSESSMENT.....	253
APPENDIX VII CORRELATION MATRICES.....	257
BIBLIOGRAPHY .....	261
VITA .....	270

## LIST OF TABLES

Table	Description	Page
1.1	Growth in Manufactured Export by Developing Country Regions	4
1.2	Jamaican Trade by Sections of the Standard International Trade Classification (\$000 omitted)	7
1.3	Jamaica's Terms of Trade: 1974-1976	11
4.1	Dimensions of the Export Market and the Export Market Environment	90
4.2	Dimensions of Management Characteristics	94
4.3	Dimensions of Firm Characteristics and Perceived Domestic Environment	97
4.4	Dimensions of Market Attractiveness and Export Capability	100
4.5	Dimensions of Perceived Risk	103
4.6	Dimensions of Export Performance and Export Commitment	108
4.7	Industry by Annual Sales (J\$000,000) - All Companies	114
4.8	Industry by Exporters and Non-Exporters	115
4.9	Ownership Structure of the Sample Firms	116
4.10	Some Characteristics of the Sample	117
4.11	Percentage Distribution of Exports by Market for the Sample Firms	119
4.12	Plan of Analysis	124

Table	Description	Page
4.13	Hypothesis Set $H_1$ : The Characteristics of Exporters and Non-Exporters	125
4.14	Hypothesis Set $H_2$ : The Determinants of Export Capability	128
4.15	Hypothesis Set $H_3$ : The Determinants of Market Attractiveness	130
4.16	Hypothesis Set $H_4$ : The Intervening Variables and Export Performance	132
4.17	Hypothesis Set $H_5$ : The Determinants of Export Performance	134
5.1	Hypothesis Set $H_1$ : The Characteristics of Exporters and Non-Exporters - Discriminant Analysis Results	141
5.2	Hypothesis Set $H_1$ : The Characteristics of Exporters and Non-Exporters - Discriminant Analysis Results After Screening	146
5.3	Hypothesis Set $H_2$ : The Determinants of Export Capability - Multiple Regression Results	148
5.4	Hypothesis Set $H_3$ : The Determinants of Market Attractiveness - Multiple Regression Results	156
5.5	Hypothesis Set $H_3$ - Extended: The Determinants of Market Attractiveness - Multiple Regression Results	163
6.1	Industry by Export Performance	169
6.2	Hypothesis Set $H_4$ : The Intervening Variables and Export Performance - Multiple Regression Results	171

Table	Description	Page
6.3	Hypothesis Set H <sub>5</sub> : The Determinants of Export Performance - Multiple Regression Results	174
6.4	Hypothesis Set H <sub>5</sub> : The Determinants of Export Performance - Multiple Regression Results After Screening	184
6.5	Perceived Risk as an Intervening Construct Multiple Regression Results	190
6.6	The Independent Variables and Commitment: Multiple Regression Results	194
6.7	The Independent Variables and Commitment: Multiple regression results After Screening	197

## LIST OF FIGURES

Figure	Description	Page
3.1	A Tentative Conceptualisation	54
3.2	The Central Constructs of the Model	63
3.3.	An Elaborated Conceptual Model of Export Performance.	65
4.1	The Research Model	137
7.1	A Revised Model Based on the Research Results	207



## CHAPTER 1

### DEVELOPING COUNTRIES AND MANUFACTURED EXPORTS

#### 1.1 INTRODUCTION

The early efforts of many developing countries to stimulate industrialisation and economic development focused largely on the substitution of imported manufactures with local production. These countries, therefore, emphasized the domestic production of manufactured goods aimed at satisfying the demand of their local markets. In recent years, however, this emphasis has shifted to include the satisfaction of foreign demand and thus the stimulation of manufactured exports. The export of manufactured products, it is believed, will lead to decreased dependence on volatile agricultural and raw material exports and consequently to more rapid economic development. This belief explains why many developing countries adopt export oriented economic policies which focus on their manufacturing firms.

This research will explore the factors that influence the export performance of manufacturing firms in developing countries, by analysing the export performance of manufacturing firms in Jamaica. One objective of the research is to identify the relationship between factors internal to the

2

firm and the firm's export behaviour. Another objective is to identify the relationship between the environmental factors, including export market factors, and the firm's export behaviour. A final objective is to examine the relationship between the commitment of management to exporting and the export behaviour of the firm.

### 1.2 MANUFACTURED EXPORTS FROM DEVELOPING COUNTRIES

The structure of the external trade of developing countries exhibits a fairly predictable pattern and this pattern of trade produces a number of distinct problems. Typically, the major portion of the imports of these countries consists of manufactures and the bulk of their exports consists of primary or resource based products. Associated with the export of primary products are problems such as a relatively slow growth in demand, unstable prices, severe competition, depletion of resources and worsening terms of trade. Because of these trade problems, the inordinate dependence on primary exports by developing countries is a significant contributory factor to the condition of underdevelopment.

The characteristics of underdevelopment are well known. They include high levels of unemployment, insufficient foreign exchange, poor infrastructural development, low per capita earnings and maldistribution of incomes. Public policy makers, in many developing countries, hold that a potent remedy for some of these problems is an increase in the level of industrialisation. The initial industrialisa-

tion strategy was one of import substitution but more recently the emphasis has shifted to the export of manufactured products. The potential benefits of this shift include the earning of additional foreign exchange, increasing economies of scale since the size of plant is not limited by the size of the domestic market, the learning of industrial skills by the workforce, and the acquisition of modern methods and technology through frequent interaction with the international market place.<sup>1</sup>

Table 1.1 shows the growth of manufactured exports from the developing regions of the world. In current U.S. dollars, these exports increased more than nine times between 1965 and 1976. In real terms, however, manufactured exports increased at an average annual rate of 12.7% between 1965 and 1976, in contrast to the 9.1% rate of increase of manufactured exports from developed countries.<sup>2</sup> East Asia had by far, the best export performance of all the developing regions (Table 1.1). This performance is due largely to the exceptional achievements of Hong Kong, Korea and Taiwan.<sup>3</sup>

---

<sup>1</sup>For a useful summary of the shortcomings of primary exports and the benefits of manufactured exports see, Donald B. Keesing, Trade Policy for Developing Countries, World Bank Staff Working Paper No. 353 (Washington: The World Bank, August 1979), p. 26-38.

<sup>2</sup>Donald B. Keesing, World Trade and Output of Manufactures: Structural Trends and Developing Countries' Exports, World Bank Staff Working Paper No. 316 (Washington: The World Bank, January 1979) p. 6.

<sup>3</sup>Ibid., p. 16.

TABLE 1.1

GROWTH IN MANUFACTURED EXPORTS BY DEVELOPING COUNTRY REGIONS

Region	1965	1970	1973	1974	1975	1976
	\$	\$	\$	\$	\$	\$
Latin America	.63	1.67	4.09	6.41	6.55	7.5
East Asia	1.75	4.87	13.65	17.52	17.83	26.3
Turkey & Yugoslavia	.63	1.05	2.14	2.86	3.11	3.7
South Asia	1.00	1.48	2.35	2.87	2.90	3.3
Middle East & North Africa	.33	.70	1.47	2.1	2.	2.1
Sub-Saharan Africa	.25	.43	.6	.7	.8	.9
TOTAL	4.59	10.20	24.3	32.46	33.19	43.8
	100	100	100	100	100	100

\* Billion Current U.S. \$.

SOURCE: Donald B. Keesing World Trade and Output of Manufactures: Structural Trends and Developing Countries' Exports, World Bank Staff Working Paper No. 316 (Washington: The World Bank, January 1979). Compiled from Tables 6 and 8.

Despite the overall growth in manufactured exports all developing regions, with the exception of East Asia, registered a constant or declining share for the period. Notwithstanding the relatively weak performance of these developing regions, however, other significant exporters were Brazil, Mexico and Argentina in Latin America; and India, Malaysia and Pakistan in South Asia. These countries, together with those of East-Asia, accounted for 79.1% of manufactured exports from developing countries in 1965 and for 77.4% in 1975.<sup>4</sup> These figures indicate that many developing countries contribute a relatively small percentage to the total manufactured exports of the developing world.

Among the developing countries, the share of manufactures in total exports varies between 93% for a country such as Hong Kong to .7% for one such as Venezuela.<sup>5</sup> Still, for the majority of these countries -- over 75% -- less than 15% of their exports consist of manufactured products. Included in the other 25% of developing countries is what Keesing calls the "power-house" middle income exporters -- the exceptional performers mentioned earlier.<sup>6</sup> Prior research on the manufactured exports of developing countries has largely been on these exceptional performers. Jamaica, the source

<sup>4</sup>Ibid., p. 27.

<sup>5</sup>United Nations, Conference on Trade and Development, Review of International Trade and Development (TD/B/530/Add-1/Rev. 1, 1975), p. 35-36.

<sup>6</sup>Keesing, World Trade and Output..., p. 29.

6

of data for this study, falls among the average performers. In 1974 it was among the top 51 exporters - those with exports of manufactures greater than U.S. \$25 million.<sup>7</sup>

### 1.3 MANUFACTURED EXPORTS FROM JAMAICA

The island of Jamaica has a population of approximately 2.1 million people and an area of 4,411 square miles. It is the third largest island in the Caribbean and it is larger than all the other English speaking islands put together. It lies just 90 miles south of Cuba. The country is a member of the British Commonwealth with constitutional independence granted by Britain in 1962. In 1977 its GNP per capita was U.S. \$1493.6.

Prior to the Second World War Jamaica's economy was mainly an agricultural one. The principal crops, produced largely for export, were sugar, bananas, coffee and citrus. Agriculture contributed most to the Gross Domestic Product and employed the bulk of the labour force - 45%.<sup>8</sup> In the early 1950's bauxite became the principal export and today, together with alumina, it is still the major contributor to Jamaica's export earnings. Table 1.2, SITC 2, illustrates Jamaica's heavy dependence on bauxite and alumina exports.

---

<sup>7</sup>Ibid, p. 28 and Annex B.

<sup>8</sup>Owen Jefferson, The Post-War Economic Development of Jamaica (Jamaica: Institute of Social and Economic Research, University of the West Indies, 1972), p.1.

TABLE 1.2

## JAMAICA TRADE BY SECTIONS OF THE STANDARD INTERNATIONAL TRADE CLASSIFICATION (\$000 omitted)

S.I.T.C. 0	1970		1976		BALANCE \$	IMPORTS \$	EXPORTS %	BALANCE \$	EXPORTS %	IMPORTS \$	BALANCE \$
	EX	IM	EX	IM							
	\$	%	\$	%							
Food	57,681	20.7	68,992	15.9	-11,311	95,211	17.8	167,279	19.8	-72,068	
1 Beverages & Tobacco	5,211	1.9	6,045	1.4	-834	21,463	4.0	6,136	.7	15,327	
2 Crude Materials, inedible except Fuels	190,136	68.5	10,236	2.4	179,900	365,533	68.2	29,100	3.4	336,433	
3 Mineral Fuels, lubricants & related materials	6,755	2.4	27,608	6.3	-20,853	15,753	2.9	159,997	23.2	-180,244	
4 Animal and Vegetable Oils and Fats	22	-	2,539	.6	-2,517	68	-	12,499	1.5	-12,431	
5 Chemicals	5,186	1.9	32,819	7.5	-27,633	12,784	2.4	80,279	9.5	-67,495	
6 Manufactured Goods (leather, wood, paper, textiles, glass, metal, etc...)	3,260	1.2	113,776	26.1	-110,516	10,414	1.9	153,370	18.1	-146,428	
7 Machinery & Transport Equipment	969	.3	139,841	32.0	-138,872	3,381	.6	149,809	17.7	-146,428	
8 Miscellaneous Manufactured articles (including furniture, cloth and footwear)	8,474	3.1	32,584	7.5	-24,110	11,349	2.1	46,815	5.5	-35,466	
9 Miscellaneous	16	-	776	.2	-760	14	-	4,966	.6	-4,952	
TOTAL	\$277,711	100	\$435,216		-157,505	\$535,970		\$846,250		-310,280	

SOURCE: Jamaica External Trade (Department of Statistics, 1970, 1976).

Jamaica's industrialisation efforts began in the 1950's with "... the elevation of industrial development to a position of priority in the revised plan of 1951."<sup>9</sup> The Jamaican government, for the first time, actively encouraged industry with the use of incentives. In line with the current thinking in developing countries at that time, the economic policy followed was one of import substitution and "...exports were viewed as a bonus."<sup>10</sup> This policy continued throughout the fifties and for most of the sixties. In the seventies, however, as with many other developing countries, the thrust was on export led industrialisation.

In spite of the efforts at export led industrialisation, Jamaica's pattern of external trade remains essentially unaltered. In 1970 manufactured products (SITC 5-8) accounted for 6.5% of total domestic exports and in 1976, the proportion was 7% (Table 1.2). While in 1979 the proportion edged upwards slightly to 7.5%,<sup>11</sup> Jamaica, like many developing countries, remains largely dependent on primary and resource based exports with all their attendant problems. This dependence on the export of primary products is the cause of much concern among the makers of public policy.

---

<sup>9</sup>Ibid., p. 11.

<sup>10</sup>Jamaica, Export Development (Ministry Paper No. 47 n.d.), p. 3.

<sup>11</sup>Bank of Jamaica, Statistical Digest, 1980.



#### 1.4 THE VIEWS OF PUBLIC POLICY MAKERS

In keeping with the philosophy of export led industrialisation, the official view in Jamaica is that the country's economic salvation lies with the promotion of manufactured exports. The view is that the development of non-traditional (manufactured) exports will provide an important stimulus to the country's economic growth. The economy will be placed on a growth path, since export development "...is a broad and dynamic instrument for the development of the economy, that is, increasing income, creating employment and bringing in the technology necessary to generate growth."<sup>12</sup> The potential benefits of export development also include the promotion of medium and large size industries and the improvement of the competitive position of the local manufacturing sector.<sup>13</sup> Thus, for the period 1978-1982, the objective is to increase manufactured exports by 14%-15% per annum.<sup>14</sup>

The importance attached to the development of manufactured exports stems from two sources. The first has to do with a feeling of insecurity and vulnerability caused by the excessive dependence on the export of primary products. Apart from the fact that bauxite is a non-renewable re-

<sup>12</sup>Jamaica, Export Development, p.1.

<sup>13</sup>Jamaica, Green Paper on Industrial Development Programme - Jamaica, 1975-1980.

<sup>14</sup>National Planning Agency, Five Year Development Plan 1978-82 (Kingston, Jamaica: Ministry of Finance and Planning, 1979).

source, world prices for bananas, sugar and bauxite also fluctuate widely. While 1974 was a boom year for sugar and bananas, for example, in 1975 a slump occurred in the world market for bauxite and alumina.<sup>15</sup> In addition, a major concern is Jamaica's worsening terms of trade. Between 1975 and 1977, both the net terms of trade and the income of trade showed significant declines (Table 1.3).

The second factor contributing to the importance attached to the export of manufactured products is the disillusionment with import substitution. The view is that import substitution places a great strain on the foreign exchange position of the country because of the substantial imports required as inputs to manufactures.<sup>16</sup>

Jamaica's concern is not only with increasing the level of manufactured exports. Reducing the economy's dependence on CARICOM<sup>17</sup> as a major export market is also important. In 1977 this market accounted for 38% of Jamaica's non-traditional exports.<sup>18</sup> This overdependence on one market has many well known difficulties. Consequently the government encourages efforts to extend exports to third country markets. Moreover exporters often support this encourage-

---

<sup>15</sup>Jamaica, Export Development, p.3.

<sup>16</sup>Ibid.

<sup>17</sup>A grouping of the English speaking countries of the Caribbean into a Common Market.

<sup>18</sup>Jamaica, Export Development, p.16.

TABLE 1.3

## JAMAICA'S TERMS OF TRADE: 1974 - 1976

Net Terms of Trade 1974 - 1976 (Base Year 1974 = 100)

Year	Price Indices		Net Terms <sup>1</sup> of Trade
	Domestic Exports	Imports	
1974	100	100	100
1975	137.4	112.5	122.1
1976	129.4	118.8	109.0
1977 (a)	136.2	129.1	105.5
1977 (b)	141.8	151.6	93.5

## Income Terms of Trade (Base Year 1974 = 100)

Year	Export Value Index	Import Price Index	Income Terms <sup>2</sup> of Trade
1974	100	100	100
1975	115.4	112.5	102.6
1976	86.5	118.8	72.8
1977 (a)	101.5	129.1	78.6
1977 (b)	106.1	151.6	70

1.  $\frac{\text{Export Price Index}}{\text{Import Price Index}}$

2.  $\frac{\text{Export Value Index}}{\text{Import Price Index}}$

Indices for 1977 (a) computed at basic rate for full year and indices for 1977 (b) computed at mixed rate.

In 1977 Jamaica had both a basic and a special rate of exchange. The basic rate was set at J\$1.00 = US\$1.10. Between April 22nd and October 24th the special rate was set at J\$1.00 = US\$.80 and for the rest of the year it was set at J\$1.00 = US\$.78.

SOURCE: National Planning Agency, Five Year Development Plan 1978-82 (Kingston, Jamaica: Ministry of Finance and Planning, 1979).

ment by exhorting their colleagues to gear production for large export markets.<sup>19</sup>

It is clear, then, that the development of manufactured exports has an important role to play in the total economic development strategy of Jamaica. Nevertheless, public policy makers recognise that exporting is not an easy process especially since Jamaican manufacturers have not been, in the main, exporting businessmen.<sup>20</sup> Thus, an important consideration is the lack of export marketing experience and expertise and the inefficiencies that may occur as a result. Businessmen are often encouraged to "... generate the level of knowledge and expertise to maintain an international competitive edge."<sup>21</sup>

### 1.5 EXPORT INCENTIVES

In its efforts to stimulate exports, the Jamaican government places major emphasis on the use of export incentives. These incentives are many, but the principal instruments include the Export Industry Encouragement Law, formulated so that exports to markets other than CARICOM may be stimulated. The stimulus is in the form of income tax

---

<sup>19</sup>See Jamaica Chamber of Commerce Journal, 30, 2-4 (1974), p. 26.

<sup>20</sup>Jamaica, Export Development, p.2.

<sup>21</sup>A.K. Ventura, Director of the Scientific Research Council in an address to the Directors of the Jamaica Chamber of Commerce. Jamaica Chamber of Commerce Journal (1978), p. 33.

reliefs. There is also the Export Development Fund designed to provide foreign exchange to exporters of non-traditional products, the Export Incentive Grants Scheme to cover the cost of export market research and training,<sup>5</sup> and the Certified Exporter Scheme fashioned so as to give preference to exporters in the securing of import licenses and foreign exchange. The Jamaica National Export Corporation also provides a wide variety of services, including export training programmes, to exporters and would-be exporters.<sup>22</sup>

A substantial amount of research supports the stress placed on export incentives. This research, to be examined in Chapter 2, focuses on the relative export performance of individual countries over time and on the relative export performance of different countries for a given period. The research demonstrates that export promotion incentives contribute to the successful export of manufactured products by developing countries. These incentives act either by increasing the competitiveness of these products or by reducing the risk and uncertainty inherent in the exporting process.

But because this research is at a highly aggregate level, little is known about the manner by which these incentives affect the individual firm and its managers. Little is known, in addition, about the characteristics of those firms which respond to export incentives, or other

---

<sup>22</sup>A summary of these incentives is contained in Jamaica, Export Development (Ministry Paper No. 47).

factors in the domestic environment. The absence of this kind of knowledge implies that policy makers either wait for firms to respond to incentives while they do little to seek out promising firms or, if they do search, they may not be very efficient.

Other areas of uncertainty relate to the effect of factors internal to the firm on export performance, relative to factors in the domestic environment or foreign market. How important, for instance, are the characteristics of managers for export performance, or the size and ownership of the firm? While much research has been done to explain the relative export performance of developing countries, as will be shown in Chapter 2, researchers pay little attention to the relative export performance of manufacturing firms within these countries.

#### 1.6 THE MANAGERIAL PROBLEM

There are no systematic reports available which show whether the relatively recent governmental emphasis on exporting and the correspondingly recent attempts by Jamaican manufacturers to exploit foreign markets have reduced the uncertainty in the minds of managers with respect to the requirements for successful exporting. To be sure, much use has been made of the experiences and knowledge of the select few who have been exporting for some time and of the experience of exporters in developed countries, but no systematic identification of determining factors is available to guide

managers.<sup>23</sup> Because Jamaica's export sector is still in its infancy a great deal remains to be discovered about the kind of firm which has the best chance of successfully initiating exports. It is likely that managers of non-exporting firms are reluctant to take the plunge because of an overwhelming feeling of uncertainty. Yet government pronouncements - "Export or Die" -<sup>24</sup> give the impression that all firms can and should seek foreign markets.

In addition to the problem of the non-exporters, firms currently engaged in exporting may also be doubtful and uncertain about the factors which contribute to export success. Success factors within the organisation have not been systematically identified and neither have the success factors within the domestic environment.

A better understanding of the inter-relationships among these elements would be extremely useful to both public policy makers and managers. Knowledge of the effect of managerial and firm characteristics on exporting could influence the kind of hiring done and the kind of changes that should be implemented within the firm itself. Knowledge of export market and environmental factors can be used to in-

---

<sup>23</sup>For example, during Jamaica's National Export Week, April 14th-19th, 1980, one well-known Jamaican exporter conducted a seminar on "The Secret of Success in Exports". This seminar was based on personal experiences. Representatives of the Irish Export Board and the Commonwealth Secretariat have also worked in Jamaica.

<sup>24</sup>Jamaican Prime Minister. "Annual Message", The Jamaican Exporter, 8, No. 1 (1977-78), p.5.

fluence the kind of strategies adopted to bring about an encouraging export-oriented domestic environment and thereby increase the chance for successful exports.

### 1.7 OBJECTIVES AND SCOPE OF THE RESEARCH

This study, which is largely exploratory, examines certain key factors which are associated with export success. The source of these factors is two main streams of export research. One stream of research deals mainly with the export performance of individual developing countries. Since relatively few studies examine the export behaviour of firms in developing countries, the other main stream of research focuses on the export behaviour of firms in the industrial countries. Thus, the point of departure for this study is the research undertaken both in developing and developed countries. More specifically, this study concerns itself with the characteristics of the environment, the decision makers in the firm and the firm itself, which are deemed to be important if successful export marketing is to be undertaken.

The specific objectives of this study are:-

1. To identify the characteristics of the firm, its management and the manager's perception of the environment which distinguish the exporting from the non-exporting firm.
2. To assess the relationship between the firm's export performance and the characteristics of the firm, its management and their perceptions of the environment.



3. To assess the role of the perceived attractiveness of the export market by managers and their perception of the capability of the firm to export in determining export performance.

4. To identify the relationship between the commitment of managers to exporting and the performance of the firm in the export market.

### 1.8 THE RESEARCH PLAN

This chapter has presented the reasons for the present emphasis on export led growth and development in developing countries, the solutions adopted by the Jamaican government and the areas of uncertainty remaining in the minds of public policy makers and managers. The scope of the study and the specific objectives of the research are also presented.

Chapter 2 examines the nature of the research on export performance which has been undertaken, thus far, in developing countries and the theoretical foundation upon which this research is based. The limitations of this research for purposes of public policy and managerial action which focus on the individual firm are also defined. With the research review of Chapter 2 as a base, Chapter 3 utilizes the managerial and firm-oriented research, performed in developed countries, to build a conceptual model designed to explain the export behaviour of firms in developing countries. Chapter 4 presents the operational definition of the model

and the details of the research design, hypotheses and methodology.

In chapters 5 and 6, the results of the research are presented. Chapter 7 summarizes the research and draws implications for managers, public policy makers and also for export theory.

## CHAPTER 2

### THE EXPORT PERFORMANCE OF DEVELOPING COUNTRIES: THEORETICAL AND EMPIRICAL PERSPECTIVES

This chapter examines the links between the export performance of developing countries and certain key influencing factors in the exporting country (supply factors) and in the export market (demand factors).<sup>1</sup> The objective of this examination is to identify the degree to which these factors can be used as guides to action by public policy makers and managers, in their attempts to stimulate the exports of manufacturing firms. To attain this objective, theories of foreign trade are first examined. An analysis of supply factors, encompassing those which operate at the national level and those which operate at the level of the firm, then follows. The last section of this chapter focuses on the demand factors in the export market which affect export performance.

---

<sup>1</sup> In this chapter "export" and "export performance" refer to manufactured products from developing countries. Any reference to primary goods exports or to exports from industrialised countries will be clearly identified.

## 2.1 THEORIES OF TRADE

Theories of trade pinpoint some of the factors which influence the pattern and intensity of trade among countries. Thus, these theories explain the variations in the kinds of products exported by different countries. These theories also suggest possible influences on a country's total export performance. As a result, they provide theoretical guidance for much of the empirical research examined in this chapter.

Two major theories of international trade are the theory of Factor Proportions and the Product Life Cycle theory. The Factor Proportions theory stood virtually unchallenged for the first half of this century and today it is still useful in explaining a significant proportion of the manufactured exports of developing countries. The Product Life Cycle theory, on the other hand, incorporates many of the ideas and concepts contained in theories discussed elsewhere.<sup>2</sup> This theory is also the most recent and it provides useful explanations for many of the non-traditional manufactured products exported from developing countries.

---

<sup>2</sup> For reviews of these models, see Ranadev Banerji, Exports of Manufactures from India: An Appraisal of the Emerging Pattern (Tubingen: J.C.B. Mohr, 1975); Louis T. Wells, "International Trade: The Product Life Cycle Approach," The Product Life Cycle and International Trade, ed. Louis T. Wells (Boston: Harvard University, 1972); G.C. Hufbauer, "The Impact of National Characteristics and Technology on the Commodity Composition of Trade in Manufactured Goods," The Technology Factor in International Trade, ed. Raymond Vernon (New York: National Bureau of Economic Research, 1970).

The theory of Factor Proportions, which embraces both primary and manufactured products, postulates that a country's exports will embody factors which are relatively abundant domestically and that its imports will embody those factors which are relatively scarce. For manufactured products the key factors are labour and capital. Accordingly, manufactured exports from developing countries should be intensive in the use of unskilled labour, while exports from the industrialised countries should be intensive in the use of capital.

For developing countries as a whole, Factor Proportions provides a useful explanation for traditional manufactured exports such as clothing, textiles, footwear, wood products and furniture. These products are typically labour intensive.<sup>3</sup> Furthermore, they also meet some of the key assumptions of the theory. The theory assumes, for example, that the product technology is known and universally available, it also assumes the absence of scale economies and the impossibility of factor reversals. For the products identified above "...the manufacturing technology is fairly stable and is easily available ... specifications are simple and

---

<sup>3</sup> Thomas K. Morrison, Manufactured Exports from Developing Countries, (New York: Praeger Publisher, 1976); Hal B. Lary, Imports of Manufactures from Less Developed Countries (New York: National Bureau of Economic Research, 1968).

universally acceptable."<sup>4</sup>

A major weakness of Factor Proportions, however, is the assumption that labour is homogenous. Thus, the theory predicts that developing countries should have a comparative advantage in the export of all labour intensive products. But Leontief disproved that prediction with the finding that U.S. exports were more labour intensive than its imports.<sup>5</sup> This finding led to the recognition that, for developing countries, the theory holds only for traditional labour intensive exports such as those identified earlier. Other products such as typewriters, office machines, cameras and electronic equipment exported by the relatively better-off developing countries, require different explanations.

The period of debate and theoretical development which ensued after the publication of Leontief's paradoxical findings culminated in the Product Life Cycle theory of trade for which both Hirsch and Vernon are credited.<sup>6</sup> Unlike the theory of Factor Proportions which attempts to explain all

<sup>4</sup> Seev Hirsch, "Hypotheses Regarding Trade Between Developing and Industrial Countries," The International Division of Labour: Problem and Perspectives, ed. Herbert Giersch (Tubingen: J.C.B. Mohr, 1974), p. 68.

<sup>5</sup> Wassily Leontief, "Factor Proportions and the Structure of American Trade: Further Theoretical and Empirical Analysis," Review of Economics and Statistics, (November, 1956): 386-407.

<sup>6</sup> Seev Hirsch, Location of Industry and International Competitiveness (London: Oxford University Press, 1967); Raymond Vernon, "International Investment and International Trade in the Product Cycle," The Quarterly Journal of Economics, 80 (May 1966): 190-207.

international trade flows, the Product Cycle theory restricts itself to explaining the trade flows of manufactured goods. The theory also considers skills (professional, scientific and technical personnel) as a distinct factor of production, in addition to the factors of Factor Proportions.<sup>7</sup>

At the heart of the Product Cycle theory are the three stages of early, growth and maturity. The theory postulates that the early stage originates in an industrialised country where incomes are high. High incomes stimulate the demand for new products, which spurs expenditure on R & D and product innovation. At this early stage of the cycle there is very little price sensitivity since, with a new product, there is little with which consumers can compare. At this stage, too, manufacturers attempt to gauge the response of consumers to the new product. Consequently production runs are short and the product offering consists of many different models. The product, at this time, has a high R & D and labour-skill content.

As the cycle progresses into the growth stage, customers with high incomes in other developed countries demand the product. This demand generates exports. While exports grow, various barriers including lack of information, high production costs and unfamiliar technology, prevent foreign

---

<sup>7</sup> Hirsch, "Hypotheses Regarding Trade ..." in Giersch, p. 63.

manufacturers from entering the market. At some point in time, however, economies of scale are realised, competition intensifies and prices begin to fall. Eventually the market becomes large enough for production to commence in other industrialised countries and exports from the innovating country shift to the markets of the developing countries.

Finally, growth progresses into maturity and the exports of the more recently producing developed nations displace the innovating country's exports to developing countries. This displacement occurs because the technology is now relatively standardized and markets in the developed countries are large enough to cause a reduction in production costs. With time, the magnitude of these economies encourages exports to the innovating economy. At this mature stage of the life cycle, the technology is standardized, well established and stable; skilled manpower is now less critical, but by no means unimportant, to the manufacturing process. According to the theory, the product is now a prime candidate for production in a developing country. With maturity and production in a developing country, exports to the innovating country begin.

Like the Factor Proportions theory, the theory of the Product Life Cycle leads to somewhat misleading predictions concerning exports from developing countries. Thus, the theory makes no distinction between labour intensive mature products and capital intensive mature products. Indeed, all mature products are presumed to utilize inputs which are



relatively abundant in developing countries.<sup>8</sup> Yet, scarcity of capital is a major characteristic of most developing nations. Clearly, therefore, the theory is applicable only to products which do not require large capital inputs but which require, nevertheless, a relatively skilled labour force.

The dynamism of the theory, in contrast to the static theory of Factor Proportions, explains the relatively more sophisticated products exported by some developing countries. These newer products, once the innovations of an industrialised country, are still labour intensive but successful production requires a more skilled labour force than that needed for the traditional manufactured exports. Skill availability tends to keep pace with development, hence the reason these products are the exports of better-off developing countries:

The explanation of trade-flows between different countries, therefore, requires an eclectic view. Different export products and exporting countries are subject to a variety of forces so different theoretical explanations are required. For the older, mature, standardized, labour intensive products, Factor Proportions provides an adequate explanation of comparative advantage. But for the newer, more sophisticated, mature products, the Product Cycle theory provides the superior explanation.

---

<sup>8</sup> Banerji, Exports of Manufactures from India.

Despite the explanatory power of these theories, as tools for the promotion of exports by individual firms, they provide little help to policy-makers and managers in developing countries. The theories suggest possible products as candidates for export but they provide no guidance as to how performance may be improved. Export performance is seen almost as an automatic process. Indeed, the factors identified by the theories, labour skills and economic development for example, are uncontrollable by policy makers, in the near to medium term. The theories also do not provide any concrete guidelines as to the kinds of circumstances under which firms should be encouraged to export. Further, the theories are of little use to the individual manager who wishes to export. Still, the theories do suggest some factors which may influence the export performance of all firms as a whole. It is the discussion of some of these factors, among others, to which we now turn.

## 2.2 SUPPLY FACTORS AND THE EXPORT PERFORMANCE OF DEVELOPING COUNTRIES

Theories of trade place much emphasis on the supply side of the export performance equation. And, researchers, in their efforts to explain export performance, also pay close attention to factors or conditions existing within the exporting country. But, as stated earlier, the export influencing conditions suggested by the trade theories tend to be non-controllable by policy makers. Yet these factors

may have an overall effect on a country's export performance, and thus, some influence on the behavior of individual firms. Any attempt to understand the export behaviour of firms, therefore, must include an examination of these non-controllable factors.

2.2.1 Non-Controllable Factors and Export Performance

Because of the inability of any one trade theory to explain the export performance of all developing countries and of all manufactured products, the non-controllable factors originate from both the Factor Proportions and the Product Life Cycle theories of trade. These factors include the country's endowment of natural resources, the skill level of the labour force, the size of the domestic market and the level of economic development. The relationship between these factors and the trade theories will first be discussed and then a discussion of some attempts to empirically test the relationship between the factors and export performance will follow.

The theory of Factor Proportions suggests that the relative abundance of a factor in a country leads that country to export products which embody that factor. The expectation, therefore, is that a country which is well endowed with natural resources such as mineral wealth, fuel and agricultural land, will export products which involve relatively little manufacturing but which embody a great deal of its natural resources. Also expected, on the basis of Factor Proportions, is that developing countries as a whole will

have a comparative advantage in the export of products which are intensive in the use of unskilled labour.

The life cycle theory of trade, with its emphasis on domestic market demand as a stimulus to product development, provides some theoretical support for "domestic market-size" as a factor in export performance. This aspect of the product cycle theory owes much to the hypothesis of Burenstam-Linder that exports are an outgrowth of internal demand.<sup>9</sup> A large domestic market permits the export of goods produced under increasing returns to scale, and a small market permits the export of goods with constant returns to scale.<sup>10</sup> Thus, domestic demand determines the products exported.

The life cycle theory of trade also provides the theoretical support for "level of economic development" as a determinant of a country's export performance. Level of economic development refers to the degree of industrialisation, and the degree of technological and infrastructural development.<sup>11</sup> The hypothesis is that the higher the level of development, the more a country's comparative advantage lies in manufactured products; the more developed a country, the more differentiated the exports and the more its ability to produce and export relatively more sophisticated products.

---

<sup>9</sup> Wells, "International Trade." in Wells, p. 23-24.

<sup>10</sup> G.C. Hufbauer, "The Impact of National Characteristics." in Vernon, The Technology Factor in International Trade.

<sup>11</sup> Morrison, Manufactured Exports from Developing Countries.

Various studies have attempted to test the efficacy of the extent of natural resources, level of labour skills, domestic market size and the level of economic development in explaining a country's export performance. In some instances the results are fairly clearcut and in other cases some doubt remains.

One study, for example, used a sample of seventy-three developing countries.<sup>12</sup> The measures of export performance were average annual manufactured exports per capita, 1968-1970, and average annual share of manufactured exports in manufactured value-added output, 1968-1970. A significant and positive relation was found between the measures of export performance and domestic market size as measured by total population. Level of economic development, measured by the level of per capita income, also related positively to manufactured export performance and so too did the scarcity of natural resources. Labour skills, represented by the level of literacy, related negatively to export performance. This was an unexpected result especially since one would expect a country's development to be positively correlated with increasing skill levels. But, as Morrison himself suggests, part of the explanation may be due to the use of school enrollments as the measure of labour skills.

In a similar exercise, another study used a sample of

---

<sup>12</sup> Ibid.

fifty-nine developed and developing countries.<sup>13</sup> As in the previous study, two measures of export performance were employed: share of manufactures in total exports and the level of per capita exports of manufactured products. A significant and positive relationship was reported between the share of manufactures in exports (the first measure of export performance) and economic growth. Economic growth was measured by per capita income levels. Level of industrialisation, measured by per capita manufacturing value added, and scarce natural resources, also had a positive impact on share of manufacturers in exports. In addition, economic growth, level of industrialisation and scarce natural resources had a significant and positive impact on the level of per capita exports of manufactured products - the second measure of export performance. Population, the measure of market size, related negatively to export performance.

The results of these two studies suggest that developing countries with relatively scarce natural resources can expect that as their levels of economic development improves, so too will their export performance. However, some uncertainty exists regarding the relationship between the size of the domestic market and a country's economic performance.

The ambiguity of the results concerning the relation-

---

<sup>13</sup> Banerji, Exports of Manufactures from India

ship between the size of a country's domestic market and its export performance can be partly explained by the use of "population" as a measure of size. Given low income levels, a large population may in fact, be a relatively small market. In addition, the export performance of different countries may be influenced by various policy measures instituted by the governing authorities. A country's export performance is not an automatic process influenced solely by relative conditions existing in the country.

Thus, while non-controllable factors may be useful in explaining some of the differences in the export performance among countries, they are of limited value to public policy makers and managers who are interested in promoting the exports of their countries and of their firms. Non-controllable factors are of limited value because they are not actionable. Policy makers can do little, in the near to medium term, about the level of economic development or about the size of the population. They can do even less about the country's endowment of natural resources. Managers are even more impotent in their ability to influence any one of these factors.

#### 2.2.2 Controllable Factors and Export Performance

The discussion developed so far implies that non-controllable factors do have an impact on a country's export performance but that trade policy measures instituted by the state also play a role. Indeed, the factors discussed above

do not constitute necessary preconditions for a country's manufactured export performance. Haiti, one of the least developed countries in the world, is a case in point.

Haiti does not have high per capita incomes nor a domestic market for manufactured products of any significant size. Yet, in 1971, it ranked fourteenth among the developing countries of the world on the basis of light manufactured exports per capita.<sup>14</sup> These exports consisted of leather footwear, textiles, clothing, engineering and metal products. Haiti's export performance was, in part, due to low labour costs and favourable government export policies. Countries can, therefore, successfully pursue policies oriented towards the exploitation of foreign trade in spite of unfavourable initial conditions.

In order to be successful these trade policies, such as varying the rate of exchange and instituting export promotion schemes, must clearly have an effect on the export behaviour of the manufacturing firm. But the effect of these policies on the individual firm and the way managers react to them is still an area of doubt and uncertainty.

Varying the foreign exchange rate of the domestic currency is often seen as one of the more powerful instruments of trade policy. The reasoning is that over-valued exchange rates make exports more expensive than they would otherwise

---

<sup>14</sup> Thomas K. Morrison, "Case Study of a Least Developed Country Successfully Exporting Manufactures: Haiti," Inter-American Economic Affairs, 29 (Summer, 1975): 21-31.



be and, in addition, exporters receive less domestic currency than they would otherwise obtain. When the foreign exchange value of the currency is reduced, exports become less expensive and exporters receive more domestic currency for each unit of foreign currency exchanged locally. Overvalued exchange rates are also associated with high levels of protection which, in turn, reduces the international competitiveness of manufacturers.<sup>15</sup> In the case of both India and Brazil, export performance improved with the reduction in the foreign exchange value of the local currency.<sup>16</sup> In a cross sectional analysis, which included countries such as Egypt, Mexico, Pakistan, South Korea and Taiwan, exchange rate reductions also had a significant effect on export performance.<sup>17</sup>

Export promotion schemes can also be powerful devices for the promotion of exports. These schemes include measures such as tax and duty concessions, preferential credits and subsidies to export values. These measures act to

<sup>15</sup> United Nations Conference on Trade and Development (UNCTAD), Liberalisations of Tariff and Non-Tariff Barriers, (TD/B/C.2/R.1, 1969).

<sup>16</sup> Mark Frankena, "Devaluation, Recession and Non-Traditional Manufactured Exports from India," Economic Development and Cultural Change, 24, 1 (October, 1976): 109-137; William S. Tyler, "Manufactured Export Promotion in a Semi-Industrialized Economy: The Brazilian Case," Journal of Development Studies (October, 1973): 3-15.

<sup>17</sup> Juergen B. Donges and James Riedel, "The Expansion of Manufactured Exports in Developing Countries: An Empirical Assessment of Supply and Demand Issues," Weltwirtschaftliches Archives 113 (1977): 58-87.

reduce the risks and costs of exporting, thereby reducing some of the obstacles believed to deter manufacturers from exporting. The evaluation of the effect of these measures on the export performance of countries such as Brazil, Argentina, Chile, Colombia, Mexico, Israel, Yugoslavia, India, Korea, Singapore and Taiwan showed a significant and positive effect.<sup>18</sup> Positive results were also obtained with single country studies.<sup>19</sup>

It is clear, then, that certain factors can be effectively manipulated in order to improve a country's overall export performance. What is not clear, however, is the way these manipulations affect individual firms within the country. Is the response of the firm to these policy measures a function of certain peculiar management characteristics? Or is the firm's behavior a function of characteristics, such as size or technology utilised, which may be peculiar to the organisation itself? Much doubt still surrounds the manner by which these trade policy measures produce the differential export behaviour and performance of manufacturing firms in developing countries.

---

<sup>18</sup> Bela Balassa, "Export Incentives and Export Performance in Developing Countries: A Comparative Analysis," Weltwirtschaftliches Archives, 114 (1974): 24-59.

<sup>19</sup> Helmut Hesse, "Promotion of Manufactured Exports as Development Strategy of Semi Industrialized Countries: The Brazilian Case," Weltwirtschaftliches Archives, 108 (1972): 235-236; Frankena, "Devaluation Recession."

### 2.2.3 Firm Factors and Export Performance

To answer some of the questions raised in the previous section it is necessary that the characteristics of the firm and of its management be evaluated. Given that trade policies are national in scope and effect and thus are difficult to gear to the circumstances of the individual manufacturing firm, the explanation for differential export behavior - whether firms export or not or whether firms are successful exporters or not - must lie with the firm and its management. But, in developing countries, what is known about the forces within the firm which influence export performance is severely limited. On the basis of prior research, knowledge of the exporting firm centres around the relative importance of the foreign owned firm in the manufactured exports of developing countries and around the export performance of the foreign versus the locally owned firm.

The foreign owned manufacturing firm in developing countries normally takes one of two forms. Firstly, the firm can be a relatively complete organisation producing for the domestic and other markets. Secondly, the firm can be a part of a vertically integrated international production and marketing system, producing for affiliates in other countries.<sup>20</sup> As part of a system these firms concentrate on so

---

<sup>20</sup> G.K. Helleiner, "Manufacturing for Export, Multinational Firms and Economic Development," World Development, 1, 7 (July 1973): 13-21.

called "footloose"<sup>21</sup> industries such as electronics, luggage and baseballs but they also involve themselves in capital/technology intensive industries such as chemicals, machinery and transport.<sup>22</sup> Their focus, within these industries, is on labour intensive products or processes which are "sold" direct to parent companies or to firms which simply subcontract the product or process.<sup>23</sup>

A number of factors motivate these firms to source or subcontract their products or processes.<sup>24</sup> Lower labour costs in developing countries is one important factor since many of the subcontracted products are labour intensive. Also important are the trade policies of governments both in the developing and the developed countries. Subcontracting has been encouraged, for example, by the recent emphasis in developing countries on export incentives and special con-

---

21 Footloose industries are industries which are not confined to any specific location because of, for example, raw materials or market availability.

22 Deepak Nayyar, "Transnational Corporations and Manufactured Exports from Poor Countries," The Economic Journal, 88 (March, 1978): 59-84.

23 Michael Sharpston, "International Subcontracting," Oxford Economic Papers, 27, 1 (March, 1975): 94-135; Nathaniel H. Leff, "International Sourcing Strategy," Columbia Journal of World Business 9, (Fall, 1974); 71-79; James Leontiades, "International Sourcing in the L.D.C.'s," Columbia Journal of World Business, 6, 6 (Nov-Dec., 1971): 19-26.

24 The term "subcontract" embraces "... all export sales of articles which are ordered in advance and where the giver of the order arranges the marketing." Sharpston, "International Subcontracting," p. 94.

cessions granted to the exporters of manufactured products. The tariff schedules of countries such as the U.S., Japan and Germany, which permit domestically made components which are incorporated into imports to be free of tariffs, also encourage subcontracting.<sup>25</sup>

But how important is the foreign owned manufacturing firm in the exports of developing countries? The answer to this question is subject to some dispute.<sup>26</sup> Some authorities claim that they are extremely important while others believe that their role is exaggerated. A recent wide-ranging survey attempted an assessment of the impact of these firms on exports. In 1972, foreign owned firms accounted for 70% of Singapore's exports and between 5% and 10% of Pakistan's exports. For other Asian countries such as Taiwan and South Korea, they accounted for between 15% and 20% of the exports. In the case of major Latin American countries, foreign owned firms accounted for between 30% and 40% of exports. Exports of U.S. owned affiliates were declining in both Asia and Latin America. In 1974, for example, U.S. owned affiliates in Asia were responsible for 5.8% of exports, down from 7.0% in 1966. In Latin America, U.S. owned affiliates were responsible for 19.2% of exports in 1974, down from 37.8% in 1966.<sup>26</sup> Figures cited by Hone largely

<sup>25</sup> Morrison, "Case Study of a Least Developed Country." p. 29; J.M. Finger, "Tariff Provisions for Offshore Assembly and the Exports of Developing Countries," The Economic Journal, 85 (June, 1975): 365-371; G.K. Helleiner, "Manufactured Exports from Less Developed Countries and Multi-national Firms," The Economic Journal (March, 1973): 21-47.

<sup>26</sup> These figures are taken from Nayyar, p. 62.

support those given above except for the case of Singapore where it is claimed that foreign owned affiliates accounted for 30% of exports.<sup>27</sup> In the final analysis it would seem that the share of manufactured exports originating from foreign owned firms is smaller than is generally believed.

In addition to the question of importance in manufactured exports, another contentious issue is the relative importance of foreign owned firms vis-a-vis domestic firms. Thus, higher propensity to export is attributed to foreign firms in Latin America and in South Korea.<sup>28</sup> Cohen, in an elaboration of his first study, found that in Taiwan foreign firms and domestic firms performed about equally well, but that in Singapore domestic firms did better.<sup>29</sup> Another Latin American study found that as a group, foreign firms were better performers than domestic firms but when the sample of two hundred and fifty-seven firms were disaggregated by industry, no significant difference in export performance emerged. The conclusion was that foreign owned

<sup>27</sup> Angus Hone, "Multinational Corporations and Multinational Buying Groups: Their Impact on the Growth of Asia's Exports of Manufactures - Myths and Realities," World Development, 2, 2 (February 1974): 145-149.

<sup>28</sup> Benjamin I. Cohen, "Comparative Behaviour of Foreign and Domestic Export Firms in a Developing Economy," Review of Economics and Statistics, 10, 3, (May, 1973): 190-197; Jose R. de la Torre, "Marketing Factors in Manufactured Exports from Developing Countries," Product Life Cycle and International Trade, Louis T. Wells, ed. (Boston: Harvard University, 1972).

<sup>29</sup> Benjamin I. Cohen, Multinational Firms and Asian Exports (New Haven: New York University Press, 1975).

firms tended to operate in export oriented industries, hence their superior performance when grouped.<sup>30</sup>

Clearly, the relationship between foreign ownership and export performance is still uncertain. The conflicting results may be partly due to varying definitions and measures of foreign ownership. For example, de la Torre uses "control" while Morgenstern and Muller use "ownership." The conflicting results may also be due to other influencing factors such as different trade policies and economic conditions in specific countries. In any event ownership is just one of the many factors which may affect the firm's export performance.

In spite of the emphasis by researchers on the nature of the firm's ownership as a factor in export performance, there are other factors within the firm which may affect performance. These factors include production capacity and whether managers have any experience in the export market. The uncertainty and risk associated with foreign trade and inadequate domestic infrastructures may also pose obstacles to exports.<sup>31</sup> Some writers suggest that the lack of a marketing orientation and the passive attitude of many

---

<sup>30</sup> Richard D. Morgenstern and Ronald Muller, "Multinational vs. Local Corporations in L.D.C.'s: An Econometric Analysis of Export Performance in Latin America," Southern Economic Journal, 42, 3 (January, 1976): 399-406.

<sup>31</sup> William G. Tyler, Manufactured Export Expansion and Industrialization in Brazil (Tubingen: J.C.B. Mohr, 1976).

managers towards exporting may also explain export behaviour.<sup>32</sup> The United Nations Conference on Trade and Development (UNCTAD) suggests that the passive attitude and lack of motivation is caused by higher prices in the domestic market, the difficulties of packaging and shipping and the lack of export skills.<sup>33</sup> Yet, very few of the above factors have been investigated in the context of a developing country.

Based on the foregoing discussion of the factors which are non-controllable and those which can be controlled by the governing authorities in developing countries, it is evident that a great deal of progress has been made towards understanding the macro factors, on the supply side, which affect the export performance of developing countries. Much less progress has been made towards understanding how these factors are translated into action by managers. How do these macro factors affect individual firms? At the level of the firm, apart from the factor of ownership, (and the results are inconclusive) not much else has been investigated. Substantial gaps in knowledge still remain about the relationship between conditions in the exporting country, the characteristics of the manager and the firm and the individual firm's export performance.

But export performance is not only a function of fac-

<sup>32</sup> Talaat Abdel-Malek, "Import-Substitution vs. Export Orientation," Columbia Journal of World Business, 4 (September-October, 1969): 29-36.

<sup>33</sup> UNCTAD, "Liberalisation of Tariff."



tors existing in the home country - the supply factors. In order to obtain a complete picture of the forces which propel or retard a firm's export, the demand factors, that is factors which characterize the export market must also be examined.

### 2.3 DEMAND FACTORS AND THE EXPORT PERFORMANCE OF DEVELOPING COUNTRIES

The ability to penetrate foreign markets is one of the key factors accounting for the export success of the firm. It is self-evident that without access to the foreign market there can be no export sales. Once the export market is penetrated, the firm can begin to build on past accomplishments, learning and gaining experience in the export marketplace. As learning takes place and as the export market becomes more familiar, export performance can improve.

Interestingly enough many empirical studies on the export performance of developing countries tend to ignore demand factors. These studies take the theory of Factor Proportions as their point of departure. This theory assumes that markets are given and that "There is no trade resistance of any kind to contend with, no product differentiation, and no reward for salesmanship."<sup>34</sup> Researchers therefore assume that market factors affect all countries

<sup>34</sup> A.H.M. Mahfuzar Rahman, Exports of Manufactures from Developing Countries (Rotterdam: Rotterdam University Press, 1973), p. 95.

equally and that the determinants of export behaviour are on the supply side.<sup>35</sup> The few studies that do take demand factors into consideration rely on the Product Life Cycle theory for their theoretical support.

Penetrating foreign markets is not all that easy. Tariffs and non-tariff barriers can act as impediments to success in the export market. And even if these obstacles can be surmounted, factors such as the competitive nature of the marketplace, demand fluctuations and obtaining distribution can sometimes act to prevent success. These foregoing factors can be called the product market factors in contrast to tariffs and non-tariff barriers which are generally national in scope.

### 2.3.1 Tariff Barriers and Export Performance

Tariffs in the export market act to impede imports by causing an increase in the price of imported products which results in a reduction, if not a total removal, of any price advantage which the imports may have. Tariffs are therefore often seen as major deterrents to the expansion of manufactured exports from developing countries. Indeed, the industries in which developing countries are most proficient often face the highest tariffs in the industrialised countries. One explanation for this phenomenon is that the

<sup>35</sup> See, for example, Kathryn Morton and Peter Tulloch, Trade and Developing Countries (New York: John Wiley & Sons, Halstead Press, 1977); Tyler, Manufactured Export Expansion, p. 260; Balassa, p. 33-43.

equivalent industries in the developed countries are weak and uncompetitive. These industries consequently exert pressure on their home governments to maintain high tariff levels.<sup>36</sup> But are tariffs a major deterrent as is generally believed? The situation is not all that clearcut.

Trends in the level of tariffs in industrialised countries show that the more processed the imported product, the higher the tariff level. "Raw materials, which account for 56% of the developing countries exports, face barriers on 27% of their value, whereas food and manufactures encounter barriers on 68% of their value."<sup>37</sup> Tariffs are also highest on goods intensive in the use of unskilled labour. Further, goods from developed countries face an average tariff of 6.5% in industrialised markets, whereas goods from developing countries face an average tariff of 11.8%.<sup>38</sup>

In spite of this negative picture, manufactured exports from the developing nations to the industrialised countries increased at an average annual rate of 12.7% between 1965 and 1976. On a current value basis these exports increased more than nine times between 1965 and 1976.<sup>39</sup> Even for textile and clothing, the product group subject to the most protection, the quantum of exports more than doubled between

---

<sup>36</sup> Morton and Tulloch, p. 166.

<sup>37</sup> Donges and Riedel, p. 81.

<sup>38</sup> Morrison, Manufactured Exports from Developing Countries.

<sup>39</sup> See Chapter 1.

1970 and 1977.<sup>40</sup> On the basis of similar figures, Balassa therefore argues that market limitations can not be all that serious.<sup>41</sup> And after an extensive review of the literature Donges and Reidel concluded that "... it is hard to believe that existing tariff levels could be an insurmountable obstacle for LDC's to expand their exports of manufacturers."<sup>42</sup> They point out, further, that the response of developing countries to tariff reduction is usually negligible.

The contrasting viewpoint is that tariffs are still major obstacles to manufactured exports. The proponents of this view argue that the effective reduction of tariffs may have been minimal. In discussing the Kennedy Round of tariff negotiations, for example, Scaperlander argues that the agreements provided for a general lowering of tariffs thereby minimizing the effect of any preference.<sup>43</sup> This general lowering may explain the lack of response by developing countries. Tyler examined the effect of the Latin American Free Trade Area (LAFTA) on the manufactured exports of Brazil and he reported a positive relationship

---

<sup>40</sup> United Nations, Monthly Bulletin of Statistics, 33, 6 (June, 1979).

<sup>41</sup> Balassa, p. 55.

<sup>42</sup> Donges and Riedel, p. 83.

<sup>43</sup> Anthony E. Scaperlanda, "The Developing Countries Export Necessities and the Adjustments Required in Industrial Countries," The International Division of Labour, Herbert Giersch, ed. (Tubingen: J.C.B. Mohr, 1974).

between the reduction of tariffs and Brazil's export performance.<sup>44</sup>

These opposing viewpoints on the effect of tariff barriers on manufactured exports suggest that there may be virtue in both positions. The degree to which tariffs act as barriers may depend on the nature of the product (how differentiated or undifferentiated is the product) and how price sensitive is the nature of demand. For traditional manufactured products which depend on price as the major competitive tool, tariffs may be a serious obstacle, but for the newer manufactured products where the possibility for product differentiation exists, tariff may not have a serious effect. In general, it would seem that tariffs, because they result in higher prices, do create obstacles but that these obstacles are not insurmountable.

### 2.3.2 Non-tariff Barriers and Export Performance

The imposition of tariffs in the export market is not the only factor which may affect the export performance of developing countries and thus the export performance of firms in these countries. Non-tariff barriers may also retard export performance and in some cases actually prevent exports.

Non-tariff barriers include all administrative barriers, other than tariffs, in the export market. They may

---

<sup>44</sup> Tyler, "Manufactured Export Promotion."

take the form of quantitative restrictions such as discretionary licensing or voluntary export quotas designed to restrict imports. Non-tariff barriers also comprise measures such as health and safety standards, custom valuation methods and procedures and 'buy local or national' laws. And finally, there are measures designed to stimulate economic development, such as balance of payments policies which can unintentionally restrict imports.

Because of the nature of these barriers it is difficult to estimate their effect on the export performance of developing countries. Administrative practices tend to operate in many insidious ways. It is generally believed, however, that these barriers are more restrictive than tariffs.<sup>45</sup> Quantitative restrictions are the most prevalent barriers among the countries of France, Germany, Italy, the U.K., Japan and the U.S. Interestingly enough they are applied more to products categorised in ranges SITC 5-9 than to products in ranges SITC 0-4.<sup>46</sup> The former category are the products in which developing countries have a comparative advantage.

---

<sup>45</sup> Morton and Tulloch, p. 175; M.S. Massel, "Non-Tariff Barriers as an Obstacle to World Trade," International Marketing Strategy, H.B. Thorelli ed. (Middlesex, England: Penguin Books Ltd., 1973.).

<sup>46</sup> Standard International Trade Classification. See Table 1.2, Chapter 1, for the types of product represented in each category.

### 2.3.3 Product Market Factors and Export Performance

The effect of tariff and non-tariff barriers is insufficient to explain differential firm performance in the export market. Tariff and non-tariff barriers are insufficient even if they are considered in conjunction with factors existing in the firm's domestic market - the supply factors. After hurdling the administrative barriers erected in export markets, firms still face difficulties of another sort which affect their performance. Difficulties, such as obtaining distribution, winning customer loyalty or facing competing firms, confront all firms in an open market place but for firms from developing countries they may be particularly severe.

In recent years some questions have been raised about the extent to which market saturation in the industrialised countries is an obstacle to the exports of developing countries. Some researchers and administrators in the developing countries have developed a certain degree of export pessimism because of their perception of market saturation.<sup>47</sup> Some figures illustrating the share of the U.S. market held by the exports of developing countries may be helpful.

In 1971, total manufactures from the developing countries had just about 1% of the U.S. market. With regard to certain specific products, the highest market shares were 3.3% for apparel, 2.4% for leather and 4.3% for miscellan-

---

<sup>47</sup> Donges and Riedel, p. 77.

eous products. On a more disaggregated basis, imports from developing countries constituted more than 20% of the U.S. domestic market in textile goods, dolls and artificial flowers.<sup>48</sup> In the case of Germany and the U.K., the numbers are smaller. Surprisingly, Donges and Riedel concluded that the numbers were too small to cause any significant retaliation by U.S. manufacturers. Viewed from a different angle, however, it is possible to argue that the share of market is not really the critical issue, but rather the feeling by those in the relevant industry, that imports are threatening. Labour unions and firms in the U.S. (and in Canada), particularly in the textile and footwear industries, often feel threatened and consequently advocate the curbing of imports.<sup>49</sup>

In addition to the action of firms and unions in threatened industries, other barriers affecting performance are the magnitude of advertising expenditures required to break into markets, captive distribution channels and intense brand loyalty on the part of buyers.<sup>50</sup> The effect of these barriers varies depending on the nature of the product but de la Torre, by extending product life cycle reasoning to the export markets of developing countries, has

---

<sup>48</sup> Ibid, p. 76.

<sup>49</sup> Stephen B. Watkins and John R. Kailik, "Prognosis: Anticipating Disruptive Imports," New International Realities III, 2 (Summer, 1978): 4-20.

<sup>50</sup> de la Torre, "Marketing Factors" in Wells, p. 232.



shown that products which face high barrier levels experience the worst export performance. Thus, Indian exporters of engineering products which face high barrier levels succeed only by providing large price discounts to buyers in the export market.<sup>51</sup>

The difficulties created by tariff and non-tariff barriers for the exports of the developing countries and the presence of market entry barriers partly explain why locally owned firms in developed countries so willingly agree to contract their output to the large retail houses of the U.S., Britain and Japan. These retailers, because of low labour costs, the export orientation of many developing countries and easier transportation logistics, contract with locally owned firms in the developing countries for products such as finished textiles and clothing.<sup>52</sup> The retail houses handle the marketing end in their respective markets, thereby reducing the time and effort required by exporting firms who can, probably, ill-afford the effort. Moreover these exporting firms may not have sufficient market skills. These retailers, because of their vested interests in obtaining low-cost products, also act as a lobbying force to prevent the erection of further trade barriers.

This chapter has examined the forces which exist in the

---

<sup>51</sup> Mark Frankena, "Marketing Characteristics and Prices of Exports of Engineering Goods," Oxford Economic Papers, 25, 1 (March 1973), 127-132.

<sup>52</sup> Sharpston, p. 111-119; Bone, p. 149.

developing countries - the supply factors - and the factors which exist in the export market - the demand factors - and their effect on the export performance of the manufacturing firm. It was shown that in the developing countries there are factors affecting the export behaviour of the firm, which operate at the national level. Some of these factors are controllable by the state and others are not. While much progress has been made towards understanding how these factors affect the individual country as a whole, the manner by which they are translated into action by the individual firm is still imperfectly understood. Within the firm itself the factors which motivate export behaviour are also not clearly understood. This is because most of the research on exporting firms in developing countries, focuses largely on the nature of the firm's ownership and ignores other critical aspects of the firm.

An examination of the demand factors told the same story. The research tended to focus on national factors rather than factors in the product market. The conclusions to be drawn from this research are that there is some uncertainty regarding the severity of tariffs as an obstacle to export performance and that non-tariff barriers are generally believed to be more severe than tariff barriers. There is also some research which suggests that product market factors, including the action of the large retail houses, may stimulate or retard export performance.

But on the whole the bulk of the studies focuses on the

individual country as the unit of analysis. Few studies attempt to explain the variance in firm performance within a single country. While the available research provides guidance to policy makers interested in stimulating total exports, it is of little value if the desire is to identify factors affecting the individual firm. The available research also does not provide much help to the manager who may wish to begin exporting or to the manager who may wish to improve on past export performance.

## CHAPTER 3

### MANAGERS AND EXPORT PERFORMANCE

The objective of this chapter is to develop a conceptual model which is managerial in orientation. In addition, the model should provide a framework for research such that factors in the export situation can be analyzed and related to the firm's export performance. The discussion of the research done in developing countries, which is the basis of Chapter 2, forms the foundation upon which the conceptual model rests. The fleshing out of the model, however, leans heavily upon ideas and concepts drawn from managerial models of export behaviour as well as empirical studies on exporting undertaken in the industrialised countries. The final model, therefore, is a synthesis of export research from both the developing and the industrialised countries and it presents a new set of relationships believed to be more in keeping with the reality of firms in the developing world.

#### 3.1 A TENTATIVE CONCEPTUALISATION

The previous chapter argues that researchers, who work in the area of manufactured exports from developing countries, tend to focus largely on factors which are external

to the firm. In the few instances where these researchers direct their attention to the firm, the emphasis is on the nature of the firm's ownership. However, the overall focus of these researchers is understandable since their unit of analysis is normally the exporting country.

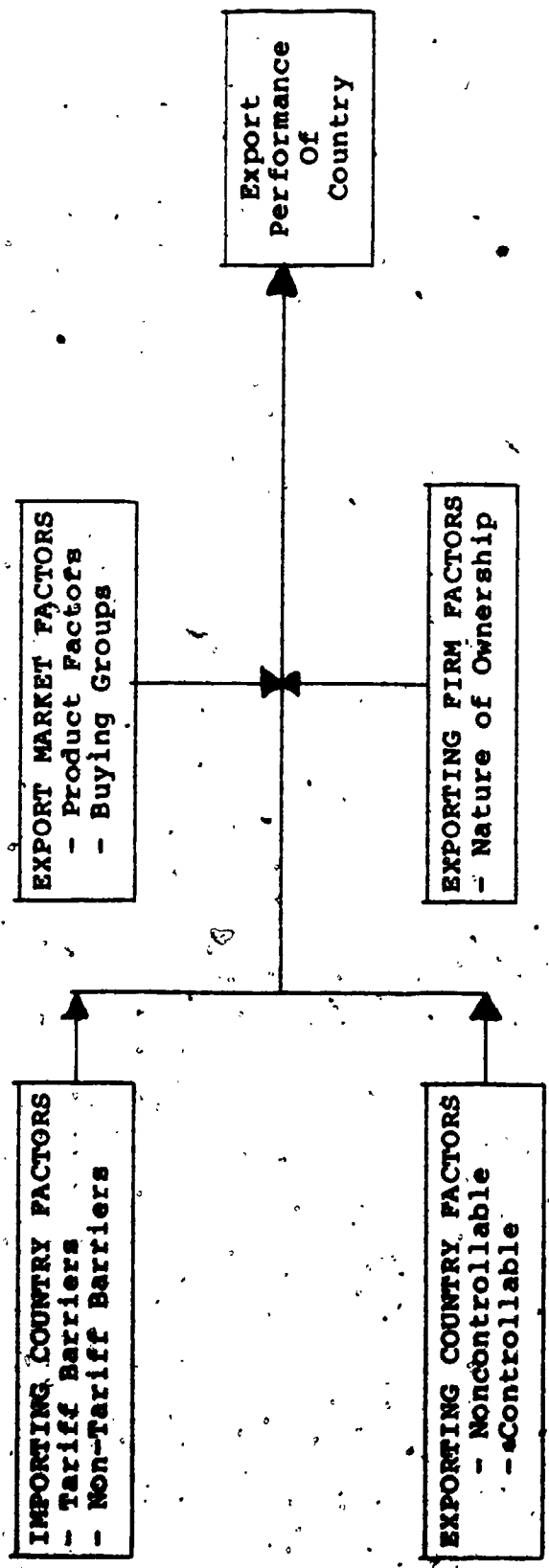
Figure 3.1 is an attempt to put the critical factors examined by researchers in developing countries into a framework. The objective of the framework is to show the relationship to export performance of the various factors which command the attention of these researchers.

This preliminary framework is useful for explaining the relative export performance of different countries. The framework shows that factors external to the firm, both in the exporting country and in the importing country, influence a country's export performance. The framework also shows the importance of product market factors and the importance of the firm's ownership for export performance. This framework, however, cannot explain why firms with identical ownership patterns, exporting to the same market and from the same country, perform differently in export markets. This framework also cannot explain why some firms export and others do not. Indeed, from a managerial point of view, export researchers who examine developing countries seem to neglect some critical organisational factors. This framework, therefore, needs to be modified in order to deal with the question of differential export behaviour by firms.

Any modification to Figure 3.1 must include factors

FIGURE 3.1

A TENTATIVE CONCEPTUALISATION



which are specific to the resources of the firm. The resources of the firm, financial, technical and human, are controllable by the manager. And these resources, to a large extent, determine the strengths and weaknesses of the firm in the marketplace and ultimately the firm's performance. Thus, since the purpose of modifying Figure I is to generate a new model with which managers can identify and which will provide export guidance to managers, the link between the resources of the firm and export performance must be specified.

Modifications to Figure 3.1 should also reflect the influence of the firm's managers on export performance. The managers are the chief decision makers within the firm and the decisions they make are influenced by their own personal characteristics and experience. One should be able, therefore, to obtain a better understanding of the firm's export behaviour if this behaviour is linked to the characteristics of managers.

Some of the export models developed in industrialised countries incorporate these modifications. An evaluation of these models forms the basis of the next section. The aim of this evaluation is to determine the relevance of models, which focus on the export behaviour of firms in the industrialised countries, to the export behaviour of manufacturing firms in the developing countries.

### 3.2 MANAGERIAL MODELS OF EXPORT BEHAVIOUR

A number of managerially oriented export models have been developed in recent years. Most of these, however, focus largely on the characteristics of the firm and of management, and pay scant attention to extra-firm factors.

The model suggested by Cavusgil, after studying the export behaviour of four hundred and seventy-three firms including one hundred and seventy-five exporters, is a good example of a model which focuses exclusively on the firm and management characteristics.<sup>1</sup> In attempting to explain the export decision of the firm and the firm's relative export performance, the model focuses on whether the firm is technology intensive, whether it has a unique product and on the management characteristics of aspiration for growth, profits and security. The model completely ignores the environmental and market factors that are likely to be critical to organisational behaviour in developing countries. The model is useful, nonetheless, since it was formulated on the basis of empirical research which showed that managerial aspirations, product uniqueness and the firm's technology are related to export behaviour.

The work of Bilkey and Tesar and of Pavord and Bogart are other examples of models which, while paying some attention to extra-firm factors, focus on managerial and firm

---

<sup>1</sup> Salih Tamer Cavusgil, "Organisational Determinants of Firms Export Behaviour: An Empirical Analysis" (Unpublished Ph.D. Dissertation, University of Wisconsin - Madison, 1976).



characteristics.<sup>2</sup> Both models conceptualise the development of exporting as a gradual or incremental process which takes place in a series of steps.<sup>3</sup> According to these models, firms move from a stage of no exporting through passive or indifferent exporting, to minor or experimental exporting, and then to aggressive or experienced exporting. It is the combination of export sales and export commitment which determine the exporting stage. For example, passive exporting is the combination of export sales and no export commitment, while aggressive exporting is the combination of export sales and the managerial policy that exporting is a permanent activity.<sup>4</sup>

While the view that export development is a gradual or incremental process is a useful one, both models assume that exporting begins by accident and then commitment to exporting develops later. Although there is ample evidence to show that this situation is fairly common in the industrialised countries, it is likely that in developing countries,

<sup>2</sup> Warren J. Bilkey and George Tesar, "The Export Behaviour of Smaller-Sized Wisconsin Manufacturing Firms", Journal of International Business Studies (Spring/Summer, 1977): 93-98; William C. Pavord and Raymond G. Bogart, "The Dynamics of the Decision to Export", Akron Business and Economic Review (Spring 1975): 6-11.

<sup>3</sup> The view that exporting is a gradual or incremental process is fairly widespread among researchers. See, for example, Franklin R. Root, Entry Strategies for Foreign Markets: From Domestic to International Business (New York: AMACOM, 1977) and H.G. Hunt, J.D. Froggatt and P.J. Hovell, "The Management of Export Marketing in Engineering Industries," British Journal of Market, 1 (Spring, 1967): 10-24.

<sup>4</sup> Pavord and Bogart, p. 10.

where there is much emphasis on financial incentives and training programmes for exporters of manufactured products, firms may first develop an export commitment and then develop export sales.<sup>5</sup> The gradualism of export development, therefore, may begin either with export commitment or with export sales.

For both the Bilkey and Pavord models, the factors which push the firm along the path of export development are largely organisational. Bilkey found, for example, that export development was related to management's plans for exporting, management's impression of the firm's competitive advantage, the quality of management, management's perception of the gains from exporting and the size of the firm. Extra-firm factors were the receipt of an unsolicited order and perceived barriers to exporting such as foreign business practices and the difficulty of obtaining representation in the foreign market.<sup>6</sup> Pavord did not really test the sequence of his model but factors related to the model stages, in addition to organisational factors, included domestic market saturation and perceived export problems such as regulations of foreign governments and the difficul-

<sup>5</sup> Many researchers have identified situations where firms began exporting because of an unsolicited order. See, for example, Kenneth Simmonds and Helen Smith, "The First Export Order: A Market Innovation," *British Journal of Marketing*, 2 (Summer, 1968): 93-100; George Tesar, "Empirical Study of Export Operations Among Small and Medium-Sized Manufacturing Firms" (Unpublished Ph.D. Dissertation, University of Wisconsin-Madison, 1975).

<sup>6</sup> Bilkey and Tesar, p. 94-95.

ty of making contact in foreign markets.<sup>7</sup> These models are somewhat broader and more comprehensive than Cavusgil's, and the model of Bilkey in particular shows the usefulness of relating management's perception to export behaviour. Still, in the light of the research reviewed in Chapter 2, some additional environmental factors ought to be incorporated into any model which purports to explain the export performance of firms in developing countries.

Two export models which have fully incorporated environmental factors into their frameworks are the models of McGuinness and Little and of Weidersheim-Paul, Olson and Welch. The model of McGuinness and Little focuses on the export performance of new products.<sup>8</sup> The model conceptualises managerial motivation as the direct influence on export performance. In turn, managerial motivation (M) increases with the perception of the ease of acceptance of the new product by foreign customers (A), the perception of the need for export sales by the product (N), and the general propensity of the firm to export (P). Motivation decreases with the perception of the difficulty in reaching foreign customers with the new product (D). In symbolic form the model is represented as:

---

<sup>7</sup> Pavord and Bogart, p. 8-9.

<sup>8</sup> Norman W. McGuinness and Blair Little, "A Conceptual Model of the Relationship Between the Characteristics of New Industrial Products and Their Export Performance," in Robert D. Tamilia ed. Developments in Canadian Marketing, Proceedings of the Annual Conference, ASAC. (Saskatoon: University of Saskatchewan, 1979): 142-151.

$$M = f(A, N, D, P)$$

While it ignores the characteristics of the manager, the model incorporates many more extra firm factors than the models discussed previously. For example, perceived difficulty in reaching foreign markets encompasses tariff and non-tariff barriers, transportation costs, competition and distribution difficulties. The perceived need for foreign sales includes the instability of domestic demand and the lack of growth potential in the domestic market. These extra-firm or environmental factors are more in keeping with the research results presented in Chapter 2, although governmental activity in the domestic market is neglected.

For the purposes of this research, another useful feature of the McGuinness and Little model is the reliance on managerial perceptions as the key to the operation of the model. The model rests on the premise that managerial behaviour, and thus export performance, is a function of the perceptions of certain key factors by managers. Managers can thus readily identify with this model since it is activated by the way they see things.

The model proposed by Wiedersheim-Paul, Olson and Welch is one of the most comprehensive of export models.<sup>9</sup> The focus of the model is on the export decision. The factors

<sup>9</sup> Finn Wiedersheim-Paul, Hans C. Olson and Lawrence Welch, "Pre-Export Activity: The First Step in Internationalization," Journal of International Business Studies (Spring/Summer, 1978): 47-58.

hypothesised to influence the export decision are the value system, experience, foreign orientation and risk perception of the decision maker, some characteristics of the firm (goals, product line, history and extra regional expansion) and the rural/urban location of the firm within the domestic environment. According to this view of a company's export situation, these factors interact with export stimuli, either internal or external, and this interaction influences whether the firm exports or not. This model is comprehensive because it takes into account the domestic environment of the firm and the existence of foreign market opportunities, in addition to the characteristics of the decision maker and of the firm.

The model of Wiedersheim-Paul, in its broad categories of factors, would seem to be the most suitable for explaining a company's export situation in a developing country. Since the model has only been partially tested, no firm conclusion can be drawn about its explanatory power, but the specific characteristics of each factor would likely need to be modified to suit the reality of a developing country. Moreover, from a managerial point of view, the notion of perceptions needs to be incorporated since we are concerned with explaining export behaviour from the way managers perceive their world. Also important, from the point of view of this research, is the idea of mediating or intervening factors between export behaviour and managerial perceptions. The model ignores the possible existence of mediating factors.

This review of export models from the industrialised countries suggests that forces within the firm and its management may be central to export behaviour. Of the five models reviewed, all included some characteristics of the firm and three viewed the characteristics of management as important. Four included aspects of the environment, whether local or foreign. The conceptual model, to be presented in the next section of this chapter, borrows some of the concepts and ideas of these export models, in addition to the ideas and concepts from the research performed in developing countries.

### 3.3 AN OVERVIEW OF THE CONCEPTUAL MODEL

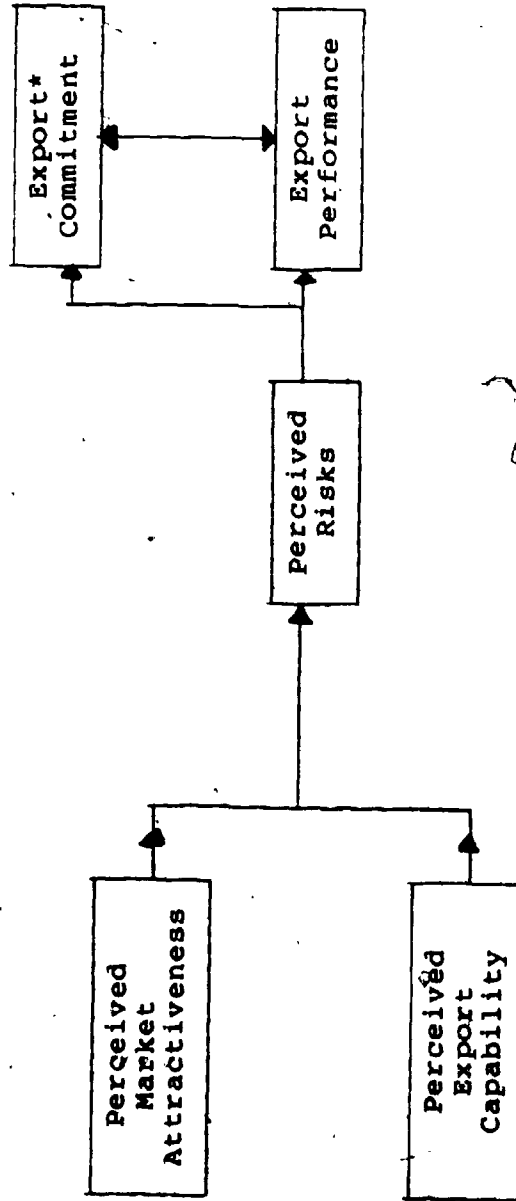
Figure 3.2 presents the central theoretical constructs of the model. Except for Export Performance and Export Commitment, these major constructs are all perceptual in nature.

Central to the model is the notion that managers react and behave on the basis of their perceptions. "Perception is being sensitive to, and developing certain interpretations of, stimuli or facts."<sup>10</sup> The idea of the model, therefore, is that managers make their decisions on the basis of their interpretation of stimuli to which they are exposed. Managers selectively consider information, combine these pieces of information into some meaningful whole, and

<sup>10</sup> Frank E. Harrison, The Managerial Decision Making Process (Boston: Houghton-Mifflin Co., 1975), p. 158.

FIGURE 3.2

THE CENTRAL CONSTRUCTS OF THE MODEL



\*The double-headed arrow between Export Commitment and Export-Performance indicates that there is no suggested cause and effect relationship between these two constructs.

then judge the information on the basis of their previous experiences. The result of this perceptual process is "... a given response within the individual, which is then translated into behaviour based upon the perceived consequences of the elected course of action."<sup>11</sup>

Figure 3.2 shows, therefore, that Export Performance and Export Commitment are a function of the perceived risks of exporting which, in turn, is determined by the interaction of the perceived attractiveness of the foreign market and the perceived export capability of the firm. Perceived Market Attractiveness refers to the overall impression of the manager that entering the foreign market can help the firm attain its objectives. Perceived Export Capability is the overall impression of the manager that the firm can undertake successful exporting.

The interaction of the overall impression of the foreign market with the overall impression of the firm's ability to undertake successful exporting results in the manager's evaluation of risk in the exporting process. On the basis of this evaluation, the export decision is taken. Thus, the manager may decide to commit resources to exporting, or the decision may be made not to export, or to export but without the commitment of resources.

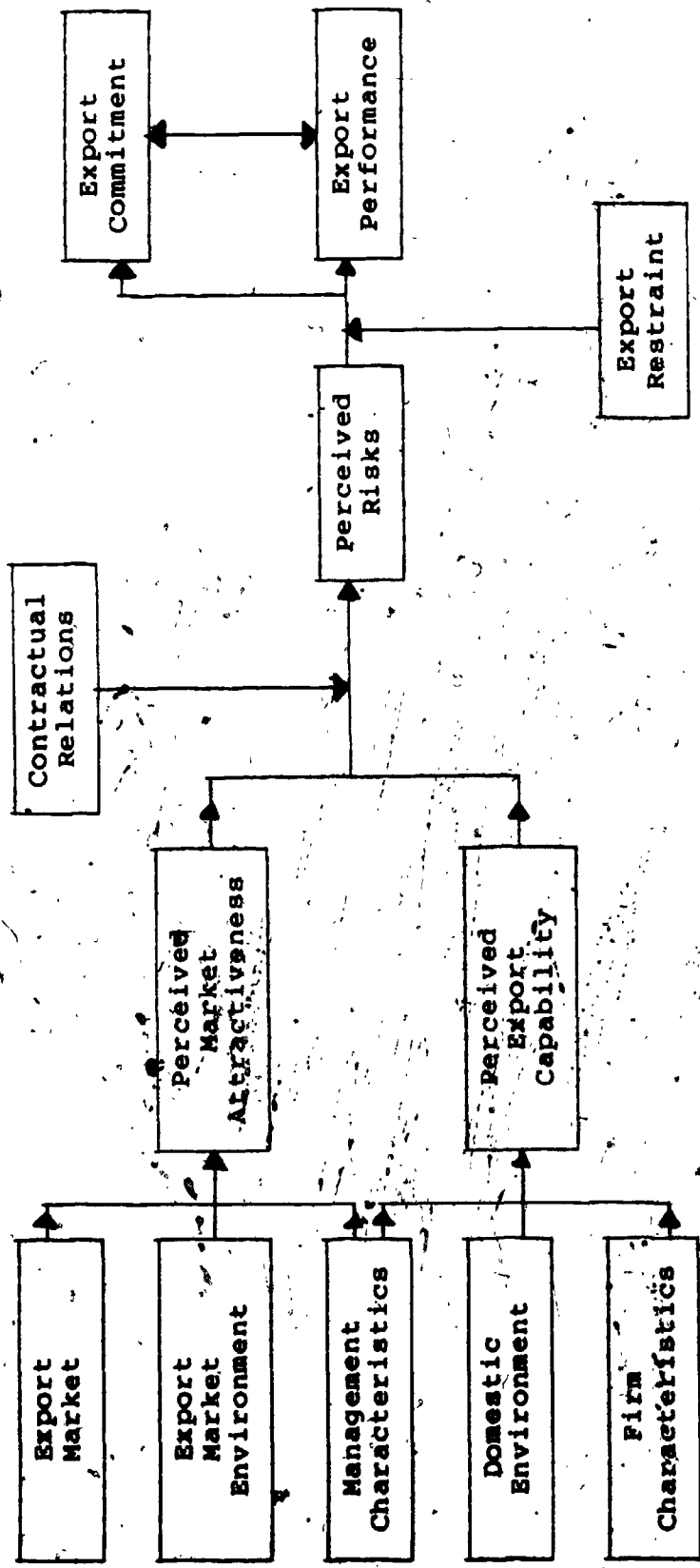
Figure 3.3 illustrates an elaborated conceptual model of export performance with the additional constructs of the

---

<sup>11</sup> Ibid, p. 159.



AN ELABORATED CONCEPTUAL MODEL OF EXPORT PERFORMANCE  
FIGURE 3.3



Export Market, the Export Market Environment, Management Characteristics, the Domestic Environment and Firm Characteristics. These are the postulated independent constructs of the model.

The dynamic of the model, then, is that managers form impressions about the export market regarding available opportunities and problems. They also form impressions about potential difficulties or obstacles in the export market because of administrative barriers such as tariffs. These impressions interact with the managers own value system, experiences and goals, and result in an overall impression of the foreign market which draws or repels the manager. This overall impression is referred to in the model as Perceived Market Attractiveness.

Managers also form impressions about potential business opportunities or problems in the local environment and about potential competitive advantages inherent in the firm. These impressions also interact with the manager's own value system, experiences and goals to result in an overall impression of the firm's ability to undertake successful exporting. This overall impression is referred to in the model as Perceived Export Capability.

But export performance and commitment may be influenced by two other factors - Contractual Relations and Export Restraint. Contractual Relations refers to the situation where firms make major export contracts with buyers in the foreign market. Export Restraint refers to the imposition

of export restrictions by the parent company if the exporting company is foreign owned, or by foreign principals of the exporting company is operating under licence.

The rest of this chapter describes the different elements of the model in greater detail and it also provides further theoretical and empirical support for the model.

#### 3.4. THE INDEPENDENT CONSTRUCTS OF THE MODEL

The independent constructs of the model are the critical elements which influence the export behaviour of the firm. These elements are presumed to be the determinants of the firm's export performance and export commitment. By developing an understanding of the relationship between the independent elements and the firm's export behaviour it may be possible to explain the firm's export decision and export performance. In the final analysis, it may be possible for managers as well as public policy makers to vary the independent variables such that the behaviour of the firm is influenced. The independent elements, therefore, are assumed to be the activating factors in the model.

The nature of the firm's management is one of the key independent elements of the model. Within limits, the manager is the major determinant of the success or failure of the business enterprise. Managers control the resources of the firm and by their action, they determine the direction the firm takes in the marketplace, whether domestic or foreign. In turn, the actions of managers are determined by

their values and orientations. Thus, the values and orientations of the manager are critical to the exporting process.

This emphasis on the nature of management as one of the keys to success or failure in exporting finds support in a number of studies. Vernon, for example, pinpoints the ignorance of entrepreneurs in developing countries as a major obstacle to exports.<sup>12</sup> Indifference to exporting is also a major barrier to export expansion.<sup>13</sup> This indifference to, or lack of interest in exporting, is often due to a lack of knowledge of exporting information.<sup>14</sup> It is important, therefore, to identify the characteristics of management which are associated with exporters and export performance.

It would seem, that firms which have begun to export or which have measurably better export performance, would have managers whose aspirations towards growth or profits prevent them from being indifferent to the value of exporting. These aspirations encourage management recognition that

---

<sup>12</sup> Raymond Vernon, "Problems and Prospects in the Export of Manufactured Goods for L.D.C.'s," Proceedings (UNCTAD, 1964); 200-209.

<sup>13</sup> Richard H. Holton, "Progress and Problems in the Export Drive", Innovation - Key to Marketing Progress, ed. Henry Gomez, Proceedings of 46th National Conference (Chicago: American Marketing Association, 1963).

<sup>14</sup> E.J. Enright, "Bluetrade: Grass Roots Export Programme", Innovation - Key to Marketing Progress, ed. Henry Gomez, Proceedings of 46th National Conference (Chicago: American Marketing Association, 1963).

exports can contribute to the attainment of goals. Cavusgil, for example, found that managerial aspirations towards growth and profits were clearly related to the probability of exporting and export performance.<sup>15</sup> Aspirations toward growth are also related to the export policies of the firm.<sup>16</sup>

Within recent times, the adoption of exporting by the firm has been seen as an innovative process in much the same way as the adoption of a new production process.<sup>17</sup> But, according to Simmonds and Smith, in some ways the firm which begins exporting is not an innovator since the firm is not the first to adopt a recently developed practice. These authors, therefore, justify the innovative view of exporting by looking at the firm as a closed environment. Within that closed environment, the first export order is an innovation. While not disagreeing with this interpretation, because of the recency of exporting by manufacturing firms in developing countries and the relatively few firms which actually export, exporting firms in developing countries can be viewed as innovators in the traditional sense. These firms are the first to adopt a recently developed practice. One would therefore expect some of the characteristics of

<sup>15</sup> Cavusgil, p. 130.

<sup>16</sup> Hunt, Eroggatt and Hovell, p. 11-14.

<sup>17</sup> Woo-Young Lee and John J. Brasch, "The Adoption of Export as an Innovative Strategy," Journal of International Business Studies (Spring/Summer, 1978): 85-93; Simmonds and Smith, p. 94.

innovators to be associated with exporting and export performance.

Cosmopolitanism and willingness to take risks are two characteristics which are often associated with innovators. Cosmopolitanism refers to how oriented is the individual beyond his community.<sup>18</sup> There is some evidence to indicate that these characteristics are associated with the managers of exporting firms. Exporting managers tend to have an international outlook and to have travelled widely.<sup>19</sup> They have also been characterised as having a high degree of risk tolerance and aggressiveness.<sup>20</sup> Innovators have also been found to be better educated.<sup>21</sup> It is likely, too, that younger managers would be more export oriented than older managers.<sup>22</sup>

<sup>18</sup> Thomas S. Robertson, "Determinants of Innovative Behaviour," in Proceedings of the American Marketing Association, ed. Reed Moyer (Chicago: American Marketing Association, 1967): 328-332.

<sup>19</sup> M.T. Cunningham and R.I. Spiegel, "A Study in Successful Exporting," British Journal of Market, 5, 1 (Spring, 1971): 2-12; Yair Aharoni, The Foreign Investment Decision Process (Boston: Harvard University, 1966), p. 58-61.

<sup>20</sup> Simmonds and Smith, p. 98.

<sup>21</sup> James F. Engel, Roger D. Blackwell and David T. Kollat, Consumer Behaviour, 3rd Ed. (Hinsdale, Illinois: The Dryden Press, 1978), p. 312. For a good discussion of the relationship between innovation among producers and education see J. Paul Leagan, "Extension Education and Modernization," in Behavioral Change in Agriculture, J. Paul Leagans and Charles P. Loomis, eds. (Ithaca: Cornell University Press, 1971), p. 101-147.

<sup>22</sup> James Kent Pinney, "The Process of Commitment to Foreign Trade: Selected Smaller Indiana Manufacturing Firms" (Unpublished D.B.A. Dissertation, Indiana University, 1969).

But the characteristics of managers are not the only independent or activating elements in export decision making. Managers' impressions or perceptions of the firm and the environment, whether consciously or unconsciously, may also have an impact on the export behaviour of the firm. In addition to stimuli from the firm, factors in the domestic environment are likely to have some effect and so too would elements in the foreign market.

"Exporting involves the individual firm in more complex decisions in conditions of greater uncertainty than domestic marketing ... It also requires additional resources in finance and managerial time."<sup>23</sup> Thus, the availability of adequate financial, physical and human resources is potentially an important determinant of export behaviour. One would expect therefore that the size of the firm would have a significant effect on export behaviour, since greater size should be associated with greater resources. Unfortunately the relationship is not all that clearcut. Some studies report no relationship between size and perfor-

---

<sup>23</sup> Douglas A. Tooke, Export Marketing Decisions (Middlesex, England: Penguin Books Ltd., 1975), p. 25.

mance and others report a significant relationship.<sup>24</sup> Part of the problem may be that management characteristics are the significant factors and management characteristics may have little to do with the size of the firm.<sup>25</sup>

In addition to the problem of size, the nature of the firm's ownership is another area of uncertainty. Foreign ownership has been associated with superior resources, and therefore, with better staying power in the export market; but there is also evidence that it has no effect on export performance.<sup>26</sup> For the purposes of this research both size and the nature of the firm's ownership are included among the factors affecting export behaviour.

The objective factors of size and ownership are not likely to be the only company factors to be associated with export behaviour. The perceptions of management regarding the characteristics of the firm which may improve its chance

<sup>24</sup> Those studies reporting no relationship include: Bilkey and Tesar, p. 95; Talaat Abdel-Malek, Managerial Export Orientation: A Canadian Study (London, Ontario: School of Business Administration, University of Western Ontario, 1974) and Norman W. McGuinness, "The Impact of Technology and Product Characteristics on the International Sales of New Canadian Industrial Products: A Diffusion Analysis," (Unpublished Ph.D. Dissertation, University of Western Ontario, 1978). Studies reporting a positive relationship include: Seev Hirsch and Zvi Adar, "Firm Size and Export Performance," World Development, 2, 7 (July, 1974): 41-46 and Douglas A. Tookey, "Factors Associated with Success in Exporting," Journal of Management Studies (1964): 49-66.

<sup>25</sup> Warren J. Bilkey, "An Attempted Integration of the Literature on the Export Behaviour of Firms," Journal of International Business Studies (Spring/Summer, 1978): 33-46.

<sup>26</sup> See Chapter 2.



of success in the export market may also be important. Thus management's perception that the firm has a unique product may generate a sense of confidence sufficient to motivate the firm into the export market. Exporting firms often have patented or unique products.<sup>27</sup> Management's perception that the firm has superior technical equipment and processes may also be related to exporting.

Once the firm begins to export some amount of learning takes place which is likely to result in greater export efficiency. With greater efficiency and, therefore, greater rewards, management is more likely to make larger commitments to exporting which will result in improved export performance. This learning process partly explains the gradualism or incremental steps of export development.<sup>28</sup>

So far the discussion has focused on the organisational elements of the firm and its management. But the firm exists in a particular environment in its home market, a factor which has an important influence on its behaviour. Firms are influenced by their competitors, by government rules and regulations designed to stimulate economic development, and by the institutional arrangements in the society. In many instances, the response of the firm is determined by management's perception of certain critical elements in the enviro-

---

<sup>27</sup> C.G. Alexandrides, "How the Major Obstacles to Expansion can be Overcome," Atlanta Economic Review (May, 1971): 12-15; Tesar, "Empirical Study of Export Operations ..."

<sup>28</sup> Bilkey and Tesar, p. 95.

onment. For the purposes of this research, therefore, management's perception of the domestic environment is a critical factor.

The research reviewed in Chapter 2 suggests that the domestic environment is an extremely important factor affecting the export motivation of firms in developing countries. Elements in the environment such as infrastructural facilities can facilitate or hinder the movement of goods from the home market to the export market. The efficiency of these facilities can thus have a profound effect on the export behaviour of the firm. Government policy on export incentives can also have an effect and so too can its policy on exchange rates.

Market conditions are also likely to have an effect on export behaviour. Insufficient growth in the domestic market can motivate the firm to seek greener pastures. Increasing competition at home may also have the same effect on export.<sup>29</sup> Aharoni also reports that firms may begin to export because competitors are exporting.<sup>30</sup>

While there is no denying the importance of supply factors, (the characteristics of management, the firm and the domestic environment), as major influences on the export

---

<sup>29</sup> R.A. Cooper, K. Hartrey and C.R.M. Harvey, Export Performance and the Pressure of Demand (London: George Allen and Unwin, Ltd., 1970).

<sup>30</sup> Yair Aharoni, The Foreign Investment Decision Process (Boston: Graduate School of Business Administration, Harvard University, 1966), p. 65-68.

behaviour of the firm, it is also important that demand factors (factors in the export market) be evaluated if a complete understanding of the export decision and export performance is to be obtained. The factors in the home market may push the firm into exports, but the nature of the export market may be such that too many obstacles are perceived, and consequently exporting does not take place.

The important factors in the export market include the perceived competitiveness and size of the market and the perceived ease or difficulty of obtaining distribution.<sup>31</sup> These factors are important for export behaviour because in many export markets, major competitors are indigenous to the export market and thus have the added advantage of probably being well known among the channel members and the customers. Consumer brand loyalty and the advertising expenditure necessary to break into markets can also be major deterrents to exporting.<sup>32</sup>

Problems of competition, market size and obtaining distribution will vary depending on the nature of the product. Thus for any one export market, some firms may identify market opportunities and others may perceive the market to be unattainable. But there are other factors related to the

<sup>31</sup> D.I. Mackay, "Exporters and Export Markets," Scottish Journal of Political Economy, 11 (November, 1964): 205-217; Alexandrides, p. 15; Bilkey and Tesar, p. 95.

<sup>32</sup> Jose R. de-la Torre, "Marketing Factors in Manufactured Exports from Developing Countries," Product Life Cycle and International Trade, Louis T. Wells, ed. (Boston: Harvard University, 1972).

export market which are connected largely to the country to which exports are destined and which may not vary by product. These elements are referred to in this study as the export market environment.

The export market environment includes those factors which have traditionally captured the attention of international trade theorists and researchers. It embraces those factors which are peculiar to the foreign country as a whole. These factors are tariff and non-tariff barriers, and physical and psychological distance. Managerial perceptions of tariff and non-tariff barriers may generate some amount of reluctance to export on the part the of manufacturing firm. Managerial perceptions of physical and psychological distance may also have the same effect. Psychological or psychic distance is "... the sum of factors preventing the flow of information from and to the market."<sup>33</sup> Examples of these factors includes differences in language, business practices and in the level of economic development.

Thus the independent constructs postulated to affect export behaviour are:

Management Characteristics

Firm Characteristics

Perceived Domestic Environment

Perceived Export Market

<sup>33</sup> Jan Johanson and Jan Erik Valne, "The Internationalization Process of the Firm - A Model of Knowledge Development and Increasing Foreign Market Commitments," Journal of International Business Studies (Spring/Summer, 1972): 23-32.

Perceived Export Market Environment

3.5 THE MEDIATING CONSTRUCTS

In 1975, 8 percent of all U.S. firms with export potential actually exported.<sup>34</sup> Furthermore, most exporting firms initiated their exporting activities because of prodding from the outside. For example, Sinai found that 70 percent of his sample of exporters were externally stimulated; Simpson and Kujawa found 82 percent of their sample so stimulated; and in England, Simmonds and Smith found that six out of their sample of nine firms were stimulated by external forces.<sup>35</sup> One cause of this phenomenon is the preference of managers for the domestic market.

This preference for the domestic market should come as no surprise since it is the market with which managers are most familiar. After operating for some time, managers develop an intimate knowledge of the behaviour of the competition, the distribution channels and communication media. Furthermore, and most important, the behaviour of customers becomes increasingly familiar. In developing countries, with small markets and few alternative distribu-

<sup>34</sup> Jenepher Walker, "Exploring Export Potential," Management Review (April 1975), 49-51.

<sup>35</sup> Claus C. Sinai, "An Investigation of Selected Characteristics of Export Participating Manufacturing Firms", (Unpublished D.B.A. Dissertation, University of Washington, 1970); Claude L. Simpson and Duane Kujawa, "The Export Decision Process: An Empirical Inquiry", Journal of International Business Studies (Spring, 1976): 107-117; Simmonds and Smith, p. 95.

tion and communication channels, this knowledge and familiarity are powerful deterrents to exporting. Moreover "... a seller's market prevails for many manufactured products ..."<sup>36</sup> In India, for example, exporters prefer the ready availability of the market at home - the R & D and tooling required for exports act as a deterrent.<sup>37</sup> Thus, the relative ease of marketing at home discourages exports.

In contrast to the domestic market, foreign markets are threatening and unfamiliar. These markets are relatively unknown and managers feel a great sense of uncertainty. The reluctance, therefore, of managers to market outside of national boundaries and face the attendant problems of documentation, exchange rates and complex regulations, is understandable. What is it, therefore, that motivates managers to enter export markets?

The model postulates that the decision to enter the export market and the firm's ultimate export performance is the result of the interaction of two major elements. One element is the manager's diffuse impression of the task of penetrating the export market relative to the potential rewards. The other element is the manager's perception that the firm has the capacity to undertake successful export-

<sup>36</sup> Talaat Abdel Malek, "Import-Substitution vs. Export-Oriented," Columbia Journal of World Business, 4 (Sept. - Oct., 1969), p. 34.

<sup>37</sup> Madhav P. Kacker, "Export-Oriented Adaptation - Its Patterns and Problems," Management International Review, 15, 6 (1975): 61-71.

ing. These elements interact, to produce some measure of risk which ultimately influences the export behaviour of the firm.

The manager's diffuse impression of the task of penetrating the foreign market relative to the potential rewards is referred to, in the model, as Perceived Market Attractiveness. Market attractiveness is the perception by the manager that the foreign market offers an opportunity for goal attainment of the firm. It does not imply the undertaking of any systematic or deliberate market assessment by managers, although this is not ruled out. Market Attractiveness is a function of the Export Market, the Export Market Environment and the Characteristics of Management. In symbolic form this can be written as:

$$PMA = f (PEM, PME, MC)$$

- where PMA = Perceived Market Attractiveness
- PEM = Perceived Export Market
- PME = Perceived Market Environment
- MC = Management Characteristics.

The manager's perception that the firm has the capacity to undertake successful exporting is referred to, in the model, as Perceived Export Capability. In a more clinical sense, Export Capability represents the manager's perceptions that the firm has a capability over and above that required for current operations. This is analogous to the

concept of "managerial services available for expansion."<sup>38</sup> Perceived Export Capability is a function of the Characteristics of Management, the Characteristics of the Firm and the Domestic Environment in which the firm exists. In symbolic form this can be written as:

$$PEC = f (MC, FC, PDE)$$

where PEC = Perceived Export Capability

MC = Management Characteristics

FC = Firm Characteristics

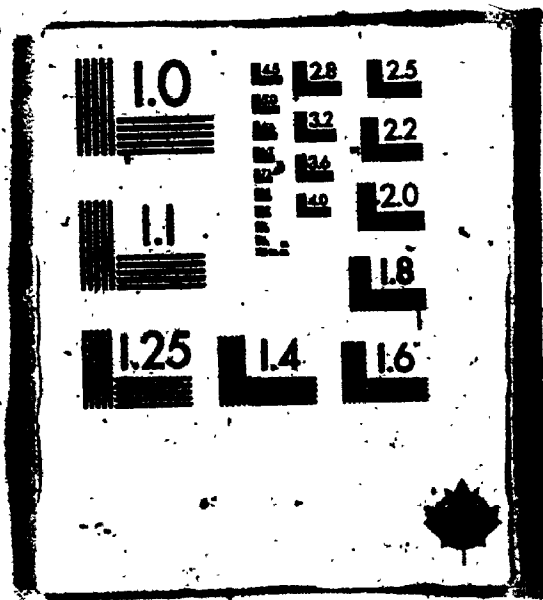
PDE = Perceived Domestic Environment

Both Market Attractiveness and Export Capability determines the manager's perception of risk. This perception of risk encompasses the magnitude of the possible consequences of exporting as well as the chance of the consequences occurring. For example, it includes both the possible effect of failure and the chance of the failure materialising. Foreign markets have varying degrees of attractiveness, a concept which embraces aspects of the market such as its familiarity, predictability and profitability. It is the degree of attractiveness which influences the perception of the risk exporting. The perceived risk of exporting is also determined by the firm's export capability. Export capability includes aspects such as the complexity and manageability of exporting. Thus, it is the interaction of market attractiveness and export capability which determines

<sup>38</sup> Smith Pearce, The Theory of the Growth of the Firm, (London: Oxford University Press, 1969).



2



the perceived risk of exporting.

The Contractual Relations element of the model captures the contractual arrangements which many retail houses from countries such as U.S., Britain and Japan make with manufacturing firms in developing countries to supply them with fixed quantities of goods annually. These retail institutions undertake to perform all the marketing functions. The firms in the developing countries simply produce and supply their institutions with the contractual amount which could be as high as 50 percent to 75 percent of their capacity.

Not all companies have the freedom to export to any market they wish. Export Restraint captures the situation where the export activities of foreign owned subsidiaries or locally owned firms with licence agreements may be restrained.

The mediating constructs of the model are therefore:

Perceived Market Attractiveness

Perceived Export Capability

Perceived Risks

Contractual Relations

Export Restraint

### 3.6 THE DEPENDENT VARIABLES

The model postulates that the managerial perception of risk acts directly on the export decision and the export performance of the firm. The perception of risk also influ-

ences the commitment of the firm to exporting.

This relationship between perceived risk and the export behaviour of the firm explains the gradual or evolutionary approach to export development. The non-exporting firm, for example, perceives a high degree of risk, while a lesser degree of risk may lead managers to export but without any strong commitment. On the other hand, degree of risk may be perceived as being so insignificant that resources are committed to exporting from the start. With increasing familiarity, learning takes place and experience is gained; the degree of perceived risk decreases and more and more resources are committed to exporting. The relationship between export performance and export commitment is an attempt to capture this evolutionary process of export development.

Export performance refers to how well the firm performs in the foreign market relative to other firms.

Export commitment can be viewed as being made up of the amount of resources committed to exporting and the degree of commitment to exporting. The latter depends on the extent to which resources utilised in exporting are non-transferable.<sup>39</sup> For the purposes of this research, commitment refers to the extent to which firms build up their export trade by utilizing resources which could have been used elsewhere.

---

<sup>39</sup> Johanson and Valne, p. 27.

Many studies note the relationship between export commitment and export performance. Performance for example, is influenced by the personal visits of top officers to overseas markets, by overseas distribution facilities and by overseas agents.<sup>40</sup> Another study noted too, that Brazilian manufacturers in their drive to secure export markets, also engage in product planning for their exports, offer fast and reliable delivery and make budget allocations for cooperative retail advertising.<sup>41</sup> But in considering the relationship between performance and commitment, it is important to keep in mind that, at times, performance may lead to commitment and, at other times, commitment may lead to performance.

The dependent variables of the model are thus:

Export Performance

Export Commitment

### 3.7 ASSUMPTIONS AND LIMITATIONS OF THE MODEL

The conceptual model rests on a number of assumptions. Firstly, the model assumes a particular flow of causation that may not be a true and complete reflection of reality. It is likely, for instance, that the independent constructs of the model may have an impact on each other. For example,

<sup>40</sup> Cunningham and Spigel, p. 8.

<sup>41</sup> Frank L. Helbig and Haskel L. Hoffenberg, "Made in Brazil," Columbia Journal of World Business, 7 (March-April, 1972): 21-47.

the manager's cosmopolitanism and aspirations may affect the perception of the domestic market or of the export market. These relationships are not considered in the model. It is assumed that the main interactions of the model will not be affected by ignoring potential connections among the independent constructs. Consequently, it is expected that the general direction of the flow of causation will be as postulated.

Secondly, the model also assumes that managers are largely responsible for their firm's success and that they act on the basis of their perceptions and not on "objective" factors as they exist. For example, the initial export decisions by managers are influenced by how managers perceive the market rather than by the way the market really is. There is some support for this assumption. Thus, Hirsch states that "The situation seen by the firm is ... the only relevant one from our point of view, because it is the situation regarding to which decisions will be taken."<sup>42</sup>

Finally, a major assumption of the model is that managers' perceptions do not undergo a fundamental change over a short period of time. Thus, managers' perceptions in time  $t+1$  is related to export performance in time  $t$ . This assumption is made on the grounds that people's perceptions tend to have a great deal of stability over time. On the

<sup>42</sup> See Hirsch, The Export Performance of Six Manufacturing Industries (New York: Praeger Publishers, 1971), p. 162.

basis of organisational and environmental stimuli together with personal factors, managers organise the stimulus information and give meaning to it.<sup>43</sup> Once these perceptions or images have been formed, managers attempt to maintain perceptual stability and reduce dissonance by selectively perceiving information.<sup>44</sup> This selective perception helps to maintain perceptual stability over time.

The assumption of perceptual stability also applies to the potential effect which export activity may have on perceptions and managerial characteristics such as cosmopolitanism. It is acknowledged that export activity may feedback and affect the model constructs posited as independent. For example, exporting may make a manager more cosmopolitan in outlook or affect the perception of export capability or the perception of the domestic environment. This feedback effect is omitted from the model and it is assumed that the independent constructs are the starting point for explaining export behaviour. This assumption is based on the notion of perceptual stability of managers over time.

The omission of a feedback effect means that the applicability of the model is limited to explaining or showing the relationship between export performance at a point in time and the independent and intervening constructs. The

---

<sup>43</sup> See Thomas S. Robertson, Consumer Behaviour (Glenview, Illinois: Scott, Foresman & Co, 1970), p. 14-24.

<sup>44</sup> See Philip Kotler, Marketing for Nonprofit Organisations (Englewood Cliffs, New Jersey: Prentice Hall, Inc., 1975), p. 129-141.

model can be applied, only with extreme caution, to explaining export growth over time.

The model is limited in that it does not take into account intra-company transfers of products. This transfer refers specifically to situations where subsidiaries are established in developing countries and the bulk of the output is "sold" to headquarters in another country. In these situations, managers have no discretion in marketing the product. The model also does not apply to companies in free-zone areas, since such areas are especially designed for the stimulation of exports. Companies locating in such areas are therefore expressly set up to satisfy export markets. Thus the factors affecting such companies are different from those postulated in the model.

Overall, the model provides a comprehensive framework for examining the situation of individual firms in developing countries in order to understand their export performance. The model includes both supply and demand factors; it focuses on the importance of the characteristics of managers; and it relies on managers' perception of their export situation. These are important distinctions for a model whose purpose is ultimately to serve as a basis for improving the export performance of individual firms.

## CHAPTER 4

### THE OPERATIONAL MODEL AND THE METHODOLOGY

The previous chapter outlined and discussed the conceptual model which provides the framework for this research. The model links environmental and market perceptions, together with management and company characteristics, to export performance. The present chapter proceeds by first operationally defining the constructs of the model. A description of the method of data collection, the characteristics of the sample and the limitations and assumptions of the data then follow. The detailed hypotheses and testing procedures make up the final section of this chapter.

#### 4.1 THE INDEPENDENT CONSTRUCTS

##### 4.1.1 The Export Market

Two variables represent the Export Market construct. These variables are Favourable Export Market and Favourable Distribution System. They stem from past research which identifies the characteristics of the export market which



most affect exporters.<sup>1</sup> The dimensions of the first variable are the degree of competitiveness, the annual growth rate of the market, the degree of demand fluctuation and market size. For the second variable the dimensions are the ease of obtaining distribution and the similarity of the distribution system. Each dimension is measured with seven point scales. By summing and averaging the dimensions of each variable, an index is created. This procedure is followed for each of the multidimensional variables employed in this research.<sup>2</sup>

4.1.2 The Export Market Environment

The operational definition of this construct includes the variables to which researchers in the developing world pay the most attention. These variables are Tariffs, represented by the extent to which tariffs are a deterrent or stimulus and Non-Tariff Barriers, represented by three dimensions. These dimensions are the degree of difficulty posed by packaging and labelling laws, by health and safety laws and by import quotas. The other variables representing

<sup>1</sup>See C.G. Alexandrides, "How the Major Obstacles to Expansion Can be Overcome," Atlanta Economic Review (May, 1971): 12-15; D.I. Mackay, "Exporters and Export Markets," Scottish Journal of Political Economy, 11 (November, 1964): 205-217; Paul Michell, "Infrastructures and International Marketing Effectiveness," Columbia Journal of World Business, 14 (Spring, 1979), 91-101.

<sup>2</sup>See Jum C. Nunnally, Psychometric Theory, 2nd ed. (New York: McGraw-Hill, 1978), pp.66-68 and 82-85 for the rationale behind the use of multi-item measures and the summing and averaging of these measures.

the export environment are Physical Distance, measured by the degree of difficulty it creates and Psychological Distance. The latter variable embraces the degree of difficulty created by differences in language, differences in the ways of doing business and differences in the level of economic development.<sup>3</sup> Table 4.1 presents the variables and their dimensions for both the Export Market and the Export Market Environment.

#### 4.1.3. Management Characteristics

For the purposes of this research, management characteristics refer to the Age, Education, Cosmopolitanism, Aspirations and Willingness to Take Risks of the manager. The first two variables are relatively easy to measure. The other variables, however, require some discussion.

Cosmopolitanism refers to the degree of international orientation of the manager, his awareness and interest in the world outside the local community. Many research studies on exporting utilize this variable as an explanatory factor. The use of this variable derives from the perception of exporting as an innovative activity within the firm and the close association between innovation and Cosmopoli-

---

<sup>3</sup>Jan Johanson and Jan-Erik Valne, "The Internationalization Process of the Firm - A Model of Knowledge Development and Increasing Foreign Market Commitments," Journal of International Business Studies (Spring/Summer 1977): 22-32; Jan Johanson and Finn Wiedersheim-Paul, "The Internationalization of the Firm - Four Swedish Cases," Journal of Management Studies (October, 1975): 305-322.

TABLE 4.1

## DIMENSIONS OF THE EXPORT MARKET AND THE EXPORT MARKET ENVIRONMENT

Construct	Variable	Variable Dimensions
Export Market	Favourable Export Market	<ul style="list-style-type: none"> <li>- Degree of competitiveness</li> <li>- Annual growth rate of the market</li> <li>- Degree of demand fluctuation</li> <li>- Market size</li> </ul>
	Favourable Distribution System	<ul style="list-style-type: none"> <li>- Ease of obtaining distribution</li> <li>- Similarity of distribution system</li> </ul>
Export Market Environment	Tariffs	<ul style="list-style-type: none"> <li>- Extent to which tariffs are a deterrent or stimulus</li> </ul>
	Non-Tariff Barriers	<ul style="list-style-type: none"> <li>- Degree of difficulty posed by packaging and labelling laws</li> <li>- Degree of difficulty posed by health and safety laws</li> <li>- Degree of difficulty posed by import quotas</li> </ul>
	Physical Distance	<ul style="list-style-type: none"> <li>- Degree of difficulty posed by physical distance</li> </ul>
	Psychological Distance	<ul style="list-style-type: none"> <li>- Degree of difficulty posed by differences in languages</li> <li>- Degree of difficulty posed by differences in the level of economic development</li> <li>- Degree of difficulty posed by differences in the ways of doing business</li> </ul>

tanism. Nevertheless, the operationalisation of this variable in export research is not completely satisfactory. In one instance operationalisation involved examining whether the manager had ever worked abroad and his knowledge of languages.<sup>4</sup> In other research studies, subjective observation and unstructured interviews were the methods employed to measure Cosmopolitanism.<sup>5</sup>

For this research, two empirical studies influenced the definition of Cosmopolitanism. The first study used readership of cosmopolitanism magazines, frequency of travel to foreign countries, choice of friends and activities engaged in with friends and attitude towards the local community as its measures.<sup>6</sup> On the basis of the conceptual definition of cosmopolitanism, these dimensions were judged to be appropriate for this research except for the last which, though important, seemed to be too general. With the aid of another study, two dimensions which measured 'attitude toward the local community' were extracted and modified to

---

<sup>4</sup>M. Sikander-Khan, A Study of Success and Failure in Exporting (Ph.D. dissertation, Department of Business Administration, University of Stockholm, 1978).

<sup>5</sup>James Kent Pinney, "The Process of Commitment to Foreign Trade: Selected Smaller Indiana Manufacturing Firms" (Unpublished D. B.A. Dissertation, Indiana University, 1969); Kenneth Simmonds and Helen Smith, "The First Export Order: A Marketing Innovation," British Journal of Marketing (Summer, 1968): 93-100.

<sup>6</sup>Thomas S. Robertson, "Determinants of Innovative Behaviour," in Proceedings of the American Marketing Association, ed. Reed Moyer (Chicago: American Marketing Association, 1967), p. 328-332.

suit this study.<sup>7</sup> These dimensions are whether managers find the most rewarding organisations to be local or foreign and whether managers feel local news is more interesting than foreign news. Consequently five dimensions, summed and averaged, provided the index of Cosmopolitanism.

The strength of the desire to be a leader in the industry, to be a leader in the business community, to increase overall profitability and to increase sales growth are the measures of the manager's Aspirations. These measures are similar to those of Cavusgil who measured the importance of certain goals to the firm.<sup>8</sup> Strength of desire, however, seem to have greater validity than importance as a measure of aspiration. Again, an overall index based on the summing and averaging of the dimensions provided the measure of Aspiration.

Willingness to Take Risks is conceptually similar to 'Venturesomeness' as used by researchers investigating the diffusion of innovations. Two studies, one outlining some dimensions of venturesomeness and the other outlining some correlates of risk taking, influenced the operational defi-

---

<sup>7</sup>Timothy A. Almy, "Local-Cosmopolitanism and U.S. City Managers," Urban Affairs Quarterly 10, 3 (March, 1975): 243-272.

<sup>8</sup>Salih Tamer Cavusgil, "Organizational Determinants of Firm's Export Behaviour: An Empirical Analysis" (Unpublished Ph.D. Dissertation, The University of Wisconsin-Madison, 1976).

1

nition of the risk characteristics of the manager.<sup>9</sup> Five dimensions provided the measurement for this characteristic. They are willingness to i) enter constantly changing markets; ii) adopt different management techniques and systems; iii) enter new markets with relatively little information; iv) enter new markets where the chances of being completely successful or being a total failure are slim; and v) enter unfamiliar markets where the firm is pressed to the limit of its resources. As with other variables an index provides the measure of risk willingness. Table 4.2 outlines the dimensions of each variable which represent management characteristics.

#### 4.1.4 The Characteristics of the Firm

The variables which constitute the characteristics of the firm are all associated with the export performance of firms located in industrialised countries. A few of these variables have also been explored in the context of a developing country. However, for some of these characteristics, including those examined in developing countries, the direction of the association with export performance is still uncertain, while for some others the relationship with export performance is fairly straightforward.

---

<sup>9</sup>Robertson, "Determinants of Innovative Behaviour"; Lawrence K. Williams, "Some Correlates of Risk Taking," Personnel Psychology 18,3 (Autumn, 1965): 297-309.

TABLE 4.2

## DIMENSIONS OF MANAGEMENT CHARACTERISTICS

Construct	Variable	Variable Dimensions
Management Characteristics	Age	- Number of years
	Education	- Level of formal schooling attained
	Cosmopolitanism	<ul style="list-style-type: none"> <li>- Similarity of background and views of friends</li> <li>- Rewards offered by local vs foreign clubs</li> <li>- Interest in local news vs foreign news</li> <li>- Frequency of reading foreign media</li> <li>- Frequency of travel to foreign countries</li> </ul>
	Aspirations	<p>Strength of desire to be a leader in the industry</p> <ul style="list-style-type: none"> <li>- Strength of desire to be a leader in the business community</li> <li>- Strength of desire for increase in profitability</li> <li>- Strength of desire for increased sales</li> </ul>
	Willingness to Take Risks	<p>Willingness to enter constantly changing markets</p> <ul style="list-style-type: none"> <li>- Willingness to adopt different techniques and systems</li> <li>- Willingness to enter new markets with little information</li> <li>- Willingness to enter markets where it is difficult to succeed or fail</li> <li>- Willingness to enter unfamiliar markets where the firm is pressed to the limit of its resources</li> </ul>

The Size of the firm is one characteristic where there are as many studies uncovering a positive relationship with export performance as there are studies uncovering no relationship. This research employs two measures of firm size: the annual sales of the firm in 1979 and the number of full time employees or equivalent for the same year. The intent is to investigate the relationship between these two measures of size.

Another area of uncertainty is the relationship between export performance and the nature of the firm's Ownership, whether domestic or foreign. Part of the problem may be the use of different measures of ownership. For the purposes of this study the measure of firm ownership is the percentage of assets owned by non-nationals.

The number of complete years since the shipment of the first export order represents the Length of Time Exporting. The Source of the Export Stimulus is a categorical variable (0,1) which measures whether the initial export stimulus came from inside the firm or outside.<sup>10</sup>

Two other variables make up the construct named Firm Characteristics. These variables are Product Uniqueness and Technology. For both of these variables, there is some indication of a positive relationship with export perfor-

<sup>10</sup>With categorical variables group membership acts as an independent variable and the fact of group membership is used to explain the variance in the dependent variable. See Fred N. Kerlinger and Elazar J. Pedhazur, Multiple Regression in Behavioral Research (New York: Holt, Rinehart and Winston, Inc., 1973), pp.105-109.



mance. Unlike the previous variables of the construct, however, both variables are perceptual measures. The number of major or minor unique features in the product line is the measure of Product Uniqueness. Technology is measured by the number of formally trained employees, the extent of superior production equipment and the extent of superior production techniques. Table 4.3 shows the various dimensions of the variables representing this construct.

#### 4.1.5 The Domestic Environment

Five variables estimate the effect of the Domestic Environment. These variables are an unfavourable domestic market, favourable infrastructure, favourable government export policy, ease of obtaining raw materials and the stimulus of an exchange rate policy.

Different aspects of the Domestic Market act on the firm and are strong enough to propel it towards foreign markets. An extremely competitive local market, for example, motivates firms to seek out foreign markets. Severe demand fluctuations, a slow annual growth rate or a relatively small market size may also have the same effect. Consequently the preceding factors are the operational measures of the domestic market.

Both the infrastructure existing in the domestic environment and the export policy of the local government may affect export performance. The measures of the Infrastructure are the ease of obtaining local transportation, the ease of

TABLE 4.3

**DIMENSIONS OF FIRM CHARACTERISTICS AND PERCEIVED  
DOMESTIC ENVIRONMENT**

Construct	Variable	Variable Dimensions
Firm Characteristics	Size	* - Annual sales in 1979 - Number of employees
	Ownership	- % of assets owned by non-nationals
	Length of Time Exporting	- Years since first exported
	Source of Export Stimulus	- Internal/external
	Product Uniqueness	- Uniqueness relative to similar product on domestic market
	Technology	- Number of employees with formal training - Superiority of production equipment - Superiority of production techniques
Domestic Environment	Unfavourable Domestic Market	- Degree of demand fluctuations - Degree of competitiveness - Annual growth rate of the market - Market size
	Favourable Infrastructure	- Ease of obtaining local transportation - Ease of shipping products out of country - Ease of communicating overseas
	Favourable Government Export Policy	- Helpfulness of financial services provided - Helpfulness of managerial services provided - Attitude towards exporting
	Ease of Obtaining Raw Material	- Ease of obtaining raw material
	Stimulus of Exchange Rate Policy	- Stimulus of Exchange Rate Policy

shipping products out of the country and the ease of communicating overseas. The Export Policy measures are the helpfulness of the financial services provided, the helpfulness of the managerial services provided and the governmental attitude towards exporting. The other two variables are single item measures: Ease of Obtaining Raw Materials and the stimulus of the Exchange Rate Policy. The details of these dimensions are also illustrated in Table 4.3.

#### 4.2 THE MEDIATING CONSTRUCTS

The mediating constructs of the model are Perceived Market Attractiveness, Perceived Export Capability, Perceived Risk, Contractual Relations and Export Restraint.<sup>11</sup> Each of these will be discussed in turn.

##### 4.2.1 Perceived Market Attractiveness

Ten dimensions make up the Market Attractiveness variable. These dimensions are seven point, semantic differential type scales with bi-polar adjectives.<sup>12</sup> Examples of these adjectives are Valuable/Worthless, Unfamiliar/Famil-

---

<sup>11</sup>Because one variable represents each of these constructs, both the constructs and the variables have the same labels. The distinction between 'construct' and 'variable' follows that made by Nunnally. "To the extent that a variable is abstract rather than concrete we speak of it as being a construct". Psychometric Theory, p.96.

<sup>12</sup>See Fred N. Kerlinger, Foundations of Behavioral Research, 2nd ed. (New York: Holt, Rinehart and Winston, Inc., 1973), Chapter 33, for a description of the construction and use of these scales.

iar, Dynamic/Static, Unprofitable/Profitable and Unimportant/Important. These descriptors were culled from the adjectives used by marketers and researchers when describing markets. The face validity of these adjectives also influenced selection. As with previous multi-item scales, summing and averaging responses produced an index of attractiveness.

#### 4.2.2 Perceived Export Capability

The measurement of Export Capability follows the same procedure as that used for market attractiveness. Ten dimensions measured with semantic differential type scales and bi-polar adjectives are employed. Examples of these dimensions are easy/difficult, manageable/unmanageable, demanding/undemanding, and attainable/unattainable. An index of export capability is also constructed. In evaluating export capability manager's assumed a ready and available market for the firm's product. The intention of this variable is to measure manager's perceptions that the firm has a capability over and above that required for current operations which can be used in exporting. Table 4.4 presents the complete listing of dimensions for market attractiveness and export capability.

TABLE 4.4

## DIMENSIONS OF MARKET ATTRACTIVENESS AND EXPORT CAPABILITY

Construct	Variable	Variable Dimensions
Market Attractiveness	Market Attractiveness	<ul style="list-style-type: none"> <li>- Valuable/Worthless</li> <li>- Unpredictable/Predictable</li> <li>- Certain/Uncertain</li> <li>- Concentrated/Diversified</li> <li>- Permanent/Temporary</li> <li>- Unfamiliar/Familiar</li> <li>- Dynamic/Static</li> <li>- Unprofitable/Profitable</li> <li>- Exciting/Unexciting</li> <li>- Unimportant/Important</li> </ul>
Export Capability	Export Capability	<ul style="list-style-type: none"> <li>- Easy/difficult</li> <li>- Manageable/Unmanageable</li> <li>- Troublesome/Troublefree</li> <li>- Certain/Uncertain</li> <li>- Comfortable/Uncomfortable</li> <li>- Complex/Simple</li> <li>- Demanding/Undemanding</li> <li>- Possible/Impossible</li> <li>- Rugged/Smooth</li> <li>- Attainable/Unattainable</li> </ul>

#### 4.2.3 Perceived Risk

This construct is conceptually important in many export models but it has not been satisfactorily defined.<sup>13</sup> Two empirical studies incorporate the concept but their definitions are far from satisfactory. One study merely asked whether the firm had taken any risks in exporting and the other asked that risks in exporting be compared with risks in the domestic market.<sup>14</sup> Both studies used one general question to obtain the information and ignored the components of risk.

The definition of Perceived Risk used in this research is similar to the definition used in consumer behaviour. Generally, consumer behaviour researchers view risk as made-up of two components: uncertainty and consequences. "Uncertainty can be described as the probability that a given event will occur. Consequences are defined as the cost to the consumer should the given event occur."<sup>15</sup> Thus perceived risk is defined by measuring the chance that exporting will cause a reduction in profits, sales and reputation (uncertainty) and the importance of preventing a reduction

---

<sup>13</sup>See Chapter 3.

<sup>14</sup>Sikander-Khan, "A Study of Success and Failure in Exports"; George Tesar, "Empirical Study of Small and Medium-sized Manufacturing Firms" (Unpublished Ph.D. Dissertation, The University of Wisconsin-Madison, 1975).

<sup>15</sup>Scott M. Cunningham, "Perceived Risk as a Factor in the Diffusion of New Product Information," in Raymond M. Haos, ed., Science, Technology and Marketing (1966 Fall Conference Proceedings, Chicago: American Marketing Association, 1966), p.700.

in profits, sales and reputation (consequences). By averaging the product of the measures of uncertainty and consequences for each dimension, an index of risk is obtained. The dimensions of risk are outlined in Table 4.5

#### 4.2.4 Contractual Relations

This variable takes into account the contractual arrangements which manufacturing firms in developing countries sometimes make with firms in countries such as the U.S. and Britain. It is a 0/1 categorical variable.

#### 4.2.5 Export Restraint

This variable is also a 0/1 categorical variable. It captures those situations where firms may be restrained in their exporting activities.

### 4.3 THE DEPENDENT VARIABLES

Export activity can be characterised as multidimensional. For example, one recent study measured export behaviour of the firm by examining the intention to enter new markets, the number of new markets intended to export to, the intention to introduce new products, the intention to increase the present proportion of export sales and the expected increase in the absolute level of sales. These dimensions focus on the firm's commitment to export market expansion, the commitment to export sales and the commitment

TABLE 4.5

## DIMENSIONS OF PERCEIVED RISK

Construct	Variable	Variable Dimensions
Perceived Risk	Perceived Risk	<ul style="list-style-type: none"> <li>- Degree of importance that there is steady and consistent growth in export profitability</li> <li>- Degree of importance that there is steady and consistent growth in export sales</li> <li>- Degree of importance that there is steady and consistent growth in export reputation</li> <li>- Chance that steady and consistent growth in export profitability would be attained</li> <li>- Chance that steady and consistent growth in export sales would be attained</li> <li>- Chance that steady and consistent growth in export reputation would be attained</li> </ul>



to existing export markets.<sup>16</sup> For the purposes of this research, however, the dependent variables are actual export sales: Export Performance; and the amount of time and financial resources devoted to developing new export markets: Export Commitment. The rationale for the choice of these variables is outlined below.

#### 4.3.1 Export Performance

It is possible to operationalise Export Performance in a number of ways. One may, for example, use the profitability of or the contribution from export sales in any one year. Another common measure is the percentage of total sales derived from foreign markets. Variations of these measures such as averages or growth rates over a period of time may also be used.

But all of these measures suffer from limitations of one sort or another. Profitability suffers from arbitrary methods of cost allocation and thus the incomparability of profitability data among firms. This measure (10% of sales for example) also does not reflect differences in total sales.<sup>17</sup> Moreover, if an attempt is made to relate profitability to the amount invested, then the problem of measur-

<sup>16</sup>Stanley Douglas Reid, "Export-Behaviour in Small Canadian-Owned Manufacturing Enterprise - An Empirical Investigation" (Unpublished Ph.D. Dissertation, Toronto: York University, 1981).

<sup>17</sup>Seev Hirsch, The Export Performance of Six Manufacturing Industries (New York: Praeger Publishers, 1971).

ing investment arises. Another limitation of the export profitability measure is that export profit data are notoriously difficult to collect.<sup>18</sup> Contribution as a measure of performance suffers from similar problems, especially that of data collection. And the use of the sales measure - the percentage of export sales relative to total sales - disregards the fact that sales may be influenced by factors in the home or overseas market which are outside the control of the firm.

These limitations led to the formulation of a number of criteria which guided the adoption of an operational measure of export performance. These criteria were:

- i) The measure should represent the relative export performance of the firm in the export market.
- ii) The measure should be seen as intuitively reasonable and useful by managers.
- iii) The measure should be seen as useful by policy makers in developing countries.
- iv) The measure should be relatively easy to obtain.
- v) The measure should facilitate comparison with past research.

On the basis of these criteria, export sales as a percentage of total sales (export intensity) was the most suitable measure of export performance. This measure provides an assessment of the relative export performance of firms in the export market. By relating export sales to total sales, it corrects for greater export sales on the basis of mere size. Managers, in addition, commonly use sales as a mea-

<sup>18</sup>See D.A. Tooke, "Factors Associated With Success in Exporting", The Journal of Management Studies, 1 (1964): 43-66.

sure of performance, and from the viewpoint of policy makers in developing countries, export intensity is also a useful measure of performance since a major concern of theirs, the amount of foreign exchange brought into the country, is dependent on the magnitude of export sales. Furthermore, export intensity is a relatively easy measure to obtain. Export intensity also satisfies the fourth criteria since most researchers in this area also use this measure. Export Performance, therefore, is defined as the percentage of export sales to total sales.

As a check on the manager's perceptions, two subjective measures of performance were also taken. One measure focused on the manager's perception of the growth of the firm's export sales within the last five years and the other measure focused on the manager's perception of the firm's export sales relative to that of comparable firms.

Export sales can be developed in a number of different ways. For the purposes of this research, export sales were all sales made outside of national boundaries. It includes the sale of both finished products and components. Products sold to other local manufacturing firms for inclusion in their exports are excluded and so too are products sold to other local firms which are simply re-exported.

#### 4.3.2 Export Commitment

The comments of researchers on the relationship between the commitment of managers to exporting and actual export

performance provided the rationale for the way the dimensions of this variable were developed. These comments normally pinpoint the factors of time and money invested in exporting. Consequently, the percentage of total executive time devoted to developing new export markets and the percentage of total marketing expenses directed to the development of new export markets are the dimensions of Commitment. Table 4.6 presents an outline of the dimensions for both Export Performance and Commitment.

#### 4.4 DATA COLLECTION

Manufacturing firms in Jamaica can be categorised into three groups, each with its own peculiar methods of operation and ways of behaving. The first group of firms comprises the subsidiaries of the transnational companies. These firms tend to use relatively sophisticated methods of operation with managerial authority spread among different functional areas such as finance, personnel and marketing. The incumbents at the head of these areas tend to be professionals.

The second group of firms are the large, by Jamaican standards, locally owned manufacturing enterprises. These firms would have sixty or more employees. Typically they are owned by families who began their business life in the distributive trades, acting as agents, wholesalers and retailers for foreign suppliers. Although there is some semblance of formalization of functions, they are still basic-

TABLE 4.6

## DIMENSIONS OF EXPORT PERFORMANCE AND EXPORT COMMITMENT

Construct	Variable	Variable Dimensions
Export Performance	Export Performance	<ul style="list-style-type: none"> <li>- Export sales as percentage of total annual sales</li> <li>- Management opinion on magnitude of decrease or increase in export sales trend</li> <li>- Management subjective evaluation of export performance</li> </ul>
Export Commitment	Export Commitment	<ul style="list-style-type: none"> <li>- Percentage of total executive time devoted to developing new export markets</li> <li>- Percentage of total marketing expenses spent on developing new export markets</li> </ul>

ally controlled by one person or family. Some professionalism is present but it is generally confined to the areas of accounting and possibly engineering for the manufacturing plant. Some amount of planning and control exists, in addition, but it is at a minimal level. The style of management can be classified as paternalistic.

The third and possibly the largest group of manufacturing firms are those which are small and locally owned. The owner is literally the only member of management. No formal accounting systems exists; intuition and experience is the mode of operation. In many cases, it may not be unfair to refer to these firms as backyard operations where the husband and wife are extensively engaged in line operations. The owners of this group of firms have relatively little social contact with the managers of the firm in the other two groups, except maybe in the capacity of customers or suppliers.<sup>19</sup>

Underlying the distinctions made among the three groups is the general culture of Jamaica with its pervasive informality and relative intimacy among the middle and upper classes. Many of the managers of the first two groups know each other well and are also well known to the political

---

<sup>19</sup>For a more detailed description of these groups see F.E. Nunes, "Towards a Classification of Caribbean Business Organization," in Notes on Organization and Change in the Caribbean: Introductory Readings in Organizational Theory and Behaviour, ed. F.E. Nunes and Gordon Draper (Jamaica: Institute of Social and Economic Research, University of the West Indies, 1974): 21-44.

elite. Jamaica, in addition, is relatively close to the U.S. and Latin America and this encourages an awareness of events taking place in the different countries. Up until a few years ago "shopping" in Miami was not something extraordinary for middle and upper class Jamaicans.

It is in this context and social milieu that the collection of data for this study took place. The actual data collection took place between the middle of March and the end of May 1980. The source of the sample was the 1978 Jamaica Manufacturers Association membership list, the most comprehensive listing of firms in Jamaica.<sup>20</sup> This list was supplemented by the membership list of the Jamaica Exporters Association. These lists do not include all firms in Jamaica and the expectation is that there is a bias towards the larger firms or towards firms where the managers are reasonably educated and/or articulate.

Each firm in the sample of one hundred and nineteen (seventy-nine exporters and forty non-exporters) was initially contacted by letter (Appendix I). This letter was either posted or hand delivered. The letter outlined the purpose of the study and requested an interview. After a sufficient lapse of time, a follow up phone call facilitated the finalization of interview arrangements with the person most involved in exporting. The majority of the respondents

---

<sup>20</sup>The National Planning Agency, the main governmental planning agency in Jamaica at the time, also suggested this list as the most comprehensive.

were senior level executives with Owners and Managers making up 67%, General Managers 20% and Marketing Managers 4%.

The interview, followed a structured questionnaire (Appendix II). The questionnaire concentrated on the characteristics of managers, the characteristics of each firm and its export behaviour, the perception of the domestic market and of four geographical markets. Managers in non-exporting firms responded to a modified questionnaire (Appendix III). This questionnaire was similar to that presented to exporters except for the deletion of all questions on exporting activities.

Both questionnaires were originally pretested on six exporting and non-exporting firms and subsequently modified. With the final questionnaire each interview lasted approximately 1½ hours to 2 hours. Three assistants, all faculty members of the Department of Management Studies at the University of the West Indies, Mona, Jamaica, helped in the data collection process. They were thoroughly briefed about the background, purpose and methodology of the study, prior to the survey. After conducting their initial interviews a briefing session was again held, while throughout the data collection close contact was maintained with each assistant. The objective of this briefing and the close contact was to minimize any possible interviewer bias.



#### 4.5 THE NATURE OF THE SAMPLE

The sample was selected with the aid of the Jamaica National Export corporation which identified the exporting and non-exporting firms. In selecting the members of the sample all firms with less than ten employees were excluded. A strong effort was made to obtain a sample which reflected the Jamaican industrial situation in terms of firm size and industrial categories. This effort was thwarted in some cases because many firms no longer existed. This effort was also affected because of difficulty in making contact with some firms or because of refusals. The non-randomness of the sample clearly indicates that any generalisation should be made with caution.

The membership list of the Jamaica Manufacturers Association is categorised into industry groups and except for the Food and Agro-industry group, the sample includes all the groups.<sup>21</sup> The sample is also fairly representative of the relative proportions of the different industries in the Association (Appendix IV). The one hundred and nineteen firms included in the sample represented 23.5% of the members. Thus, the sample includes a fairly broad cross section of firms in Jamaica.

A tabulation of the sample firms by industry and annual

---

<sup>21</sup>The Agro-Industry group was not considered largely because the traditional definition of manufactured products among export researchers in developing countries, excludes them. In many cases these products are considered traditional rather than non-traditional.

sales (size) is presented in Table 4.7. The bulk of the firms are in the building, footwear, garments, printing and packaging and wooden products industries with the garment industry making up twenty-one percent of the sample. Forty-eight firms or forty percent of the sample had sales of one million dollars or less. Seven firms or six percent had sales of more than ten million dollars. Table 4.8 presents the sample broken down by industry and whether the firm is an exporter or not. Approximately forty-five percent of the exporters were in the building, footwear and garment industries, while building, garments and printing and packaging were the largest sectors among the non-exporters.

The ownership structure of the exporting and non-exporting firms also showed some variation (Table 4.9). Approximately seventy percent of the exporters were completely local compared to eighty-three percent of the non-exporters. Twenty percent of the exporters were more than fifty percent foreign owned (eleven percent of the exporters were one hundred percent foreign owned) compared to approximately thirteen percent of the non-exporters with more than fifty percent foreign ownership. Five percent were one hundred percent foreign owned.

The oldest firm in the sample, an exporting firm, was forty-eight years old whereas the oldest non-exporting firm was thirty-five years old (Table 4.10). Notwithstanding the age of these firms, seventy-five percent of the firms in the sample was less than fifteen years old. The newness of the

TABLE 4.7

## INDUSTRY BY ANNUAL SALES (J\$000,000) - ALL COMPANIES

Industry	Less	.251	.601	1.1	2.1	5.1	Greater	ALL
	than .25	to .600	to 1.0	to 2.0	to 5.0	to 10.0	than 10.0	
Metal Products	-	2	2	1	1	1	-	7
Building & Industrial Steel	1	3	-	2	4	1	3	14
Chemicals	-	-	-	2	2	4	-	8
Electrical & Electronics	1	-	1	-	5	3	-	10
Footwear, Tanning	2	4	2	3	2	1	-	14
Garments	6	5	5	3	5	1	-	25
Miscellaneous	-	1	1	5	1	-	1	9
Plastics	-	1	1	1	-	1	1	5
Printing, Packaging, Paper	-	1	1	6	1	3	1	13
Textile & Knitters	-	-	-	-	2	-	1	3
Wooden Products	5	1	2	3	-	-	-	11
TOTAL	15	18	15	26	23	15	7	119

TABLE 4.8

## INDUSTRY BY EXPORTERS AND NON-EXPORTERS

Industry	EXPORTERS		NON-EXPORTERS		ALL COMPANIES	
	%	No.	%	No.	%	No.
Metal Products	6.3	5	5.0	2	5.9	7
Building & Industrial Steel	10.1	8	15.0	6	11.8	14
Chemicals	8.9	7	2.5	1	6.7	8
Electrical & Electronics	8.9	7	2.5	3	8.4	10
Footwear, Tanning	11.4	9	12.5	5	11.8	14
Garments	24.1	19	15.0	6	21.0	25
Miscellaneous	6.3	5	10.0	4	7.6	9
Plastics	5.1	4	2.5	1	4.2	5
Printing, Packaging, Paper	8.9	7	15.0	6	10.9	13
Textile & Knitters	1.3	1	5.0	2	2.5	3
Wooden Products	8.9	7	10.0	4	9.2	11
	100.0	79	100.0	40	100.0	119

TABLE 4.9  
OWNERSHIP STRUCTURE OF THE SAMPLE FIRMS

Percent of Assets Foreign Owned	Exporters		Non-Exporters	
	Number of Firms	Percent	Number of Firms	Percent
0	55	69.6	33	82.5
1 - 24	6	7.6	2	5
25 - 49	2	2.5	0	-
50 - 74	4	5	3	7.5
75 - 99	3	3.5	0	-
100	9	11.4	2	5

Table 4.10  
SOME CHARACTERISTICS OF THE SAMPLE

Characteristics	Exporters (79)				Non-Exporters (40)				All Companies (119)			
	%	#	%	#	%	#	%	#	%	#	%	#
Age of Companies (years)	25	50	75	100	25	50	75	100	25	50	75	100
	* <= 7	<= 11	<= 15	<= 48	<= 7	<= 10	<= 16	<= 35	<= 7	<= 11	<= 15	<= 48
No. of Employees	<= 35	<= 66	<= 122	<= 650	<= 18	<= 28	<= 55	<= 460	<= 26	<= 54	<= 100	<= 650
	<= .71	<= 1.8	<= 4.7	<= 26.7	<= .21	<= .75	<= 2M	<= 18.5K	<= .55	<= 1.5	<= 3.14	<= 26.7
No. Yrs Exporting	<= 2	<= 5	<= 10	<= 24	-	-	-	-	-	-	-	-

\*Read: 25% of exporters were 7 years old or less.

sample companies reflects the recently increased governmental emphasis on industrialisation. This newness also reflects the absence of the Agro-Industry group from the sample. Typically, this industry group is the first to develop in developing countries.

When the industry classification is ignored, seventy-five percent of the sample had less than one hundred employees with twenty-five percent having less than twenty-six employees. With the sample broken down into exporters and non-exporters, exporting firms were somewhat larger. Fifty percent of the exporting firms had sixty-six employees or less compared to non-exporting firms with twenty-eight employees or less. Using annual sales as a measure of size, the results were generally the same - exporting firms tended to be larger than non-exporting firms.

None of the exporters had more than twenty-four years exporting experience, while the majority (seventy-five percent) were all exporting for ten years or less. Twenty-five percent had only two years experience. The characteristics of the firms in the sample are also shown in Table 4.10.

Table 4.11 shows the export market of the sample firms. Except for four exporters, all had some exports to CARICOM with slightly over half of the exporters (forty-three or fifty-four percent) having one hundred percent of their exports going to CARICOM. Sixty-five firms had more than fifty percent of their exports to CARICOM. The next most important market was North America with fifteen firms

TABLE 4.11

## PERCENTAGE DISTRIBUTION OF EXPORTS BY MARKET FOR THE SAMPLE FIRMS

Percentage of Exports	Number of Firms in Each Market			
	Caricom	North America	Latin America	Britain
0	4	64	72	72
1 - 10	2*	3	4	4
11 - 24	1	1	-	1
25 - 49	4	3	1	1
50 - 74	8	4	1	1
75 - 99	17	2	1	-
100	43	2	-	-
TOTAL	79	79	79	79

\*Read: Two firms had between 1 and 10% of their exports going to CARICOM.



or nineteen percent of the sample exporting to this market. Eight had more than half their exports going to this market. Britain and Latin America had about an equal number of firms, seven, exporting.

#### 4.6 LIMITATIONS AND ASSUMPTIONS OF THE DATA

An important limitation of this study is that the data collected reflects the opinion of only one person in the organisation. The assumption, therefore, is that the interviewee's perception and opinions are a valid reflection of the perceptions and opinions of other key decision makers in the firm. This assumption may not be a serious limitation to this study. This is so because quite often in developing countries, decision makers operate in a highly centralized and autocratic manner.<sup>22</sup> These decision makers dominate the functioning of their companies especially if they are "owner-managers". With 67% of the interviewees in this study being owner-managers it may well be that they are the only key decision-maker in each firm. Nevertheless, for each firm in the sample and especially for those firms where more delegation of decision-making authority occurred, great care was taken to ensure that the person most directly involved and who had the greatest influence in export decision making was interviewed.

---

<sup>22</sup>Barry Richman and Melvyn Copen, "Management Techniques in the Developing Nations", Columbia Journal of World Business, 8 (Summer, 1973): 49-58.

Most of the data collected was of a perceptual nature. With data such as this response bias could, potentially, be a serious problem. It is possible, for example, that certain managers, because they were being interviewed by a university representative, provided responses which they thought made them look "good". In an attempt to minimize the potential effects of this problem and any other biases which may have arisen, great care was taken in training the three assistants involved in the data collection.

One other assumption was made regarding measurement and the nature of the data collected. The statistical techniques presented in this research are all parametric. These techniques assume an underlying interval scale. The bulk of the research data, however, was collected by means of seven-point Likert type scales. These scales are ordinal in nature but there is some justification for using parametric techniques.

In the first place a great deal of effort was taken to construct scale point descriptors such that they would be perceived by respondents as reflecting equal increments of the variable being measured. Thus the responses should approximate interval measures,

Secondly, if the data is not interval the more powerful and better developed statistics presented in this study can be considered worth the cost of the possible slight measurement error. In any event serious overestimations of the

results should not occur.<sup>23</sup> The consistency in the direction and significance levels of the results of non-parametric and parametric correlational tests for the variables used in this study suggests that overestimation may indeed not be serious.<sup>24</sup>

A final note of caution is required. During the data collection phase of this research certain events were occurring in Jamaica which could have affected the quality of the responses. Most important, at the time, was the severe shortage of foreign exchange in the government's coffers and some amount of difficulty experienced by manufacturers in obtaining the licenses required for the importation of raw materials. Of immediate significance was the announcement, just prior to the first interview, that Jamaica and the International Monetary Fund had broken off the negotiations which may have led to further IMF support for the island. A distinct mood of despondency was quite evident among the business community. This despondency may have affected some

---

<sup>23</sup>Gilbert A. Churchill, Marketing Research: Methodological Foundations (Hinsdale, IL: The Dryden Press, 1976), p.411-412.

<sup>24</sup>As an example of this consistency Manager's Age correlated ( $R = .13$ ;  $\alpha = .12$ .) with Market Attractiveness and Kendall's correlational test (non-parametric) produced a result of  $-.13$ ;  $\alpha = .10$ . Further support for the use of parametric statistics is provided by Bohrnstedt and Carter who, after an exhaustive analysis, concluded that "... when one has a variable which is measured at least at the ordinal level, parametric statistics not only can be, but should be, applied." George W. Bohrnstedt, and T. Michael Carter, "Robustness in Regression Analysis," in Sociological Methodology, ed. Herbert L. Costner (San Francisco: Jossey-Bass, Inc. 1971), p. 132.

responses even if respondents were asked to view the situation as they did in 1979.

#### 4.7 HYPOTHESES AND METHODS OF TESTING

This section outlines the detailed hypotheses and the analytical techniques employed in testing them. Table 4.12 outlines the sequence of steps followed in the testing of these hypotheses. The preliminary analysis (Stage 1) involved the examination of data patterns for the kind of companies and industries represented. The means and standard deviations of the variables are presented in Appendix V. Also conducted were tests of reliability for certain multi-item variables (Appendix VI). These tests revealed that for one item in each of the four variables, the item total correlation was so low that the item should be removed from the set. This was done in the case of four variables.<sup>25</sup>

##### 4.7.1 Hypothesis Set H<sub>1</sub>

The objective of this hypothesis is to develop profiles of the exporting and non-exporting firms. Thus, this hypothesis postulated that the two groups of firms, exporters and non-exporters, differ on the basis of their perception of the export market, the export market environment, managerial and company characteristics and the perception of the domestic environment (Table 4.13).

---

<sup>25</sup>These variables are Willingness to Take Risks, The Domestic Market and the Export Market.

TABLE 4.12  
PLAN OF ANALYSIS

Stage	Objective	Method
1	Describe sample; companies, products; examine data patterns	Distribution, means, medians, and cross-tabulations. Tests of reliability
2	Test Hypothesis H <sub>1</sub>	Correlation analysis Discriminant Analysis
3	Test Hypothesis H <sub>2</sub>	Correlation Analysis Multiple Regression
4	Test Hypothesis H <sub>3</sub>	Correlation Analysis Multiple Regression
5	Test Hypothesis H <sub>4</sub>	Correlation Analysis Multiple Regression
6	Test Hypothesis H <sub>5</sub>	Correlation Analysis Multiple Regression
7	Test Hypothesis H <sub>6</sub>	Correlation Analysis
8	Examine the relationship between perceived Risk and the other variables.	Correlation Analysis Multiple Regression/

TABLE 4.13  
 HYPOTHESIS SET H<sub>1</sub>: THE CHARACTERISTICS OF EXPORTERS AND NON-EXPORTERS

Characteristics of Exporting and Non-Exporting Firms Differ on			
Construct	Variable	Exporters	Non-Exporters
Export Market	- Favourable Export Market - Favourable Distribution Systems	- Favourable - More Unfavourable	- Less Unfavourable - Less Unfavourable
Export Market Environment	- Tariffs - Non-tariff barriers - Physical Distance - Psychological Distance	- Low - Low - Less - Less	- High - High - More - More
Management Characteristics	- Age - Education - Cosmopolitanism - Aspirations - Willingness to Take Risks	- Younger - More - More - Greater - More	- Older - Less - Less - Lesser - Less
Characteristics of the Firm	- Size - Age - Ownership - Product Uniqueness - Technology	- Larger - Uncertain - Uncertain - More - Better	- Smaller - Uncertain - Uncertain - Less - Worse
Domestic Environment	- Unfavourable Domestic Market - Favourable Infrastructure - Favourable Government Export Policy - Ease of Obtaining Raw Materials - Stimulus of Exchange Rate Policy	- Unfavourable - Favourable - Favourable - Easy - Stimulus	- Favourable - Unfavourable - Unfavourable - Difficult - Deterrent

The profile of these firms can be appropriately developed with the use of discriminant analysis. Discriminant analysis reduces the predictor variables "... to a single linear composite with values that maximally distinguish between members of the two groups."<sup>26</sup> The discriminant function is of the form:

$$D_i = d_1Z_1 + d_2Z_2 + \dots + d_nZ_n$$

where  $D_i$  = the score on the discriminant function  $i$

$d_i$  = the discriminant coefficients

$Z_i$  = the standardized value of the discriminating variables

With discriminant analysis the coefficients of the function are selected such that the ratio of the between-group to the within-group variance is maximized. This analysis develops the profiles of the two groups of firms based on the predictor variables.

Discriminant analysis makes a number of assumptions. The technique assumes a multivariate normal distribution and equal variance-covariance matrices for the discriminating variables. Although the technique is very robust, thus making strict adherence to the assumptions not absolutely necessary, Box's test showed no significant difference in the equality of the matrices. The problem of correlated predictor variables was also considered since multicollinearity can produce highly sensitive predictor coefficients

<sup>26</sup>Paul E. Green, Analyzing Multivariate Data (Hinsdale, IL: The Dryden Press, 1978), p.143.

or cause the incorrect deletion of some predictor variables. As expected there was some measure of collinearity among the variables, but it was not grave.

#### 4.7.2 Hypothesis Set H<sub>2</sub>

The hypotheses which follow all focus on exporters. The proposed relationship between perceived export capability and firm characteristics, management characteristics and the domestic environment constituted the second hypothesis set. These are presented in Table 4.14. Multiple regression was the technique used in the analysis. The hypothesized form of the relationship was the linear additive one represented by:

$$PEC = B_0 + B_1X_1 + B_2X_2 + \dots + B_nX_n + E$$

where PEC = the estimated value for Perceived Export  
Capability

$B_0$  = the Y intercept

$B_i$  = the regression coefficient of the variables

$X_i$  = the hypothesized predictor variables

E = the random error

Multiple Regression is useful for providing information on the relationship between a set of predictors and a criterion variable, on the strength of such a relationship, on the overall statistical significance of the relationship and on the relative importance of the predictor variables in accounting for variation in the dependent vari-



TABLE 4.14  
 HYPOTHESIS SET H<sub>2</sub>: THE DETERMINANTS OF EXPORT CAPABILITY

Construct	Variable	Hypothesized Effect on Export Capability
Management Characteristics	<ul style="list-style-type: none"> <li>- Age</li> <li>- Education</li> <li>- Cosmopolitanism</li> <li>- Aspirations</li> <li>- Willingness to Take Risks</li> </ul>	<ul style="list-style-type: none"> <li>- Negative</li> <li>- Positive</li> <li>- Positive</li> <li>- Positive</li> <li>- Positive</li> </ul>
Characteristics of the Firm	<ul style="list-style-type: none"> <li>- Size</li> <li>- Age</li> <li>- Ownership</li> <li>- Length of Time Exporting</li> <li>- Product Uniqueness</li> <li>- Technology</li> </ul>	<ul style="list-style-type: none"> <li>- Positive</li> <li>- Uncertain</li> <li>- Uncertain</li> <li>- Positive</li> <li>- Positive</li> <li>- Positive</li> </ul>
Domestic Environment	<ul style="list-style-type: none"> <li>- Unfavourable Domestic Market</li> <li>- Favourable Infrastructure</li> <li>- Favourable Government Export</li> <li>- Ease of Obtaining Raw Materials</li> <li>- Stimulus of Exchange Rate Policy</li> </ul>	<ul style="list-style-type: none"> <li>- Positive</li> <li>- Positive</li> <li>- Positive</li> <li>- "Positive</li> <li>- Positive</li> </ul>

able.<sup>27</sup>

The assumptions associated with Multiple Regression focus largely on the error term. Multiple Regression assumes that the errors have a mean value of zero and a constant variance for all values of the explanatory variables. There was no reason to suspect that these assumptions were violated. The regression technique also assumes that the individual error terms are uncorrelated - that there is no auto correlation. Since the data used in this study is cross-sectional, with the sample comprising firms from different industries selling in different markets, there was no reason to suspect that the assumption of uncorrelated error terms was violated. As in the case of the Discriminant Analysis (Hypothesis 1), some collinearity existed among the predictor variables, but it was not enough to affect the stability of the results.

#### 4.7.3 Hypothesis Set H<sub>3</sub>

The proposed relationship between perceived market attractiveness and the perceived export market, the perceived market environment and management characteristics constituted the third hypothesis set. This hypothesis set is presented in Table 4.15. Like the previous hypothesis, this relationship pointed to the use of Multiple Regression as a suitable analytical technique. The hypothesized form of the

---

<sup>27</sup>Paul E. Green, Analyzing Multivariate Data (Hinsdale IL: The Dryden Press, 1978), p.38.

TABLE 4.15  
 HYPOTHESIS SET H<sub>3</sub>: THE DETERMINANTS OF MARKET ATTRACTIVENESS

Perceived Market Attractiveness is Related to		
Construct	Variable	Hypothesized Effect on Market Attractiveness
Export Market	- Favourable Export Market	- Positive
	- Favourable Distribution System	- Positive
Export Market Environment	- Tariffs	- Negative
	- Non-Tariff Barriers	- Negative
	- Physical Distance	- Negative
	- Psychological Distance	- Negative
Management Characteristics	- Age	- Negative
	- Education	- Positive
	- Cosmopolitanism	- Positive
	- Aspirations	- Positive
	- Willingness to Take Risks	- Positive

relationship was the linear additive one presented by:

$$PMA = B_0 + B_1X_1 + B_2X_2 + \dots + B_nX_n + E$$

where PMA = the estimated value for perceived market attractiveness.

$B_0$  = the Y intercept.

$B_i$  = the regression coefficients of the variables

$X_i$  = the hypothesized predictor variable.

E = the random error.

The earlier discussion of the assumptions and applicability of multiple regression also apply here.

To facilitate the testing of this hypothesis a global measure of market attractiveness was derived by weighting the attractiveness of each market - CARICOM, North America, Latin America and Britain - by its relative importance among exporting firms. The relative importance was measured by the average export percentage of the exporting group, as a whole, to each market. The characteristics of each market and its environment were also weighted.

#### 4.7.4 Hypothesis Set H<sub>4</sub>

This hypothesis set postulated that export performance is determined by the perceived export capability, perceived market attractiveness, contractual relations and export restraint. The details of this hypothesis are outlined in Table 4.16. As with hypotheses H<sub>2</sub> and H<sub>3</sub>, this hypothesis was tested with linear additive model of the form:

TABLE 4.16  
 HYPOTHESIS SET H<sub>4</sub>: THE INTERVENING VARIABLES AND EXPORT PERFORMANCE

Export Performance is Related to		
Construct	Variable	Hypothesized Effect on Export Performance
Perceived Market Attractiveness	- Perceived Market Attractiveness	- Positive
	- Perceived Export Capability	- Positive
Contractual Relations	- Contractual Relations	- Positive
	- Export Restraint	- Negative

$$EP = B_0 + B_1X_1 + \dots + B_nX_n + E$$

where EP = Export performance

$B_0$  = the Y intercept

$B_i$  = regression coefficients of the variables

$X_i$  = hypothesized predictor variables

E = random error

The assumptions made for the previous hypotheses also apply here.

#### 4.7.5 Hypothesis Set H<sub>5</sub>

This hypothesis is framed so that the effect of the export market, the market environment, management and firm characteristics, the domestic environment, contractual relations and export restraint on Export Performance can be measured. The hypothesis bypasses the intervening constructs of Export Capability and Market Attractiveness. The set is presented in Table 4.17. Multiple Regression was again used with the usual assumptions.

For each of the multiple regression equations developed and tested, a stepwise technique was used to estimate the parameters in the equation.<sup>28</sup> Because of the many variables hypothesized as predictors each equation was developed in a two stage process. At the first stage all the vari-

---

<sup>28</sup>All statistical analysis used the Statistical Package for The Social Science. See Norman Nie, et al. Statistical Package for the Social Sciences, 2nd ed. (New York: McGraw-Hill, Inc.; 1975). The System used was the Prime - 750 at the School of business Administration, University of Western Ontario.

TABLE 4.17

HYPOTHESIS SET H<sub>5</sub>: THE DETERMINANTS OF EXPORT PERFORMANCE

Export Performance is Related to		Hypothesized Effect on Export Performance
Construct	Variable	
Export Market	- Favourable Export Market - Favourable Distribution System	- Positive - Positive
Export Market Environment	- Tariffs - Non-Tariff Barriers - Physical Distance - Psychological Distance	- Negative - Negative - Negative - Negative
Management Characteristics	- Age - Education - Cosmopolitanism - Aspirations - Willingness to Take Risks	- Negative - Positive - Positive - Positive - Positive
Characteristics of the Firm	- Size - Age - Ownership - Product Uniqueness - Technology - Source of Export Stimulus - Length of Time Exporting	- Positive - Uncertain - Uncertain - Positive - Positive - Positive - Positive
Domestic Environment	- Unfavourable Domestic Market - Favourable Infrastructure - Favourable Government Export Policy - Ease of Obtaining Raw Materials - Stimulus of Exchange Rate Policy	- Positive - Positive - Positive - Positive - Positive
Contractual Relations	- Contractual Relations	- Positive
Export Restraint	- Export Restraint	- Negative

ables were initially allowed to enter the regression equation. Subsequently, those variables which contributed a statistically significant increment to the explained variance ( $R^2$ ) of the dependent variable were selected and the regression repeated with only the selected variables. In all cases the parameters were extremely stable.

#### 4.7.6 Hypothesis H<sub>6</sub>

This hypothesis focuses on the relationship between export commitment and export performance. It is designed to test the relationship between performance and different commitment levels on the part of the managers.

H<sub>6</sub>: the export commitment of firms vary directly with increasing levels of export performance.

This hypothesis was tested by means of Correlation Analysis.

So far no hypothesis incorporates the concept of Perceived Risk. This is because of the uncertainty surrounding the measurement of this construct. From a theoretical point of view, perceived risk intervenes between export performance and the other variables in the model, but the measurement and validation of this relationship was considered doubtful. Thus, it was decided to bypass Perceived Risk and not include it in any formal hypothesis. But rather than ignoring the risk variables altogether, its relationship to the rest of the model was explored by means of a regression analysis.

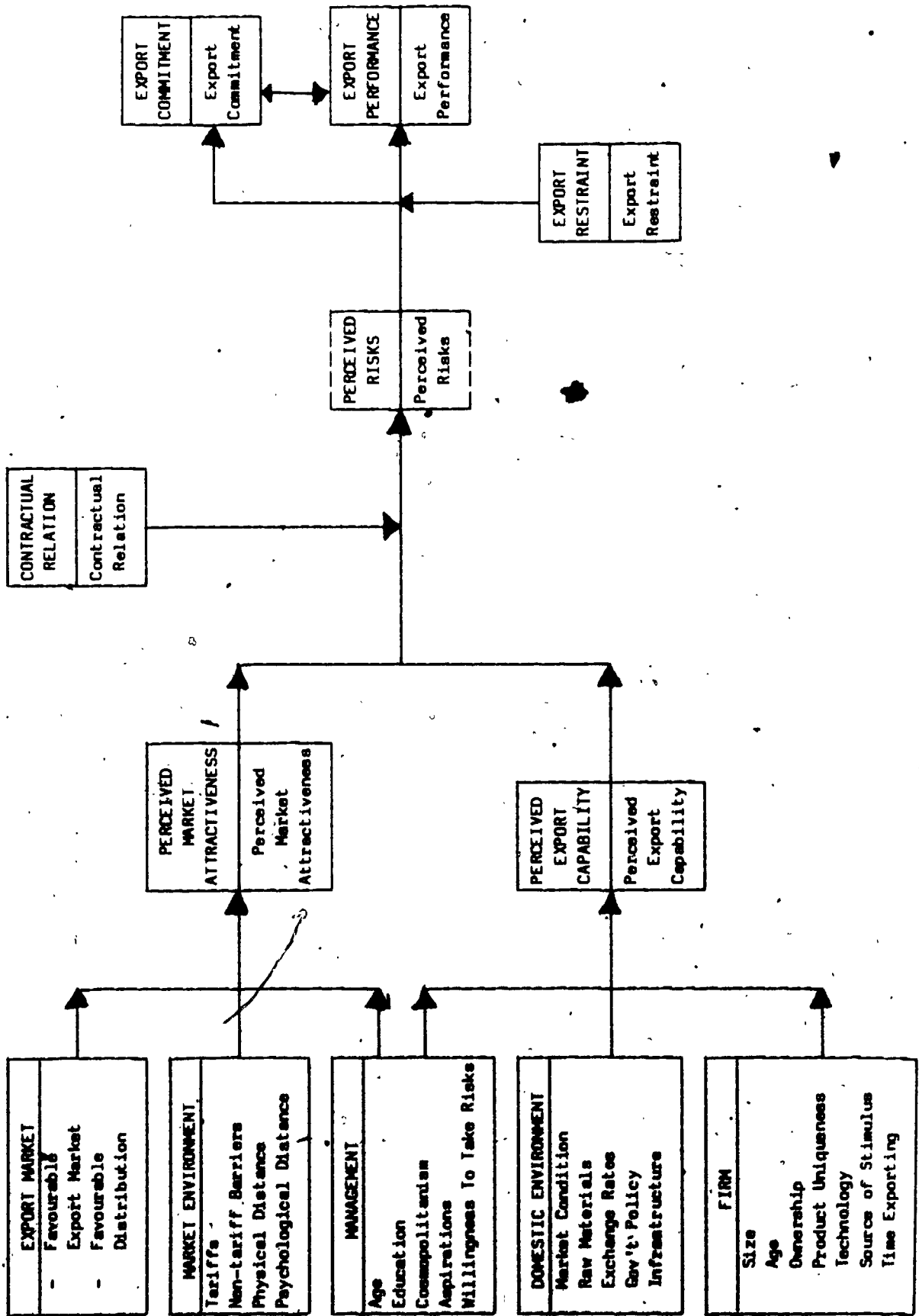
In the first instance Perceived Risk was related to the



intervening variables of the model: Export Capability, Market Attractiveness, Contractual Relations and Export Restraint. In the second instance Perceived Risk was related to Export Performance.

Figure 4.1 presents the details of the research model. The broken line surrounding Perceived Risk in Figure 4.1, the research model, indicates the uncertainty regarding the measurement of this variable.

FIGURE 4.1  
THE RESEARCH MODEL: VARIABLES USED IN THE RESEARCH



## CHAPTER 5

### THE CHARACTERISTICS OF EXPORTERS AND NON-EXPORTERS AND THE DETERMINANTS OF EXPORT CAPABILITY AND MARKET ATTRACTIVENESS

In this chapter and in Chapter 6, the results of the research will be presented and discussed. This chapter begins with a discussion of the results pertinent to Hypothesis H<sub>1</sub>. This hypothesis concerns the characteristics of typical exporting and non-exporting firms. These characteristics are drawn from the hypothesized independent variables of the research model. A discussion of the factors affecting Perceived Export Capability and Perceived Market Attractiveness, the intervening variables of the model, then follows. This discussion, therefore, focuses on Hypothesis H<sub>2</sub> and H<sub>3</sub> and it deals only with the exporting firms. The last section of this chapter summarizes the findings.

While this chapter focuses on distinguishing between exporters and non-exporters and on the intervening variables of the model, Chapter 6 will focus specifically on Export Performance and its hypothesized determinants, on the relationship between Commitment and Export Performance, and on the usefulness of Perceived Risk as a factor affecting Export Performance. Since Export Performance is the focus of

the following chapter, the descriptive statistics which deal with the export performance of the sample will be presented in the first section of that chapter.

#### 5.1 THE CHARACTERISTICS OF EXPORTERS AND NON-EXPORTERS: H<sub>1</sub>

This hypothesis set, H<sub>1</sub>, postulates that exporting and non-exporting firms differ on the basis of their perception of the Export Market, the Export Market Environment, Managerial and Firm Characteristics and their perception of the Domestic Environment. The analytical technique employed was a stepwise two-group discriminant analysis.

Appendix VII presents the correlation matrix pertinent to this hypothesis set and the correlation matrices applicable to the other hypotheses tested in this research. For all the hypotheses which use Discriminant Analysis or Linear Regression as the analytical technique, the behaviour of the variables with the highest correlations was examined as they entered the particular function. This analytical procedure is important since multicollinearity can cause the coefficients to be very unstable, as well as mask their relative importance.<sup>1</sup> However, there were no indications that multicollinearity created problems in this analysis.

---

<sup>1</sup>The point at which multicollinearity becomes serious is ambiguous. As a check, the standard errors of the regression coefficients was examined. These errors tend to be high in the case of multicollinearity. See Paul E. Green, Analyzing Multivariate Data (Hinsdale, IL: The Dryden Press, 1978), p.226-231.

The results presented in Table 5.1 provide a good measure of support for hypothesis H<sub>1</sub>. Four of the five constructs are represented among the discriminating variables. The overall significance of the results is quite respectable with an F value of 7.97 ( $\alpha = .000$ ), a canonical correlation of .58 and an eigen value of .50. On the basis of the standardized coefficient, Technology and Favourable Non-tariff Barriers, are the most powerful discriminating variables between the two groups.

With regards to the characteristics of exporters and non-exporters, the typical exporting firm possesses a relatively superior technology and is of greater size and was established more recently; it also has a manager who is relatively young and cosmopolitan.<sup>2</sup> The exporting firm, in addition, perceives the level of infrastructure development in the domestic environment as unfavourable to exporters and the level of non-tariff barriers in export markets as insignificant and favourable to exporters. In contrast, the non-exporting firm uses relatively inferior technology, is smaller and is also older. The managers are also relatively older and more local in their orientation. Moreover they perceive the infrastructure in the domestic environment as

---

<sup>2</sup>The measure of size used during all of the data analysis was 'number of employees'. The correlation between number of employees and annual sales, another measure of size, was .71,  $\alpha = .001$ .

TABLE 5.1

HYPOTHESIS SET H<sub>1</sub>: THE CHARACTERISTICS OF EXPORTERS AND NON-EXPORTERS - DISCRIMINANT ANALYSIS RESULTS

Groups: Exporters (+) and Non-exporters (-)

Construct	Variable	Units	Coefficient	Standardized Coefficient	Change in Rao's V	t
Management Characteristics	Cosmopolitanism	1-7	.38	.39	8.82 <sup>a</sup>	2.35 <sup>b</sup>
	Decreasing Age	1-6	.34	.32	5.53 <sup>b</sup>	1.96 <sup>b</sup>
Firm Characteristics	Technology	1-7	.61	.60	17.64 <sup>a</sup>	3.67 <sup>a</sup>
	Company Age	Yrs	-.04	-.36	2.31 <sup>d</sup>	1.89 <sup>c*</sup>
	Company Size	E <sup>+</sup>	.003	.32	4.29 <sup>b</sup>	1.67 <sup>b</sup>
Domestic Environment	Favourable Infrastructure	1-7	-.27	-.36	5.85 <sup>b</sup>	2.10 <sup>b</sup>
Export Market Environment	Favourable Non-tariff Barriers	1-7	.61	.58	14.38 <sup>a</sup>	3.42 <sup>a</sup>

Significance Level: a:  $\alpha \leq .01$   
 b:  $\alpha \leq .05$   
 c:  $\alpha \leq .10$   
 d:  $\alpha = .13$

Constant: 7.96

N : 119  
 Canonical Correlation : .58  
 Chi-Square : 46.23 (Sig = .000)  
 Eigen Value : .50  
 Wilks Lambda : .67  
 F on overall discrimination: 7.97 (Sig = .000)

\* Two tail test + Employees

favouring exporters and the non-tariff barriers in export markets as unfavourable to exporters.<sup>3</sup>

The characteristics of exporters and non-exporters as outlined above highlight a number of interesting features of these firms. To begin with, these characteristics do not include any variable representing the Export Market construct. This exclusion signifies a high degree of similarity in the perception of the export market by the two categories of firms. Because the discriminating characteristics include the other extra-firm constructs, the absence of the Export Market construct is puzzling.

The fact that fifty-four percent of the exporting firms exported only to CARICOM suggests one possible explanation. It is likely that their perceptions of markets, other than CARICOM, may be similar to that of the non-exporters. Among exporters and non-exporters the perception of CARICOM may also be similar. The business history, practices and customs are very much the same among the member states of CARICOM since, as colonies, they were all under the influ-

---

<sup>3</sup>The objective of the hypothesis is to measure the success with which the variables discriminate between the two groups. This use of discriminant analysis, therefore, is purely analytical. Nevertheless the classificatory power of the derived function is illustrated by the fact that 90% of the exporters and 70% of the non-exporters were correctly classified. Overall 83% of the cases were classified correctly. See Norman H. Nie, et al. Statistical Package for the Social Sciences, 2nd ed. (New York: McGraw-Hill Inc., 1975), p. 435 for the distinction between the analytical and classificatory uses of discriminant analysis.

ence of the British.<sup>4</sup> The relative smallness of the countries and the intimacy of the society also allows intermingling among the business community and enables non-exporters to develop perceptions which are similar to exporters. For these reasons, to the non-exporters and to fifty-four percent of the exporters, the foreign markets outside of CARICOM have the same degree of familiarity and because of the cultural closeness of the territories, the non-exporters are as familiar with CARICOM as are the exporters.

Non-exporters see the economic infrastructure as favouring exporters and exporters perceive this feature in an unfavourable light. This is opposite to what was hypothesized. But this unexpected result is amenable to explanation. As companies begin to export, they become increasingly familiar with the infrastructural facilities available to exporters and hence the extent to which these facilities are inadequate. As these companies learn about the facilities, they become disenchanted.<sup>4</sup> Consequently their perceptions become unfavourable. For non-exporters, however, with little or no experience of shipping products overseas, the basic infrastructures seem adequate since they do not experience the frustrations of trying to fill export orders promptly.

---

<sup>4</sup>Currently some members are politically independent and some are 'Associated States' with Britain. Their present status, however, is a relatively recent phenomenon having only occurred since 1960.



A third feature highlighted by the seven discriminating characteristics is that five of these, Cosmopolitanism, Decreasing Age, Technology, Company Age and Company Size are specific to the management and firm constructs. Notwithstanding the importance of the Export Market Environment, these five variables indicate that it is more the nature of the firm and its management, rather than the perceived external factors, which distinguish the exporter from the non-exporter. Put differently, the source of the behaviour, exporting or non-exporting, is to be found more within the organisation than outside. This result is somewhat consistent with other studies performed in the developed world which focused on organisational characteristics and successfully discriminated between exporters and non-exporters.<sup>5</sup> Nevertheless it is significant that one of the two most important discriminating characteristics of these firms is the perception of an external factor.

The nature of the internal or organisational characteristics is also consistent with the results of research undertaken in the developed countries. Among the managerial characteristics usually associated with exporters, Cosmopolitanism is undoubtedly the most prominent. The notion, too, that younger managers are more willing to face the un-

---

<sup>5</sup>See, for example, James E. McConnell, "The Export Decision: An Empirical Study of Firm Behaviour," Economic Geography, 55 (July 1979); 171-183; S. Tamer Cavusgil and John R. Nevin, "Internal Determinants of Export Marketing Behaviour," Journal of Marketing Research, XVIII, 1 (February 1981): 114-119.

certainty of the export market is also widely believed. (The youthfulness of the manager correlates .21 with the Willingness to Take Risks). The association between the belief in superior technology and exporting is also well known.<sup>6</sup> These results were all in keeping with expectations.

The finding that non-exporting firms were older and smaller than exporting firms was somewhat puzzling. (The correlation between Company Size and Company Age was .52). The older companies included those established under the policy of import substitution. Given the nature of their birth and their orientation towards the domestic market, it is to be expected that they would tend to be non-exporters. But it is also to be expected that these older companies would be larger than the younger companies. This apparent inconsistency in the results disappeared with the screening of the five largest exporting companies from the sample.<sup>7</sup>

With the five largest companies screened, the results were remarkably stable as shown in Table 5.2. More significant, however, is the fact that Company Size no longer discriminated between exporters and non-exporters. The overall significance of the findings improved with an F value of 8.75 ( $\alpha = .000$ ). Both the canonical correlation and the

<sup>6</sup>See Chapter 3 for the review of the literature.

<sup>7</sup>The five largest companies were screened only after obtaining further puzzling results when testing Hypothesis Set H<sub>5</sub>. See the discussion of Hypothesis Set H<sub>5</sub>, Chapter 6, for the rationale behind the screening of these companies.

TABLE 5.2

HYPOTHESIS SET H<sub>1</sub>: THE CHARACTERISTICS OF EXPORTERS AND NON-EXPORTERS  
DISCRIMINANT ANALYSIS RESULTS AFTER SCREENING

Construct	Variable	Units	Coefficient	Standardized Coefficient	Change in Rao's V	t
Management Characteristics	Cosmopolitanism	1-7	.38	.40	7.86a	2.37b
	Decreasing Age	1-6	.35	.32	6.20a	1.92b
Firm Characteristics	Technology	1-7	.65	.66	16.49a	3.92a
	Company Age	Yrs	-.43	-.33	5.39b	1.89c*
Domestic Environment	Favourable Infrastructure	1-7	-.25	-.34	5.67b	1.93b
Export Market Environment	Favourable Non-tariff Barriers	1-7	.64	.63	13.36a	3.59a

Significance Level: a:  $\alpha \leq .01$   
 b:  $\alpha \leq .05$   
 c:  $\alpha \leq .10$

Constant: 8.25

N : 114  
 Canonical Correlation : .57  
 Chi-Square : 43.53 (Sig: .000)  
 Eigen Value : .49  
 Wilks Lambda : .67  
 F on overall discrimination: 8.75 (Sig: .000)

\* Two tail test

eigen value decreased marginally to .57 and .49, respectively. On the basis of the standardized discriminant coefficient, Technology and Favourable Non-tariff Barriers were again the most dominant discriminating variables. The other discriminating characteristics remained precisely the same. The discussion relating to the significance of the companies which were removed is dealt with in Chapter 6.

## 5.2 THE DETERMINANTS OF EXPORT CAPABILITY: H<sub>2</sub>

With the focus on exporters, this hypothesis explores the effect of the Characteristics of the Manager, the Domestic Environment and the Firm on the manager's perception of the firm's Export Capability. The multiple regression results presented in Table 5.3 show that Perceived Export Capability is a function of the manager's Cosmopolitanism, Willingness to Take risks, and the favourableness to the exporter of the Government's Export Policy, Exchange Rate Policy and the country's Infrastructure. These results provide a satisfactory level of support for this hypothesis ( $\alpha \leq .01$ ; Adjusted  $R^2 = .29$ ). Not all the hypothesized predictor variables, however, had an impact on Export Capability. In an attempt to clarify the nature of the relationship, a discussion of each of the hypothesized constructs as they relate to Export Capability, follows.

TABLE 5.3  
 HYPOTHESIS SET B<sub>2</sub>: THE DETERMINANTS OF EXPORT CAPABILITY - MULTIPLE REGRESSION RESULTS

Construct	Variable	Units	Hypothesized Effect	Coefficient	Beta	t
Management Characteristics	Cosmopolitanism	1-7	+	.32	.28	2.78a
	Willingness to Take Risks	1-7	+	.28	.30	3.09a
Domestic Environment	Government Export Policy	1-7	+	.22	.27	2.72a
	Stimulus of Exchange Rate Policy	1-7	+	.26	.28	2.88a
	Favourable Infrastructure	1-7	+	.21	.25	2.54a

Significance Level: a:  $\alpha \leq .01$   
 b:  $\alpha \leq .05$   
 c:  $\alpha \leq .10$

Constant: -1.39

N : 79  
 R<sup>2</sup> : .34  
 Adjusted R<sup>2</sup> : .29  
 F : 7.36  
 Sig : .01

### 5.2.1. Management Characteristics

Five hypothesized variables represented this construct. These variables were Cosmopolitanism, Willingness to Take Risks, Age, Education and Aspirations. Two of these variables, Cosmopolitanism, and Willingness to Take Risks, were significantly related to Export Capability and also acted in the hypothesized direction.

It is important to note the type of characteristics which relate to Export Capability as opposed to those which do not. The two significant management characteristics are those which have traditionally been linked to innovative behaviour.<sup>8</sup> This category of behaviour includes exporting.<sup>9</sup> Equally noteworthy is the fact that both variables display about the same relative importance in their relationship to Export Capability. ( $\beta'$  ranged from .28 to .30). Cosmopolitanism is often associated with exporting but Willingness to Take Risks has not been given equal importance and is not as firmly established, empirically, as an important management characteristic in exporting.

---

<sup>8</sup>See, for example, Thomas S. Robertson, "Determinants of Innovative Behaviour," in Proceedings of the American Marketing Association, ed, Reed Moyer (Chicago: American Marketing Association, 1967), p.328-332.

<sup>9</sup>This view of exporting finds support in Kenneth Simmonds and Helen Smith, "The First Export Order: A Marketing Innovation," British Journal of Marketing (Summer 1968): 93-100 and in Woo-Young Lee and John J. Brasch, "The Adoption of Export as an Innovative Strategy." Journal of International Business Studies. (Spring/Summer, 1978): 85-93.

A surprising result was the absence of any significant relationship between Age and Export Capability or Education and Export Capability. The manager's youthfulness correlated positively ( $R = .20$ ) with Willingness to Take Risks, which is a reasonable result given that youth may be more adventuresome and less willing to remain in the relative safety and certainty of the domestic market. But the lack of any relationship between youthfulness and Perceived Export Capability indicates that the mere youthfulness of the manager has little to do with the perception of an export capability. The critical managerial characteristic is the degree of risk willingness.

Similar comments can be made about the absence of any relationship between Education and Export Capability. Increasing education correlates positively ( $R = .34$ ) with Cosmopolitanism and the latter, as indicated previously, has a significant impact on Export Capability. But even though the relatively more educated manager has a more cosmopolitan orientation, education on its own is of little significance in understanding Perceived Export Capability. The development of a cosmopolitan outlook, although it may be stimulated by increasing education, involves more than formal education. Thus, the second significant managerial characteristic for understanding Export Capability is the international outlook of the manager.

In sum, formal demographic or objective criteria such as age and education do not determine the perception of an export capability. The critical determining factors are the innovator characteristics of the manager such as Willingness to Take Risks and Cosmopolitanism. The characterisation of exporting as an innovative activity within the firm, further reinforces the relationships outlined above.

The Aspirations of the manager is the last characteristic to be explored within the management construct. The lack of any significant effect on Export Capability proved to be somewhat perplexing until the items making up the variables were examined. These items tapped the importance to the manager, of the company being a leader in the industry, of increasing the overall profitability of the company, of making the company a leader in the business community and of increasing the sales growth of the company. A close examination of the distribution of the responses to these items revealed that most of the respondents evaluated these items as being "very important" or "extremely important". As a result there was little variation in the overall measure of Aspirations. The explanation for this lack of variation lies either with the wording of the question itself or within the notion of "social desirability" where respondents



provide answers which they feel project a socially desirable image of themselves, as managers.<sup>10</sup>

### 5.2.2 The Domestic Environment

Like the previous construct, five variables also represented the Domestic Environment. These variables were Government Export Promotion Policy, Exchange Rate Policy, the favourableness of the country's Infrastructure for exporting, the Ease of Obtaining Raw Materials and the nature of the Domestic Market. The first three variables all had a significant impact on Perceived Export Capability and contributed about equally and in the expected direction, to the explained variance of the dependent variable. (For the three variables  $\beta$  ranged between .25 and .28). Ease of Obtaining Raw Material and Domestic Market did not have an impact on the dependent variable.

The adverse economic conditions which existed at the time of the data collection provides the best possible explanation for the lack of any relationship between Ease of Obtaining Raw Materials and Export Capability. At the time of data collection, the economic conditions in Jamaica were so grim that all manufacturers faced great difficulties in obtaining raw material. (The responses to this particular item support this contention). Since the great majority of

---

<sup>10</sup>See Jum C. Nunnally, Psychometric Theory, 2nd ed. (New York: McGraw-Hill Inc., 1978), pp. 557-558 for a discussion of this response style.

exporters faced raw material difficulties, this aspect of the Domestic Environment did not contribute to the explanation for the variation in Perceived Export Capability.

The absence of any impact on Export Capability by the Domestic Market is more difficult to explain. (The domestic market refers to the degree of demand fluctuation, the market size and the market growth rate.) It would appear that managers perceive their firm's ability to export as being determined by the facilitating export mechanisms of the environment which relate directly to their exporting activities. In other words, the important features of the Domestic Environment are those which can pose obstacles to or actually prevent exports. Such is the nature of the three environmental elements which impact on the dependent variable. The Domestic Market, in contrast, may be attractive or unattractive, but it cannot prevent a firm from exporting if it chooses to do so. This point of view and interpretation will be further exemplified when discussing the characteristics of the firm.

### 5.2.3 Firm Characteristics

None of the Firm Characteristics had any impact on the dependent variable. The Age of the firm, on the basis of a one tail test, was only marginally significant ( $\alpha \leq .10$ ) but since no direction was hypothesized for this variable, it can be considered as non-significant and will be so treated in the rest of this analysis.

The absence of any significant relationship between the Characteristics of the Firm and the perception of the firm's Export Capability was indeed surprising. The explanation probably lies in the pre-eminent and dominant position of the domestic environment as a factor in the success of business in developing countries. Managers in developing countries, though noted for lack of sophistication and inefficiencies in their operation, often feel that their chance of failure or success in exporting, and hence their export capability, is more a function of the local environment than of the organisation which they manage.<sup>11</sup> Businessmen, therefore, perceive the environment as being so important for success in exporting that the factors within the organization, which may also affect export capability, become insignificant. Indeed, in many instances, and especially in times of economic adversity, the view of the manager is that the government must provide the 'right' kind of incentives or else create the atmosphere and the facilities which will enable them to export.<sup>12</sup>

<sup>11</sup>The importance of the local environment is discussed in William G. Tyler, Manufactured Export Expansion and Industrialisation in Brazil (Tubingen: J.C.B. Paul Siebeck, 1976), Chapter 7.

<sup>12</sup>This theme is reflected time and time again in the official magazine of the Jamaican Exporters Association. See for example, "Message from the President," The Jamaican Exporter (1977/78), p.11; "The J.E.A. Year in Review," The Jamaican Exporter (1977/78), pp.29-31; Prakash Vaswani, "Getting Exports on the Tracks," The Jamaican Exporter (1979/80), p.43; "Message from the President," The Jamaican Exporter (1980/81), p.13.

The conditions existing in a country like Jamaica highlight this perspective where the chronic shortage of foreign exchange forced the government of the day to institute a system of foreign exchange rationing. The stated criterion for obtaining foreign exchange was that the company should be a net earner of foreign exchange. Thus the problems in the local environment of obtaining foreign exchange in order to purchase raw and packaging materials, or of obtaining import licenses, made the possible export constraints posed by limited plant capacity or poor product quality insignificant by comparison. In many instances limited capacity, if it existed, was no constraint since in order to obtain foreign exchange, firms gave preference to the export market to the detriment of the domestic.

In conclusion, the perception of the firm's Export Capability by managers is a function of their Cosmopolitanism, their Willing to Take risks and the environment in which the firm exists. The characteristics of the firm do not impact on this perception.

### 5.3 THE DETERMINANTS OF MARKET ATTRACTIVENESS: H<sub>3</sub>

This hypothesis states that Perceived Market Attractiveness is related to the Export Market, the Export Market Environment and the Characteristics of Management. The results, presented in Table 5.4, indicate that Foreign Market Attractiveness is a function of a Favourable Distribution System, a Favourable Product Market and the youthfulness of

TABLE 5.4  
 HYPOTHESIS SET H<sub>3</sub>: THE DETERMINANTS OF MARKET ATTRACTIVENESS MULTIPLE REGRESSION RESULTS

Construct	Variable	Units	Hypothesized Effect	Coefficient	Beta	t
Export Market	Favourable Export Market	1-7	+	.13	.19	1.77 <sup>b</sup>
	Favourable Distribution System	1-7	+	.20	.30	2.74 <sup>a</sup>
Management Characteristics	Decreasing Age	1-6	+	-.11	-.15	1.39 <sup>c</sup>

Significance Level:	a: $\alpha \leq .01$	Constant:	4.17
	b: $\alpha \leq .05$	N	: 79
	c: $\alpha \leq .10$	R <sup>2</sup>	: .17
		Adjusted R <sup>2</sup>	: .13
		F	: 4.99
		Sig	: .01

the managers. These three variables represent two of the three hypothesized constructs. Notwithstanding the magnitude of the explained variance in Market Attractiveness (Adjusted  $R^2 = .13$ ), the overall result was still significant at the .01 level. It is clear, however, that the hypothesized set of relationships did not capture the complexity of Perceived Market Attractiveness. A discussion of each construct as it relates to market attractiveness, follows.

#### 5.3.1 The Export Market

The two variables representing this construct, a Favourable Distribution System and a Favourable Export Market, behaved as expected. The relative impact of the distribution variable on Market Attractiveness, however, as indicated by its standardized parameter coefficient, was about 50% greater than the product market variable. Exporters, therefore, place greater importance on the distribution system when evaluating the attractiveness of a market, than on market characteristics such as size, growth rate and competitiveness. This finding conforms with the results of other research studies and theoretical writings which subscribe to the view that distribution problems in the export market are major stumbling blocks for exporters.<sup>13</sup>

In the case of manufacturers from the developing world, with their lack of experience, contacts and resources, gain-

---

<sup>13</sup>See Chapter 3.

ing distribution in the markets of the developed world is even more problematic.

### 5.3.2 The Export Market Environment

Physical Distance, Psychological Distance, Tariff and Non-Tariff Barriers were the variables representing this construct. None of these variables had any impact on Market Attractiveness.

Previous research suggest that manufacturers tend to export, in the first instance, to markets which are psychologically near as opposed to those which are physically near. Trade among the English speaking Caribbean countries, as opposed to the relative absence of trade between the English and non-English speaking countries, illustrates this phenomenon. If the countries are psychologically near, then exports initially develop among those which are physically nearer. In addition, governments spend much time and effort, under the aegis of GATT, attempting to remove the obstacles to trade posed by tariff and non-tariff barriers. Yet for our sample of exporters these four factors play no part in determining foreign Market Attractiveness.

The makeup of the attractiveness variable provides the most powerful explanation for this result. Foreign Market Attractiveness was evaluated by obtaining measures of attractiveness for each of the four principal export markets. These measures were then weighted by the mean percentage exports of the firms in the sample, to each market, to ob-

tain an overall measure of attractiveness. CARICOM was by far the most important market and the weight applied was .8. Consequently the attractiveness of CARICOM dominates the overall measure of attractiveness.

In these circumstances, a ready explanation for the absence of any relationship between the variables representing the Export Market Environment and Market Attractiveness is possible. In the case of CARICOM, the relative closeness of the islands eliminates Physical Distance as a factor determining the degree of attractiveness; Psychological Distance would also be eliminated since the members of CARICOM are all English speaking countries with a common heritage of business practices and outlook, as indicated earlier. The existence of CARICOM, a common market, also implies that tariff and non-tariff barriers are inconsequential in determining different degrees of attractiveness as perceived by exporters. Thus the Export Market Environment does not impact on Market Attractiveness because of the dominant influence of CARICOM in the trade of the companies in the sample.

### 5.3.3 Management Characteristics

Only the age variable from this construct had any effect on Market Attractiveness and it was opposite to that hypothesized. The results reveal that younger managers find foreign markets less attractive than older managers.

Two possible explanation for this result follow. One explanation is that managers with less experience, the



younger managers, perceive greater difficulty and uncertainty in foreign markets than do older, more experienced managers. As a result foreign markets appear less attractive to younger managers. This explanation is weakened, though, by the positive and significant correlation ( $R = .29$ ) between youthfulness and Willingness to Take Risks. It would appear that the younger managers are the ones who are willing to face uncertainty.

Another explanation may be that because of their relative education ( $R = .28$  between youthfulness and education) and their greater willingness to take risks, younger managers perhaps perceive CARICOM as a placid market with fewer opportunities and challenges, relative to other foreign markets, given the limited market size and purchasing power of the majority of the population. Since CARICOM dominates foreign Market Attractiveness, the negative relationship between youthfulness and Market Attractiveness is simply a reflection of the perceived unattractiveness of CARICOM. Some support for this explanation, although it is far from definitive, is provided by the fact that decreasing Age correlates negatively with the attractiveness of CARICOM ( $-.05$ ) but it correlates positively with the attractiveness of other markets:  $.15$  in the case of Latin America;  $.08$  in the case of Britain and  $.03$  in the case of North America.

None of the other management characteristics had any impact on the dependent variable. It may well be that the nature of the Market Attractiveness variable also provides

the explanation for this result. The cultural closeness and similarity of CARICOM to the domestic market make it likely that managers perceive CARICOM as somewhat of an extension of the domestic markets. For this reason a variable such as Cosmopolitanism, the international orientation of the manager, would have little impact on the attractiveness of CARICOM and hence on foreign Market Attractiveness. The same reasoning could also be applied to the variable, Willingness to Take Risks.

Even though the overall results of testing the hypothesis produced some support for the hypothesized relationships, the support was relatively meagre. This meagre support intimated that this hypothesis neglected other important factors which influence the attractiveness of the foreign market. Accordingly a search for some of these factors was undertaken. Conspicuous by its absence was the lack of any attempt to relate the Characteristics of the Firm to Perceived foreign Market Attractiveness. As a result, although not originally included in Hypothesis Set H<sub>3</sub>, the Characteristics of the Firm was subsequently added to the explanatory variables of Market Attractiveness and an extended Hypothesis was tested.

#### 5.4 THE DETERMINANTS OF MARKET ATTRACTIVENESS-EXTENDED

With the inclusion of the characteristics of the firm in Hypothesis Set H<sub>3</sub>, the hypothesis can now be read as:  
"Perceived Market Attractiveness is related to the Export

Market, the Export Market Environment, Management Characteristics and Firm Characteristics." The regression results in Table 5.5 show foreign Market Attractiveness to be a function of Favourable Distribution, a Favourable Export Market, the Length of Time Exporting by the firm and the Uniqueness of the Product exported. Compared to the earlier results, the Export Market variables were relatively stable, but two characteristics of the firm now had a significant impact on Market Attractiveness instead of the youthfulness of the manager. The Adjusted  $R^2$  also increased by more than 50% from .13 to .21.

These new results disclose that the Export Market Environment is not related to Market Attractiveness as in the earlier test. In addition, with Age no longer impacting on Market Attractiveness, no variable from the Management Characteristics construct have a bearing on Market Attractiveness. The latter finding raises an interesting question: Why is there no relationship between the characteristics of management and the attractiveness of the foreign market?

It is rather difficult to suggest any definite answers to this question. It may be that the makeup of the Market Attractiveness variable, with one market dominating, is the sole reason for the lack of effect on Market Attractiveness by variables of the Management construct. Indeed, in the previous test,  $H_3$ , manager's Age, although impacting on attractiveness, was only marginally significant. Thus, if the explanation for the lack of effect of the other management

TABLE 5.5

HYPOTHESIS SET H<sub>3</sub> - EXTENDED: THE DETERMINANTS OF MARKET ATTRACTIVENESS - MULTIPLE REGRESSION RESULTS

Dependent Variable: Perceived Market Attractiveness							
Construct	Variable	Units	Hypothesized Effect	Coefficient	Beta	t	
Export Market	Favourable Export Market	1-7	+	.11	.16	1.50 <sup>c</sup>	
	Favourable Distribution System	1-7	+	.20	.31	2.98 <sup>a</sup>	
Firm Characteristics	Length of Time Exporting	Yrs	?	.31	.25	2.51 <sup>b*</sup>	
	Product Uniqueness	1-7	?	.65	.18	1.79 <sup>c*</sup>	

Significance Level: a:  $\alpha \leq .01$   
 b:  $\alpha \leq .05$   
 c:  $\alpha \leq .10$

Constant: 3.28

N : 79  
 R<sup>2</sup> : .25  
 Adjusted R<sup>2</sup> : .21  
 F : 6.06  
 Sig : .01

\* Two tail test

variables on attractiveness lies with the nature of the attractiveness variable, then this explanation can be extended to include the manager's age.

In contrast more definitive conclusions can be given for the impact of Length of Time Exporting and Product Uniqueness on foreign Market Attractiveness. The results show that the longer the firm is exporting, the more attractive the market. This indicates that as the firm gains experience with the foreign market and as the exporting process becomes more familiar, the exporting task becomes easier. It becomes easier because greater knowledge of export markets and of exporting leads to the increased attractiveness of the foreign market. This phenomenon is the familiar learning theory in action.<sup>14</sup>

In the case of a unique product, foreign Market Attractiveness increases with increasing Product Uniqueness. When managers perceive their product as unique, a notch or some notches above the competition at home, their confidence in probable export success grows. As this confidence grows, foreign markets become increasingly attractive.

### 5.5. SUMMARY

This chapter focused on hypotheses 1, 2 and 3. Hypothesis 1 developed exporter and non-exporter profiles.

<sup>14</sup>For a similar view see Warren J. Bilkey and George Tesar, "The Export Behaviour of Smaller-Sized Wisconsin Manufacturing Firms." Journal of International Business Studies (Spring/Summer 1977): 93-98.

These profiles revealed that exporters and non-exporters differed on the basis of their manager's Cosmopolitanism, and Age. They also differed on the basis of the technology used by the firm and on the age of the firm. Finally, their perceptions of the domestic infrastructure and of the non-tariff barriers in the Export Market Environment, also acted as discriminating characteristics. As can be observed, these discriminating characteristics were largely peculiar to the managers of the firms and the firm itself. Still, two extra-firm characteristics were also important, one of which was the second most important characteristic of the total set.

Hypotheses 2 and 3 concerned the effect of the independent variables on the intervening variables of Perceived Export Capability and Perceived Market Attractiveness. The test of Hypothesis 2 showed that Perceived Export Capability was a function of the characteristics of the manager and the characteristics of the domestic environment. Because of the peculiar nature of developing countries where governments provide numerous incentives and instrument to business in order to promote industrialisation, managers saw their ability to export more as a function of what provisions are made by the government to facilitate such activity, rather than as a function of their firm characteristics.

In the case of Hypothesis 3, Market Attractiveness turned out to be a function of the Characteristics of the Export Market (with Distribution playing a major role) and

the Characteristics of the Firm. The primacy of Distribution was quite consistent with other research findings. Length of Time exporting, as the principal firm characteristic contributing to Market Attractiveness was explained with the use of learning theory. Management Characteristics and the Foreign Market Environment played no part in Perceived Attractiveness.

In the following chapter, the focus will be on the relationship between Export Performance and the independent and intervening variables of the model. The place of Perceived Risk in the model will also be examined. Finally the relationship between Commitment and Export Performance will be explored.

## CHAPTER 6

### THE DETERMINANTS OF EXPORT PERFORMANCE

The major part of this chapter is devoted to exploring the relationship between Export Performance and its hypothesized determinants. After the presentation of some general findings on Export Performance, the next concern is with the impact of the intervening variables of the research model on Export Performance - Hypothesis Set H<sub>4</sub>. Hypothesis Set H<sub>5</sub> then follows, with the examination of the relationship between the independent variables and Export Performance. The next section, Hypothesis H<sub>6</sub>, explores the relationship between Export Commitment and Export Performance. The rest of the chapter discusses the place of Perceived Risk in the model and the linkage between the independent variables and Export Commitment.

#### 6.1 GENERAL RESULTS ON EXPORT PERFORMANCE

For our sample of exporters, 26.5% had an export intensity (export sales as a percentage of total sales) of 10% or less and 31.6% had an export intensity of less than 25% but greater than 10%. Only 11.3% of the sample, nine firms, had export sales greater than 50% of total sales; the greatest



export intensity was 90% of total sales. The mean export intensity of all exporters taken together was 26.7%. These results indicate a surprisingly strong export performance. De la Torre in his study of Latin American exporters, for example, found that 76% of his sample had an export intensity of less than 10%.<sup>1</sup>

A breakdown of export performance by industry is given in Table 6.1. For those firms with an export intensity of less than 50%, there was a fairly even spread from low to high. Interestingly enough, this spread did not seem to be affected by the nature of the industries.

As indicated at the beginning of Chapter 4, export intensity as a measure of Export Performance is subject to many criticisms. One of the most serious, from a managerial point of view, is that the efficiency of resource utilisation in the firm's export programme is better indicated by export profitability than by export sales. The profitability measure, however, also has weaknesses. These weaknesses are discussed in Chapter 4. Still, during the data collection phase of the research, attempts were made to obtain information on export profits. Thirty-five firms responded positively. In cases where export profitability was given as a percentage of export sales, this measure was converted to absolute dollars. The correlation between export profits

---

<sup>1</sup>Jose R. de La Torre, "Marketing Factors in Manufactured Exports from Developing Countries," in Product Life Cycle and International Trade, Ed. Louis Wells. (Boston: Harvard University, 1972), p.237.

TABLE 6.1  
INDUSTRY BY EXPORT PERFORMANCE\*

Industry	Less than 10%	10.1% to 25%	25.1% to 50%	50.1% to 75%	More than 75%
Metal Products	1	1	2	1	5
Building and Industrial Steel	1	3	2	1	8
Chemicals	2	1	2	1	7
Electrical and Electronics	1	4	2	-	7
Footwear, Tanning and Allied Products	4	3	2	-	9
Garments	4	4	8	1	19
Miscellaneous	3	1	1	-	5
Plastics	1	2	1	-	4
Printing, Packaging and Paper	3	3	1	-	7
Textile and Knitters	-	1	-	-	1
Wooden Products	1	2	3	1	7
Total	21	25	24	5	79
	26.5	31.6	30.3	6.3	5

\* Export Performance = Export Sales as a percentage of total sales.

the results of more rigorous research establish only a weak relationship or no relationship at all.<sup>3</sup>

### 6.3.2 The Export Market Environment

As in the case of Management Characteristics, none of the variables representing this construct had any significant link to Export Performance. The absence of these variables, particularly those designed to capture the effect of tariff and non-tariff barriers, demanded an explanation, especially because of their importance in the trade dialogues between developed and developing countries.

Given that the measures of the Export Environment are all perceptual, it is possible that the perception of these factors by managers of exporting firms has no relationship to their export performance. This explanation, though, certainly flies in the face of the international institutions and international trade theorists who devote considerable resources to measuring the effect of these 'barriers' or alternatively, to dampening their effect as barriers. This is not to say that there are not researchers who believe

---

<sup>3</sup>Salih Tamer Cavusgil, "Organisational Determinants of Firms Export Behaviour: An Empirical Analysis" Ph.D. Dissertation, The University of Wisconsin-Madison, 1976 and M. Sikander-Khan, A Study of Success and Failure of Exports. (Stockholm: Department of Business Administration, University of Stockholm, 1978).

TABLE 6.2

HYPOTHESIS SET H<sub>4</sub>: THE INTERVENING VARIABLES AND EXPORT PERFORMANCE - MULTIPLE REGRESSION RESULTS

Dependent Variable: Export Performance - %

Construct	Variable	Units	Hypothesized Effect	Coefficient	Beta	t
Contractual Relations	Contractual Relations	0/1	+	16.01	.22	2.02 <sup>b</sup>
	Export Capability	1-7	+	2.84	.15	1.34 <sup>c</sup>

Significance Level: a:  $\alpha \leq .01$   
 b:  $\alpha \leq .05$   
 c:  $\alpha \leq .10$

Constant: 12.32  
 N : 79  
 R<sup>2</sup> : .07  
 Adjusted R<sup>2</sup> : .05  
 F : 2.95  
 Sig : .10

$R^2=.05$ . These results raise a number of interesting questions.

The first issue concerns the absence of any relationship between Export Performance and Export Restraint. This finding conflicts with the widespread belief that in developing countries, firms which are subsidiaries or affiliates of foreign companies, or local firms which use foreign technology by way of license, do not become major exporters because of restraints placed on this activity by the foreign affiliate or licensor. The explanation for this conflict, however, is relatively straightforward. It lies in the nature of the restraint faced by the firms. For those firms which were subject to some constraint, in all cases except one, the constraint was in the form of an assigned export market. In effect this constraint was more potential than real since the capacity of the firm was geared towards the assigned markets. In other words the assigned market, normally all of CARICOM, was more than adequate for the capacity of the firm, hence the absence of any relationship with Export Performance.

Perceived Market Attractiveness did not impact on the dependent variable. This finding is puzzling and moreover difficult to explain. Why should market attractiveness not play a role in the export performance of the firm? Although no firm conclusion can be reached, the explanation for this result, as with other unexpected results connected with Market Attractiveness, may well lie in the dominance of the

CARICOM market among exporters. It is possible that the attractiveness of the market acts as a stimulus to exporting but that performance is due to other factors.

The third and final issue engendered by the test of this hypothesis is the relatively small impact on Export Performance by the two significant variables. The overall research model hypothesized that factors internal and external to the firm impact on the intervening variables, and in turn, these determine Export Performance. With the test of this hypothesis, the above set of linkages is statistically validated, but the slight impact on the dependent variable highlights the complexity of the relationships. It would seem that the hypothesized constructs, Perceived Market Attractiveness and Perceived Export Capability, attenuate the effect of the independent variable on Export Performance. Thus they both act somewhat as buffers between the independent variables and Export Performance. Clearly this requires further investigation given the firm theoretical base upon which the model rests.

### 6.3 THE DETERMINANTS OF EXPORT PERFORMANCE: H<sub>5</sub>

Hypothesis Set H<sub>5</sub> states that Export Performance is a function of the Export Market, the Export Market Environment, Management Characteristics, Firm Characteristics, the Domestic Environment, Contractual Relations and Export Restraint. Represented among the variables, as shown in Table 6.3, are four of the seven hypothesized constructs.

TABLE 6.3  
 HYPOTHESIS SET H<sub>5</sub>: THE DETERMINANTS OF EXPORT PERFORMANCE - MULTIPLE REGRESSION RESULTS

Construct	Variable	Units	Hypothesized Effect	Coefficient	Beta	t
Export Market Firm Characteristics	Favourable Export Market	1-7	+	5.67	.28	2.93 <sup>a</sup>
	Product Uniqueness	1-7	+	2.33	.21	2.29 <sup>b</sup>
	Source of Export Stimulus	0/1	+	6.64	.15	1.62 <sup>c</sup>
	Company size	E +	+	-.06	-.35	3.34 <sup>a</sup>
Domestic Environment	Length of time Exporting	Yrs.	+	.76	.20	1.89 <sup>b</sup>
	Unfavourable Domestic Market	1-7	+	5.64	.34	3.63 <sup>a</sup>
Contractual Arrangements	Ease of Obtaining Raw Materials	1-7	+	3.43	.21	2.21 <sup>b</sup>
	Contractual Arrangements	0/1	+	14.35	.20	2.16 <sup>b</sup>

Significance Level:	a: $\alpha \leq .01$
	b: $\alpha \leq .05$
	c: $\alpha \leq .10$

Constant:	-39.72
N	: 79
R <sup>2</sup>	: .44
Adjusted R <sup>2</sup>	: .37
F	: 6.76
Sig	: .001

+ Employees

These constructs are the Export Market, Firm Characteristics, the Domestic Environment and Contractual Relations.

Eight hypothesized variables have a significant impact on Export Performance (Adjusted  $R^2 = .37$ ) with one, Company Size, acting in a direction opposite to that hypothesized. On the basis of the standardized parameter coefficient, Company Size had the largest relative effect on Export Performance, followed closely by an Unfavourable Domestic Market. The next most important variable was a Favourable Export Market; the variable with the least effect was the Source of the Export Stimulus. All the other significant variables had about equal relative effects on the dependent variable. In exploring the nature of the relationship between Export Performance and these variables, each construct will be examined in turn, beginning with those which did not impact on the dependent variable.

### 6.3.1 Management Characteristics

Management characteristics have always played an important role in the literature on export marketing. Generally, the manager is seen as the driving force behind the performance of the firm, with younger and more educated managers associated with exporting firms. Linkages have also been made between firms which export and certain value orientations of their managers, such as Cosmopolitanism and high Aspirations. Thus the absence of any relationship between Export Performance and Management Characteristics was un-



expected. The highest correlation between any of these characteristics and Export Performance was  $-.1$ .

But an examination of these results in conjunction with the results of the preceding hypotheses is most enlightening. What this research reveals is that Management Characteristics distinguish the exporters from the non-exporters (Hypothesis Set H<sub>1</sub>). These characteristics also determine the degree of Perceived Export Capability (Hypothesis Set H<sub>2</sub>). In turn, Export Capability impacts on Export Performance. But there is no direct link between the Characteristics of Management and Export Performance per se. The foregoing sets of relationships suggest, therefore, that Performance is more a function of the organisational attributes and the manager's perception of the factors external to the firm rather than the values and orientations of the manager. In the final analysis the manager may push the firm into exporting but it is the resources of the firm and other external factors which influence performance.

This result is somewhat at variance with past research. But an important point to note with previous research studies is that those which claim a direct link between Management Characteristics and Export Performance are based largely on subjective observations.<sup>2</sup> Further,

---

<sup>2</sup>See, for example, Kenneth Simmonds, and Helen Smith, "The First Export Order: A Marketing Innovation," British Journal of Marketing (Spring 1968): 93-100 and D.A. Tookey, "Factors Associated with Success in Exporting," Journal of Management Studies (1964): 49-66.

the results of more rigorous reseach establish only a weak relationship or no relationship at all.<sup>3</sup>

### 6.3.2 The Export Market Environment

As in the case of Management Characteristics, none of the variables representing this construct had any significant link to Export Performance. The absence of these variables, particularly those designed to capture the effect of tariff and non-tariff barriers, demanded an explanation, especially because of their importance in the trade dialogues between developed and developing countries.

Given that the measures of the Export Environment are all perceptual, it is possible that the perception of these factors by managers of exporting firms has no relationship to their export performance. This explanation, though, certainly flies in the face of the international institutions and international trade theorists who devote considerable resources to measuring the effect of these 'barriers' or alternatively, to dampening their effect as barriers. This is not to say that there are not researchers who believe

---

<sup>3</sup>Salih Tamer Cavusgil, "Organisational Determinants of Firms Export Behaviour: An Empirical Analysis" Ph.D. Dissertation, The University of Wisconsin-Madison, 1976 and M. Sikander-Khan, A Study of Success and Failure of Exports. (Stockholm: Department of Business Administration, University of Stockholm, 1978).

The relatively high correlations between the size of the firm and the age of the firm ( $R = .50$ ) and between size of the firm and length of time exporting ( $R = .49$ ) suggested that multicollinearity might be having an effect on the sign of the size variable (Appendix VII D). Consequently the two variables of age of the firm and length of time exporting were removed from the set of explanatory variables. This removal, however, had no effect on the negative relationship between size and performance.

This continuing search for the cause of the negative relationship between the size of the firm and Export Performance highlighted the positive relationship between size and absolute export sales ( $R = .31$ ). This relationship indicated that larger firms had a greater absolute dollar value of exports than smaller firms. But any inclination to use absolute dollar value of exports as a measure of performance was quickly discounted since this measure simply reflects the varying sizes of the firms. Put somewhat differently, the measure of export performance must be corrected for the size of the firm.

The climax of this search came about with the display of the sample on a scattergram. With Export Performance plotted against Company Size, the five largest companies did not fit into the overall pattern. They were consequently screened from the sample and the entire regression process repeated. As the results in Table 6.4 show, the relationship between company size and the dependent variable disap-

that some of these factors are not really serious obstacles to trade.<sup>4</sup>

Still, the explanation that the perception of these factors do not influence export performance is clearly unacceptable. A more plausible explanation for the lack of any relationship with Export Performance derives from the dominance of CARICOM as an export market and the consequent heavy weighting applied to the CARICOM environmental variables.<sup>5</sup> CARICOM therefore played a significant role in the construction of these variables. Since this institution is a Common Market, the importance of tariff and non-tariff barriers diminishes. Physical and psychological distance are also insignificant because of the spatial, cultural and economic closeness of the member countries.

### 6.3.3 The Export Market

Of the two variables representing this construct one, Favourable Export Market, acted in the hypothesized direction and was highly significant. The other variable, Favourable Distribution, had no effect on Export Performance.

---

<sup>4</sup>Juergen B. Donges and James Riedel. "The Expansion of Manufactured Exports in Developing Countries: An Empirical Assessment of Supply and Demand Issues," Weltwirtschaftliches Archives 113 (1977): 58-87.

<sup>5</sup>See the discussion in Chapters 4 and 5 on the construction of these variables.

The absence of the distribution characteristics was mystifying. Researchers on international trade and exports consistently identify distribution as an important influence on export behaviour.<sup>6</sup> Why should it be any different in this case? The explanation, most definitely, does not lie in the weight given to CARICOM in the variable construction, since this institution concerns itself with trade barriers which are controllable by public policy makers. The explanation must therefore lie elsewhere.

When the results of this hypothesis is considered in conjunction with that of Hypothesis H<sub>3</sub>, and H<sub>4</sub>, the situation becomes clear. Favourable Distribution and Favourable Export Market, together with other factors, determine the degree of Market Attractiveness (Hypothesis H<sub>3</sub>) but Favourable Export Market is just marginally significant. Market Attractiveness, on the other hand, bears no relation to Export Performance (Hypothesis H<sub>4</sub>), but Favourable Export Market is strongly related to Export Performance. It would seem, therefore, that distribution characteristics determine Market Attractiveness which in turn influences the firm to begin exporting, but the conditions in the Export Market, as distinct from distribution, determine the actual performance of the firm. In other words, the firm will export if it can obtain distribution, but other conditions in the market eventually determine performance.

---

<sup>6</sup>See Chapter 4.

#### 6.3.4 The Domestic Environment

Two of the five variables representing this construct had a significant impact on Export Performance. An Unfavourable Domestic Market was one of the strongest of all the characteristics and its relative impact on the dependent variable was about 50% greater than the other significant variable in this construct - Ease of Obtaining Raw Materials. Both variables acted in the predicted direction.

Favourable Government Export Policy, a Favourable Infrastructure and the Stimulus of an Exchange Rate Policy, had no significant effect on Export Performance. This result contradicts many macro studies which show a positive relation between a country's export performance and these three variables. Consideration of the results of this hypothesis in conjunction with the results of hypothesis set H<sub>2</sub>, however, produces the required clarification. Whereas the Domestic Market and Raw Material variables act directly on Export performance, Hypothesis H<sub>2</sub> revealed that the other three variables of this construct act on Export Capability which in turn impacts on Export Performance. The issue, therefore, is what distinguishes the variables which act on Export Capability from those which act on Export Performance?

The explanation lies in the difference between Perceived Export Capability and Export Performance. Whereas the former has a 'look-ahead' or future orientation, Export Per-

formance concerns the latest financial year.<sup>7</sup> Managers' perception of their Export Capability, therefore, is a function of their expectations regarding the workings of the facilitating export mechanisms such as infrastructure development and government policy on exporting and the exchange rates, in the environment. These facilitating mechanisms are directly under the control of the government. In contrast, Export performance is a function of the manager's Perceived Export Capability, an Unfavourable Domestic Market and the Ease of Obtaining Raw Materials.

#### 6.3.5 Firm Characteristics

Four of the six characteristics had a significant impact on Export Performance. Company Size had the strongest relative effect but its effect was opposite to that hypothesized. Product Uniqueness and Length of Time Exporting had about equal relative effects, while the Source of the Export Stimulus had the least impact of all. Neither the degree of Foreign Ownership nor the perception of a superior Technology had any impact on performance.

---

<sup>7</sup>The assumption of the conceptual model was that this 'look-ahead' orientation did not shift dramatically in the recent past and therefore it influences the latest export performance. See Chapter 3 for the assumptions of the model.

### 6.3.6 Export Restraint and Contractual Relations

These variables acted as in the test of the preceding hypothesis and thus require no further discussion.

### 6.3.7 Firm Size Reconsidered

The negative relationship between Company Size and Export Performance was something of an enigma. This relationship suggested that as companies grew, they exported less. This did not seem at all reasonable. One would expect that as the size of the company increases, more financial and managerial resources become available for exporting and hence, export markets are better exploited. But the exact opposite seemed to be the case. This nagging question remained and stimulated the search for a satisfactory explanation.

It was possible that the larger companies were foreign owned and that this characteristic had a dampening effect on Export Performance. An examination of the correlations revealed, however, that there was almost no connection between size and foreign ownership ( $R = -.009$ ). An alternative explanation, closely allied to the issue of foreign control, also suggested itself. It is possible for a firm to be locally owned but subject to some form of restraint because of licensing agreements. Again this turned out to be a false trail since, as indicated earlier, foreign restraint was more potential than real and the correlation between size and restraint was almost non-existent ( $R = .009$ ).



The relatively high correlations between the size of the firm and the age of the firm ( $R = .50$ ) and between size of the firm and length of time exporting ( $R = .49$ ) suggested that multicollinearity might be having an effect on the sign of the size variable (Appendix VII D). Consequently the two variables of age of the firm and length of time exporting were removed from the set of explanatory variables. This removal, however, had no effect on the negative relationship between size and performance.

This continuing search for the cause of the negative relationship between the size of the firm and Export Performance highlighted the positive relationship between size and absolute export sales ( $R = .31$ ). This relationship indicated that larger firms had a greater absolute dollar value of exports than smaller firms. But any inclination to use absolute dollar value of exports as a measure of performance was quickly discounted since this measure simply reflects the varying sizes of the firms. Put somewhat differently, the measure of export performance must be corrected for the size of the firm.

The climax of this search came about with the display of the sample on a scattergram. With Export Performance plotted against Company Size, the five largest companies did not fit into the overall pattern. They were consequently screened from the sample and the entire regression progress repeated. As the results in Table 6.4 show, the relationship between company size and the dependent variable disap-

TABLE 6.4

HYPOTHESIS SET H<sub>5</sub>: THE DETERMINANTS OF EXPORT PERFORMANCE - MULTIPLE REGRESSION RESULTS AFTER SCREENING

Dependent Variable: Export Performance - \$

Construct	Variable	Units	Hypothesized Effect	Coefficient	Beta	t
Export Market	Favourable Export Market	1-7	+	5.73	.28	2.78a
Firm Characteristics	Product Uniqueness	1-7	+	2.68	.24	2.41 <sup>b</sup>
	Source of Export Stimulus	0/1	+	7.61	.17	1.74 <sup>c</sup>
Domestic Environment	Unfavourable Domestic Market	1-7	+	5.32	.33	3.26a
	Ease of Obtaining Raw Materials	1-7	+	3.70 <sup>a</sup>	.21	2.11 <sup>b</sup>
	Stimulus of Exchange Rate Policy	1-7	+	-2.95	-.17	1.67 <sup>b</sup>
Contractual Relations	Contractual Relations	0/1	+	17.65	.23	2.32 <sup>b</sup>

Significance Level: a:  $\alpha \leq .01$   
 b:  $\alpha \leq .05$   
 c:  $\alpha \leq .10$

Constant: -28.35

N : 74  
 R<sup>2</sup> : .39  
 Adjusted R<sup>2</sup> : .32  
 F : 5.99  
 Sig : .001

peared with the screening of these five companies. The significant variables were remarkably similar although their impact on Export Performance was reduced (Adjusted  $R^2=.32$ ).

As in the previous results obtained with the full sample, an Unfavourable Domestic Market had the strongest relative effect on Export performance, followed closely by a Favourable Export Market. The Source of the Export Stimulus had the smallest relative effect, again as in the previous results, but it was joined by one new variable - Stimulus of Exchange Rate Policy which had the same standardized parameter coefficient but acted in a negative direction. A puzzling result indeed. Length of Time Exporting was no longer significant.

An examination of the five companies which were screened from the sample revealed that each belonged to a different industry. Moreover each company had a different ownership pattern. But a common characteristic is that they were all established prior to 1965, primarily to serve the domestic market. Four companies began operations under the umbrella of tax concessions and other government incentive schemes for the encouragement of industry and the other company took advantage of these schemes as soon as they became operational. These incentive schemes were part of the general policy of import substitution followed by most developing countries at that time. For these companies, established under a policy of import substitution, their traditions, policies and goals seem to preclude aggressive

export marketing behaviour. In addition, their managers are unwilling to leave the relative comfort of the domestic market.

Therefore, for more recently established companies Length of Time Exporting had no effect on Export Performance and neither did Company Size. The negative effect of Exchange Rate Policy remains puzzling especially because of previous research results which show the positive effect of currency devaluations on performance.<sup>8</sup> It is possible, though, that because of the large proportion of imported inputs which enter into Jamaican manufactures and the large proportion of basic necessities which are imported, currency devaluation simply resulted in price increases of these imports and these increases militated against export performance.<sup>9</sup> Thus in the opinion of the President of the Exporters Association, devaluation, "... has had the parallel effect of increasing pressures within the society by imposing strain on the budget of the workers. The reaction has been strong pressure from the labour force to obtain increases in earnings, which if permitted to go unchecked, could wipe out the effects of devaluation strategies and push the cost of Jamaican products back up to uncompetitive

---

<sup>8</sup>See Chapter 2.

<sup>9</sup>In 1976 food, fuel and lubricants alone accounted for 43% of Jamaica's imports. See Table 1.2.

levels".<sup>10</sup>

6.4 THE RELATIONSHIP BETWEEN COMMITMENT AND EXPORT PERFORMANCE: H<sub>6</sub>

This hypothesis states that the Export Commitment of the manager is positively related to the firm's Export Performance. Fair support was received for this hypothesis ( $R = .31$ ;  $\alpha \leq .03$ ) although the result was somewhat weak given the strong theoretical and empirical support for a positive relationship.

A number of explanations for the lack of a stronger relationship between Commitment and Performance are possible. The possibility of error in measuring 'commitment' is one explanation. Commitment was measured by requesting information on the percentage of executive time and on the percentage of marketing expenses spent on developing new export markets. These two measures were then averaged. Since the measures were based largely on recall, and in some cases impressions, the possibility of measurement error always exists. Still, the measures were fairly straightforward and the expectation was that any biases would cancel themselves out. Hence the judgement that the effect of error is minimal and can be discounted.

Another possible explanation for the lack of a stronger relationship between Commitment and Performance is that the

<sup>10</sup>Lascelles Chin, "President's Address to AGM '78," The Jamaican Exporter (1979/80), p.31.

time and financial resources channelled to new export markets by managers are mis-directed. Businessmen in developing countries are often seen as being inefficient.<sup>11</sup> But this explanation is also not a very convincing one. Although the resources may have been inefficiently employed, the lack of any market response would, of necessity, lead to the re-evaluation and possible discontinuation of the export programme.

It is also possible that it may be too early to see the full effect of the manager's commitment. After the initial investment of time, money and effort, export markets require nurturing and moulding to develop fully. With 25% of the exporters studied having exported for less than two years, it may well be that the full effect of Commitment is yet to be seen. Furthermore, many of the firms have CARICOM as their principal export market and they continue to have difficulty meeting the demands of this market. Thus, more time and effort may be devoted to the further development of a relatively well established market than to "new export markets".

Still another explanation is possible. It may be too early for the commitment of managers to develop. For those firms with products which are well suited to export markets,

---

<sup>11</sup>Barry Richman and Melvyn Copen, "Management Techniques in the Developing Nations," Columbia Journal of World Business 8 (Summer 1973): 49-58. Also see Talaat Abdel-Malek, "Import Substitution vs Export Orientation," Columbia Journal of World Business 4 (September-October 1968): 27-38.

the initial stimulus to export may have come from outside the firm and, as yet, there is no real commitment to exporting on the part of the manager. This may be so especially if the firm only recently began exporting.

#### 6.5 PERCEIVED RISK AS AN INTERVENING CONSTRUCT

The relationship between Perceived Risk and Export Performance and the four variables of Export Capability, Market Attractiveness, Contractual Relations and Export Restraint is somewhat tentative. The dotted line in Figure 4.1 indicates the tentative nature of this relationship. Conceptually, the relationship is logical but from a measurement point of view, there was considerable doubt that any significant effects would be observed. Consequently, no specific hypotheses were formulated for these sets of relationships but the expectation was that Perceived Risk would be negatively related to its surrounding variables.

Table 6.5 presents the results of the regression utilised to investigate the nature of the relationship between Perceived Risk, as the dependent variable, and the intervening variables of the research model. Considering the doubt surrounding the measurement of Perceived Risk, these results were encouraging. Three of the four variables were significant with Export Restraint and Export Capability having the largest relative impact on Perceived Risk. All variables acted in the expected direction.

While Export Restraint (Market Assignment) had no ef-

TABLE 6.5  
 PERCEIVED RISKS AS AN INTERVENING CONSTRUCT: MULTIPLE REGRESSION RESULTS

Construct	Variable	Units	Hypothesized Effect	Coefficient	Beta	t
Export Capability	Export Capability	1-7	-	-1.66	-.23	2.08 <sup>b</sup>
	Market Attractiveness	1-7	-	-1.36	-.12	1.06
Contractual Relations	Contractual Relations	0/1	-	-4.06	-.15	1.35 <sup>c</sup>
	Export Restraint	0/1	-	-5.51	-.29	2.64 <sup>a</sup>

Significance Level:	a: $\alpha \leq .01$	Constant:	35.27
	b: $\alpha \leq .05$	N	: 79
	c: $\alpha \leq .10$	R <sup>2</sup>	: .14
		Adjusted R <sup>2</sup>	: .10
		F	: 3.09
		Sig	: .05



fect on Export Performance, in this case it had the greatest impact on Perceived Risk. This result indicates that when managers are assured of a market to themselves, with the sales of the parent company products in the assigned market credited to them, they perceive less risk than if the situation were otherwise. This perception is to be expected.

Contractual Relations was the least powerful of the significant variables. Its relative effect on Perceived Risk was about half that of Export Restraint. This relationship was relatively weak. Contractual Relations concerns the supply of output, on a contractual basis, to the foreign market. Under these circumstances, the expectation was that there would be a strong negative relationship with Perceived Risk. One explanation for the relatively weak effect may be that these firms tend to produce for one buyer and therefore have "all their eggs in one basket". Hence in these situations, the risk inherent in the subcontracting relationship attenuates the negative relationship between risk and subcontracting.

As in the case of Export Performance, Export Capability had a significant impact on Perceived Risk. Managers who perceived a relatively high Export Capability, perceived less risk in exporting and also performed better in the export market. Although acting in the expected direction, Market Attractiveness had no significant effect on Perceived Risk.

However, the relationship between Perceived Risk and

Export Performance was not as straightforward as the previous set of relationships. A simple regression model, employed to test the relationship between risk and performance, indicated no relationship whatsoever. This result underlines the complexity of the relationship between Export Performance and the intervening variables of the model.

#### 6.6 COMMITMENT AS A DEPENDENT VARIABLE

The connection between Export Commitment and Export Performance regarding their cause and effect relationship is somewhat ambiguous. It is possible that Commitment leads to superior Export Performance but it is also possible that Export Performance may lead to the development of Commitment. Apart from this hypothesized relationship, the variable Commitment was left largely on its own. This isolation became more and more conspicuous as the data analysis progressed. As a result it was decided to explore the relationship between Commitment and the intervening and independent variables.

The relationship between Commitment and the variables of Export Capability, Market Attractiveness, Contractual Relations and Export Restraint was examined by means of a regression model. Only one of the four variables, Export Capability, had a significant impact on Commitment. ( $\alpha = .10$ ; two tail test). The results of this regression indicated that the greater the Perceived Export Capability the greater the Export Commitment, which is what one would expect.

Market Attractiveness and Export Restraint was not significantly related to Commitment. This was not surprising given their weak relationship with Export Performance. Contractual Relations also did not have a significant relationship with Commitment and again, this is to be expected given the nature of the commitment variable. It is likely that firms with contractual arrangements in export markets rarely ever explore new markets because of the large percentage of their output which goes to the buyer in the foreign market.

When Commitment was related to the independent variables of the general model, six variables turned out to be significant, with three, all peculiar to the firm, acting in a negative direction. These three variables were the Degree of Foreign Ownership, Company Size and an Internal Export Stimulus. The management characteristics, Willingness to Take Risks, had the greatest relative impact on Commitment, followed by the market environmental variable, decreasing Psychological Distance. An overall adjusted  $R^2$  of .25 was attained (Table 6.6)<sup>4</sup>

Of the six significant variables, four were Characteristics of the Firm, indicating the importance of the firm and its resources for the development of Export Commitment. For the first time Foreign Ownership played a significant role in any of the results and it related negatively to Commitment. This result suggests that any market exploration, if done at all, is performed by overseas affiliates or parent companies of Foreign Owned Firms. It is likely that the

TABLE 6.6  
THE INDEPENDENT VARIABLES AND COMMITMENT: MULTIPLE REGRESSION RESULTS

Dependent Variable: Commitment						
Construct	Variable	Units	Hypothesized Effect	Coefficient	Beta	t*
Management Characteristics	Willingness to Take Risks	1-7	?	5.92	.45	4.44 <sup>a</sup>
	Degree of Foreign Ownership	%	?	-.12	-.28	2.81 <sup>a</sup>
Firm Characteristics	Company Size	E	?	-.03	-.25	2.53 <sup>b</sup>
	Technology	1-7	?	2.94	.19	1.74 <sup>c</sup>
	Source of Export Stimulus	0/1	?	-6.30	-.20	1.88 <sup>c</sup>
Export Market Environment	Decreasing Psychological Distance	1-7	?	4.71	.29	2.59 <sup>b</sup>

Significance Level: a:  $\alpha \leq .01$   
 b:  $\alpha \leq .05$   
 c:  $\alpha \leq .10$

Constant: -32.72<sup>a</sup>  
 N : 79  
 R<sup>2</sup> : .31  
 Adjusted R<sup>2</sup> : .25  
 F : 5.36  
 Sig : .001

\* Two tail test

parent companies are better suited to the task of exploring new markets since they possess the superior resources and skills.

The negative relationship between Company Size and Commitment is consistent with earlier results which revealed a negative relationship between the size of the firm and Export Performance. The larger sized firms, established under the regime of import substitution, tend to export less and are also less committed to exporting. On the other hand, the negative relationship between an internal export stimulus and Export Commitment is somewhat puzzling. However, it may be that an internal stimulus is not as powerful a generator of time and effort (Commitment) as an external invitation to supply new markets. The positive relation between the perception of a superior Technology and Commitment is to be expected and requires no further explanation.

Willingness to Take Risks was by far the most important of all the variables. The greater the Willingness to Take Risks, the greater the Export Commitment. This relationship reflects the inherent uncertainty perceived in exporting and the risks associated with seeking out new markets. This market exploration requires the use of resources which may have been used elsewhere. The positive relationship between decreasing Psychological Distance and increasing Commitment indicates that managers prefer to devote their time and financial resources to the development of foreign markets with which they are most familiar and comfortable.

The negative relationship between Company Size and Commitment raised the suspicion that the five largest firms were again having an undue influence on the results. Table 6.7 shows the results after these firms were again screened. As can be seen, the results are basically the same, except that Size has no relationship to Commitment and Technology is no longer significant at the .10 level. (It was marginally significant when all the firms were in the sample).

Overall, therefore, the results indicate that Commitment is more a function of the firm and management's Willingness to Take Risks. It is the characteristics of the firm and its management which determine the time and financial resources devoted to the exploration of new markets, rather than factors external to the firm. Commitment requires the utilization of resources and it is the organisation which provides these resources.

#### 6.7 SUMMARY

Hypothesis Set  $H_4$  was statistically validated. Both Contractual Relations and Perceived Export Capability had an impact on Export Performance, but the magnitude of the impact was relatively slight. This result illustrated the complexity of the relationship between Export Performance and the intervening variables. The test of Hypothesis  $H_5$  was also quite revealing. The results underscored the importance of the Firm Characteristics and the Domestic Envir-

TABLE 6.7  
 THE INDEPENDENT VARIABLES AND COMMITMENT: MULTIPLE REGRESSION RESULTS AFTER SCREENING

Construct	Variable	Units	Hypothesized Effect	Coefficient	Beta	-t*
Management Characteristics	Willingness to Take Risks	1-7	?	6.04	.47	4.33a
	Degree of Foreign Ownership	%	?	-.11	-.24	2.26b
Firms Characteristics	Technology	1-7	?	2.37	.16	1.37
	Source of Export Stimulus	0/1	?	-6.42	-.20	1.79c
Export Market Environment	Decreasing Psychological Distance	1-7	?	4.37	.27	2.34b

Significance Level:	a: $\alpha \leq .01$	Constant:	-42.25
	b: $\alpha \leq .05$	N	74
	c: $\alpha \leq .10$	R <sup>2</sup>	.27
		Adjusted R <sup>2</sup>	.21
		F	4.98
		Sig	.001

\* Two tail test

onment as factors determining Export Performance. These results, when examined in the light of the findings in Chapter 5, also demonstrated the importance of Management Characteristics for exporters but not for the performance of exporters. Another important finding was the reluctance of firms, established under a regime of import substitution, to export.

Hypothesis  $H_6$  illustrated a connection between Export Commitment and Export Performance, but the connection was not as close as one would expect. The position of Perceived Risk remained somewhat ambiguous. It was not significantly related to Export Performance although the other surrounding variables had a significant effect on Perceived Risk.

Other explorations, reported in this chapter, were stimulated by the results of the preceding hypotheses. In this regard, Export Commitment was related to factors internal and external to the Firm. It was found that the Willingness to Take Risks by the manager had the greatest impact on Export Commitment and that the other significant factors were mainly attributes of the Firm. Again it was found that firms, established for import substitution purposes, had the least Export Commitment.

Overall, the results presented in this chapter demonstrated the importance of the firm in the development of an Export Commitment and in the determination of Export Performance. The conditions in the local environment also played a significant role in Export Performance. The perception of



the Export Market as favourable and subcontracting arrangements also played significant roles.

The results presented in this chapter and Chapter 5 suggest the need for some rethinking and clarification of previous research. These results also require that the theoretical model used in this research be reformulated. This clarification and reformulation is presented in Chapter 7.

## CHAPTER 7

### SUMMARY AND IMPLICATIONS OF THE STUDY

This chapter begins with a summary of the research results. These results led to a revision of the conceptual model. This model is presented in the second section of the chapter. The remainder of the chapter discusses the implications of the findings for managerial action, public policy formulation and export marketing theory and research.

#### 7.1 SUMMARY OF THE STUDY

This study focused on the export behaviour of manufacturing firms in developing countries by analysing the export behaviour of manufacturing firms in Jamaica. The specific objectives of the study were to identify the factors which distinguish exporting firms from non-exporting firms and to identify the factors which influence the export performance of those firms which export. The hypothesized influencing factors included those related to the export market and the export market environment, the characteristics of the firm and its management and the characteristics of the domestic environment. Also included among the objectives of this research study was an examination of the role of export

capability and market attractiveness as mediating factors between export performance and its hypothesized determinants. Thus, the study attempted to relate environmental factors, factors internal to the firm and mediating factors, to export behaviour.

In order to achieve the objectives of the study and to undertake the research in a systematic manner, a conceptual model was developed. This conceptual model tied together the key factors hypothesized to influence export behaviour. The model drew on research conducted both in the developing and in the industrial countries. From the developing countries the research tended, in the main, to focus at the macro level of analysis and from the industrialised countries, the research focused largely at the level of the firm. The conceptual model, therefore, was a synthesis of these two streams of research.

Managerial perceptions of reality is the central notion upon which the model rests. The model assumes that managers make decisions, and act, on the basis of how they perceive things. Consequently an assessment of managerial perceptions is critical if export behaviour is to be explained.

The model, therefore, relates export behaviour to the manager's perception of the export market, the export market environment and the domestic environment as well as to management and firm characteristics. These external and internal factors of the firm is the beginning point of the flow of causation in the model; export commitment and export

performance are the terminal points. The flow of causation, however, is mediated by the factors of perceived export capability and perceived market attractiveness. Other mediating factors include contractual relations, export restraint and perceived risks.

In general, the research results validated the model. The independent factors or constructs, both internal and external to the firm, significantly discriminated between the exporting and non-exporting firms. In addition, these independent constructs related significantly to export capability and market attractiveness. Export capability, in turn, had a significant impact, albeit a small one, on export performance. But, in the end, not all of the hypothesized relationships turned out to be consistent with expectations.

The characteristics of the manager and of the firm played a greater role in distinguishing between exporting and non-exporting firms than any of the environmental constructs. Indeed, the results showed that exporting firms had younger managers who were more cosmopolitan and that the exporting firm itself was also younger and had a superior technology. These results are basically in keeping with results obtained in developed countries. Generally, therefore, it is the nature of the firm and its management which distinguishes the exporting from the non-exporting firm.

The emphasis placed on the management and firm constructs is not meant to depreciate the importance of the

other two discriminating factors. Also significant was the finding that as an aid to exports, the domestic infrastructure was seen in an unfavourable light by exporters and in a favourable light by non-exporters. This finding was explained by the greater familiarity of exporters with the infrastructure, as an aid to exports. Exporters also saw no real problems with non-tariff barriers in export markets, but this situation may have been because of the dominance of CARICOM as an export market.

The results obtained from relating the independent constructs to perceived export capability and perceived market attractiveness were also not completely consistent with the relationship hypothesized. While the characteristics of the domestic environment such as government export policy, exchange rate policy and the domestic infrastructure and the management characteristics of cosmopolitanism and willingness to take risk determined export capability, market attractiveness, the other major intervening construct, was a function of a completely different set of characteristics. These characteristics were the export market and the nature of the distribution system in the export market and the firm characteristics of length of time exporting and product uniqueness. Thus different forces determined the "push" of export capability in contrast to the "pull" of market attractiveness on the firm.

These differences in influencing factors provided some useful insights into the essential quality of the interven-

ing constructs. For example, the more of an innovator the manager is and the more the manager sees that certain elements in the domestic environment facilitate exporting, the greater the perceived export capability of the firm -- the perception that the organisation has the ability to undertake exporting. On the other hand, the greater the export experience of the firm, the more differentiated the product and the greater the pull of the foreign market, especially a favourable distribution system, the more attractive is the market. Thus export capability is connected both to innovator characteristics and to the domestic environment, while market attractiveness is connected to the foreign market, product differentiation and the export experience of the firm.

With the spotlight on export performance, a number of important relationships were uncovered. In the first place, export capability and contractual relations were the only intervening constructs which had an impact on export performance. When the independent constructs were related to export performance, the significant constructs turned out to be mostly the characteristics of the export market, the firm, and the domestic environment. No management characteristic had a direct impact on export performance. This finding is important since it indicates that the effect of management on performance is mediated by export capability. It also indicates that even though management determines whether the firm will be an exporter or not, it is the

characteristics of the firm and the environmental elements which determine performance.

Another important finding was the relatively poor export performance of those firms which were established when the thrust of public policy makers was on import substitution, as an industrialisation strategy. These firms were large, relatively older, but exported the least among the sample of the firms. This poor performance was explained by the circumstance under which these firms were established to serve the domestic market. Established in a market which was completely protected, these firms focused only on the domestic market and now find it difficult to modify their behaviour, even if the circumstances may have changed.

The variables influencing export commitment and the relationship between export commitment and export performance were also of interest to this study. The results showed that the more willing managers were to take risks, the more likely they were to have a stronger commitment to exporting. The shorter the psychological distance of the market and the better they perceived their firm's technology, the more likely they were to be committed to exporting. Export commitment declined with increasing foreign ownership of the firm. Export commitment and export performance, however, were significantly and positively related.

## 7.2 A REVISED MODEL BASED ON THE RESULTS OF THE STUDY

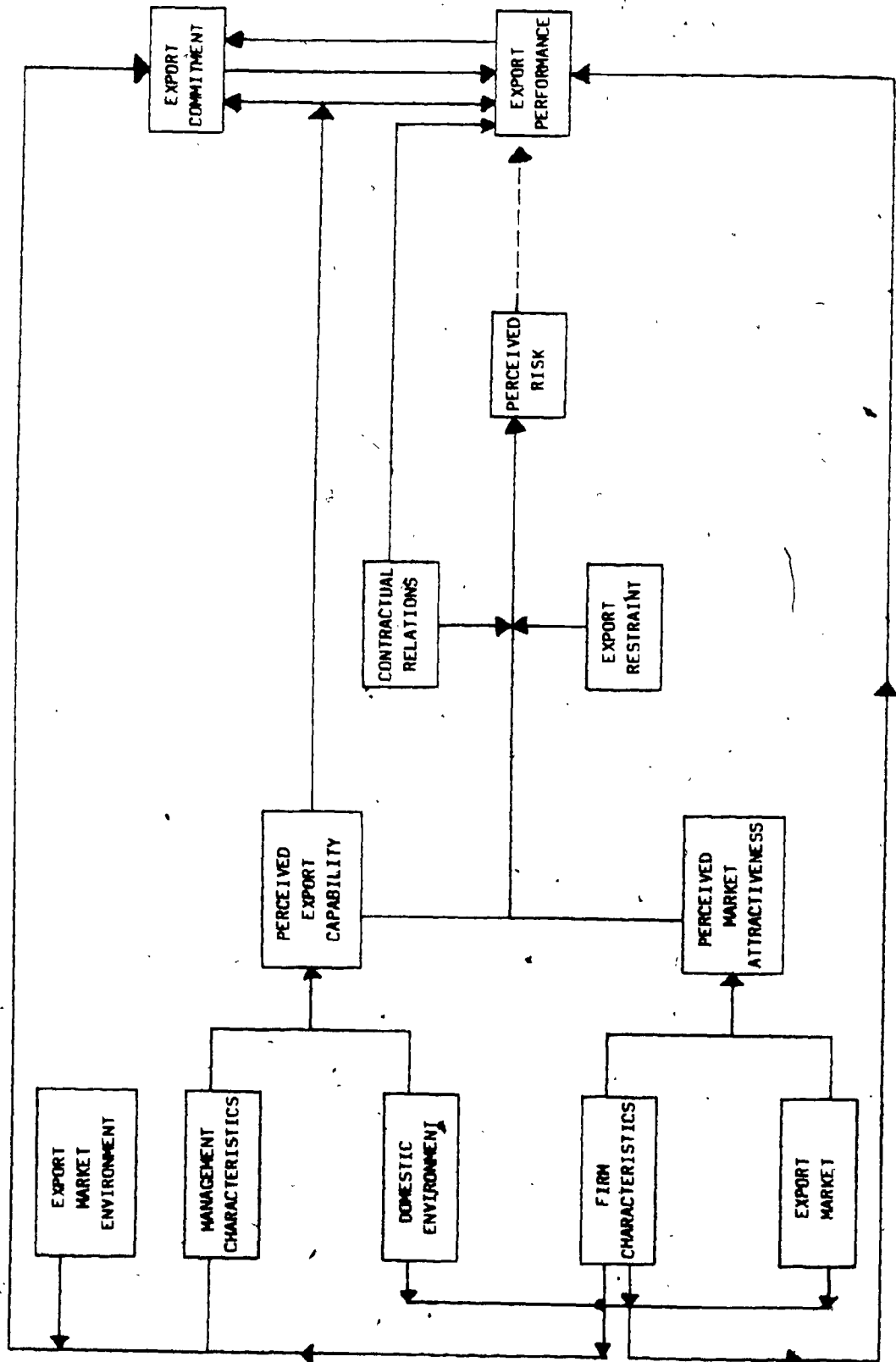
The research results presented in Chapters 5 and 6 and summarized in the previous section of this chapter brings into question the precise nature of some of the relationships outlined in the original conceptual model. While the research results gave broad support to the conceptual model, the results also suggested that the model should be modified. This modification is necessary in order that the relationships among the constructs, which the research highlighted, can be taken into account. The revised model is presented in Figure 7.1.

The revised model has some similarities to the original model. The basic constructs, for example, are precisely the same in both models. The flow of causation is also the same with export performance and export commitment being the dependent variables. The export market environment, management characteristics, the domestic environment, firm characteristics and the export market are the independent constructs. The mediating constructs in both the original and the revised model are also the same, but, at this point, the similarities end.

A major feature of the revised model is the number of factors that act directly to influence export performance. The model shows the domestic environment, the export market and the characteristics of the firm acting directly on export performance. Export capability, contractual relations and export commitment, in addition, also have a direct



FIGURE 7.1  
A REVISED MODEL BASED ON THE RESEARCH RESULTS



impact on export performance. The broken line between perceived risk and export performance indicates the tenuous nature of the relationship between these two factors.

Another important feature of the model is the major role given to export commitment in the dynamics of the model. Thus, the model shows that the characteristics of management and of the firm together with export market environment have a strong impact on export commitment. Export commitment, in turn, may influence export performance. Perceived export capability also has an impact on the development of export commitment. With these new relationships, export commitment is now an integral part of the model, unlike its peripheral role in the former model.

These new relationships act to reduce the centrality of export capability and market attractiveness to the model. Export capability had a relatively small impact on export performance and market attractiveness showed no impact at all. It is possible that the absence of any relationship between market attractiveness and export performance is largely because of the nature of the market to which most of the firms in the sample exported.

And finally the revised model fine tunes the factors which act on the intervening and dependent variables. The model shows, for example, that management characteristics act on export performance only through export capability and export commitment. The model also shows that the domestic environment has a direct influence on export performance as

well as on the perception of an export capability. Both the characteristics of the firm and the export market have a direct impact on export performance.

### 7.3 MANAGERIAL IMPLICATIONS OF THE STUDY<sup>1</sup>

The managerial implications of the research results can be categorized into three broad areas. The first area deals with the managers themselves, the second one concerns the firm and the third area deals with the environment in which the firm exists.

Regarding the first area, the managers themselves, the research results indicate that the ideal manager, for moving a firm from the status of non-exporter to that of exporter, is relatively young and cosmopolitan. The ideal manager is also a risk taker. The risk taker characteristic is important for the development of export commitment as well as for the development of a perceived export capability. It is important that these managerial characteristics be examined carefully in the context of managerial action.

It is evident that youthfulness is easily discovered; risk taking and cosmopolitanism, however, are more subtle characteristics. Education, or years of schooling, gives some indication of cosmopolitanism but cosmopolitanism

<sup>1</sup>The implications of the study outlined in this and other sections of the chapter assume that manufactured exports are good both for the firm and for the country. This assumption is not meant to imply that the export of manufactured products by developing countries will be beneficial to the country or firm under all circumstances.

involves more than education. In trying to discover the cosmopolitan manager, therefore, it is necessary that attempts be made to discover the extent of travel outside of national boundaries, the degree of interest in world affairs and the kind of magazines, local or international, regularly read. To discover the quality of risk taking in the manager is more difficult, but subjective appraisals can be made by asking about accomplishments in the past and what was required to make them occur.

The implication of the preceding paragraph is that the firm which wishes to venture into exporting would follow the route of hiring suitable personnel. But in the case of a small business concern dominated by the owner-manager, outside hiring may not be feasible or even practical. In such situations, common in many developing countries, the owners themselves must try to develop an international orientation. This can be done by travel and exposure to non-national affairs and events.

The second set of managerial implications focuses on the characteristics of the firm. The research shows that exporting and export performance depend not only on the skills and qualities of managers but also on the resources of the organisation. For the firm to move into exporting, it requires a superior technology (equipment, processes and formally trained personnel) and for performance, a unique product is desirable. It is likely that in a developing country these two characteristics may be closely related.

Export performance can also be improved if managers try to negotiate contractual arrangements with buyers in foreign markets. This arrangement, sometimes referred to as "subcontracting," relegates all the marketing and its attendant risks to the buyer in the foreign market and allows the manufacturer to concentrate on production and delivery. Some caveats, however, are necessary in connection with this suggestion. Subcontracting tends to be concentrated in a few industries. Thus, for certain industries such as metal products or packaging, the negotiation of these contracts may be extremely difficult or even impossible. In addition, there is also the danger of becoming too dependent on one buyer. If for any reason the buyer should cancel the contract, the exporter could be in serious difficulties.

On the basis of this research, neither size nor length of time exporting determines export performance. This is good news for small firms which may have been reluctant to explore the possibility of exporting simply because of the feeling that they were too small or because of the feeling that they did not have the requisite experience. Indeed, it would seem that small, inexperienced firms have an equal chance of success when compared to larger firms, all other things being equal.

The third and final area of concern for the manager centres on the domestic environment. The development of a close working relationship with the political bureaucracy, in order to remove the infrastructural bottlenecks, is

important for performance. Such bottlenecks may be found, for example, in the shipping, communication and form processing systems. Other useful endeavours which will require close collaboration between government and business include the formulation of financial incentives and the development of training programmes and a supportive environment for exporters.

Given the importance of the domestic environment for performance, the development of a close working relationship with government should occupy a position of priority in business organizations. The establishment of departments of public affairs may be too grandiose for many of the firms represented in the sample but working through associations may be sensible. Accordingly, businessmen associations should set up "public affairs commissions" designed to work closely with the formulators of public policy.

#### 7.4 PUBLIC POLICY IMPLICATIONS OF THE STUDY

While the previous section discussed what managers can do to influence their firm's export performance, this section focuses on what the makers of public policy can do to stimulate manufactured exports.

To begin with, this research provides some substantive information on the characteristics of exporting firms. These firms tend to be younger, with a superior technology and their managers are younger and more cosmopolitan. With this information government agencies, concerned with

exports, can identify similar firms which are not currently exporting and attempt to stimulate them to do so. For those firms without the technology, information can be provided on those modern process and product technologies which may be easily accessible. The strategy of stimulating firms to export can be very effective if the target firms operate in a domestic market that is becoming unfavourable by virtue of increasing competition or severe demand fluctuations. The strategy can also be effective if there is an industry downturn.

In attempting to stimulate firms to export, there should be an awareness among the makers of public policy that the size of the firm does not act as a barrier to exports: small firms can be as successful as large ones. The nature of the firm's ownership also does not have an effect on export performance. This situation may be because the export restraint, (assigned markets) imposed on foreign owned companies allows them to export to regional markets where the demand is more than adequate for the firm.

Public policy makers should also be aware of the apparent difficulty which firms, established under a regime of import substitution, have in developing and expanding their exports. Two options are available in dealing with these firms. In the first place, such firms can be ignored and be allowed to fulfill their original purpose of satisfying the domestic market. The other option is to motivate them to increase their exports. Increasing their exports may be

difficult for these firms depending on whether their continuing emphasis on the domestic market is due to tradition, cost factors, the quality of their management or the nature of the product produced. Specific persuasion strategies may have to be developed depending on the particular export barriers facing these firms.

More susceptible to influence by policy makers are the barriers to export which exist in the domestic environment. These barriers exist in the form of the infrastructural facilities which act to hinder rather than stimulate exports. Facilities for shipping products and form processing are two obvious examples. Governments can also emphasize the training programmes and financial incentives for exporters. Further, foreign inquiries for products can be channelled to relevant firms and encouragement provided to those firms so that they can export.

The use of the exchange rate as a policy instrument for export promotion would seem to be a double-edged sword. Manufacturers know that by reducing the value of the currency, exports become cheaper to the foreign buyer assuming no change in pricing strategy by local firms. But it would also seem that the concomitant increase in the price of imported raw materials, parts and equipment acts to force up the price of goods produced and exported. And because devaluation increases the price of imported foodstuffs and many other products consumed by the populace, there is a demand for increased wages and thus, an indirect pressure on



the price of exports. Labour intensive manufactures are, therefore, not immune from the effects of devaluation. In sum, devaluation as an instrument of export policy must, at least, be used with caution.

Given the effect of a perceived favourable export market, it would also be beneficial to manufacturers if public policy makers could attempt to influence the way manufacturers view specific foreign markets. Specialists, skilled in the art of identifying profitable market opportunities, could be posted in the trade section of embassies with the mandate to examine the size, competitiveness and growth of markets for products produced by manufacturers in the home markets. They could also be involved in helping to facilitate and finalize contractual arrangements between buyers and manufacturers. By means such as these, the perception of the foreign market may be favourably influenced. Still, it is important to realize that influencing perceptions is a task which requires time, persistence and credibility.

#### 7.5 THEORETICAL AND RESEARCH IMPLICATIONS OF THE STUDY

In discussing the implications of the research results for theory and research, it is important to bear in mind that this study concentrated on the export behaviour of firms in developing countries. While there are many studies on the export of manufactured products from developing countries, most of these studies focus at the macro level of

analysis. The fact that the individual firm is the focus of this study makes it somewhat unique.

In many respects, the results of this study reinforce the findings of previous export research. For example, the study reinforces the importance of innovator characteristics among export managers and the role of technology and product uniqueness in exporting and export performance. The importance of domestic environmental variables such as the state of the domestic market, infrastructural facilities and governmental efforts to stimulate exports had also been previously established. Further, the research underlines the importance of the distribution system in the export market, for export performance. In addition, the study lends support to those who profess that the size of the firm has no bearing on export performance and it provides qualified support to those who believe that the nature of the firm's ownership does not affect export performance.

But this research does more than reinforce previous findings. It also demonstrates the universality of some variables in affecting export behaviour. These variables, previously shown to be important among the exporters of developed countries, include the important characteristics of the firm and its management discussed in earlier sections of this chapter.

In addition to demonstrating the universality of some variables in affecting export behaviour, this research also adds to the theoretical notions associated with exporting.

Thus, the research shows that the factors which distinguish the exporter from the non-exporter are, in the main, quite different from the factors which determine export performance. Different strategies are therefore required depending on whether the objective is to move a firm into exporting or whether the objective is to improve the export performance of the firm.

Along the same lines, it is important to note that the innovator characteristics of cosmopolitanism and risk taking are associated with exporters and the development of an export commitment, but not directly with export performance. Previous research associated cosmopolitanism with export behaviour but no distinction was made between exporting and export performance.

The differential impact of the independent characteristics on export commitment and export performance is also an important finding of this study. The development of a commitment to exporting is a function of the characteristics of management and of the firm, while export performance is a function of the domestic environment, the characteristics of the firm and the export market. And in the final analysis, export commitment and export performance are closely related although the flow of causation is ambiguous.

Some empirical support was obtained for the concepts of export capability and market attractiveness. These two mediating constructs were influenced by specific independent characteristics, but their relationship to export perfor-

mance was not particularly strong. The relationship of export capability and market attractiveness to perceived risk was more strongly established. Contractual relations and export restraint also related strongly to perceived risk. The connection between perceived risk and export performance, however, was extremely slight.

Clearly the relationship between the mediating constructs of the model requires further investigation. Moreover the link between these constructs and the dependent variables is not as clearly defined as displayed in the original conceptual model. More research is needed into the relationship between export capability, market attractiveness, perceived risk and export performance.

More research, such as this study, is required in other developing countries. Given the growing importance of manufactured exports in developing countries and the emphasis which different governments place on this kind of marketing activity, it is surprising that so few studies have actually focused on the individual firm and its managers. More research of this nature is clearly needed.

Apart from cross-sectional analyses such as this one, a fruitful area of research would be longitudinal studies which focus on the growth of exports over time and the variables which determine such development.

While this study focused on the broad areas of the firm and management characteristics and on the characteristics of the environment which influence export behaviour, research

into the specific marketing practices of exporters in developing countries would be extremely useful. Thus, such a study could include an examination of pricing strategies. Do successful firms price on the basis of competition in the foreign market? And what of their promotional programmes and the kind of marketing research undertaken? Do different types of distribution channels affect success? Information on these areas, specific to the marketing mix, would be extremely useful to managers, public policy makers and researchers.



# The University of Western Ontario

School of Business Administration  
London, Canada  
N6A 3K7

The export of manufactured products is important to the economies of many developing countries. Nevertheless, relatively little time and effort have been devoted to understanding the export behaviour of manufacturing firms in these countries. Consequently, I am conducting a survey on the export behaviour of manufacturing firms in Jamaica and Trinidad and Tobago. The results of this survey will provide information which can help companies improve their export performance and stimulate non-exporting firms to begin exporting. These results will also provide useful information for the formulation of export guidelines by government agencies. This can only be to the benefit of business.

This survey, which I am conducting as a Ph.D. candidate at the School of Business Administration, University of Western Ontario, London, Canada, includes exporting and non-exporting firms as well as large and small firms. Your company is one of a group of one hundred and twenty firms which I would like to study to develop the information for the research. All the information collected will be treated in the strictest confidence and your firm will not be identified. At the completion of the survey, I will take the questionnaires back to Canada and analyse them at the University of Western Ontario's School of Business Administration. Subsequently, a report on the research will be given to each of the participating firms.

I intend, at the completion of my studies, to teach at the University of the West Indies and to continue doing research to help business managers. The results of the research will be incorporated into courses taught at the U.W.I. so that the quality of management training can be improved.

Within the next two weeks I will telephone so that we can arrange an interview time which is convenient to you. Thank you for your assistance.

Yours truly,

Christopher A. Ross  
Ph.D. Candidate

/mm

APPENDIX II

RESEARCH QUESTIONNAIRE FOR EXPORTERS

Christopher A. Ross

March 1980

SECTION 1

This section of the questionnaire requests some general information about your company. In some cases we would like you to indicate your response with an 'X' and in other cases we would like you to fill in the blank. If this organisation is a division or a subsidiary, the word 'Company' in this questionnaire refers to this division or subsidiary only.

1. This company is:  
 a division of a firm     a subsidiary of another firm     an independent organisation  
(IF A DIVISION OR A SUBSIDIARY GO TO QUESTION 3)

2. This company is:  
 a sole proprietorship     a partnership  
 a private limited company     a public company  
(GO TO QUESTION 5)

3. The parent company is:  
 British     Jamaican/Trinidadian     North American  
 European other than British     Japanese     Other (Please specify)  
\_\_\_\_\_

4. The parent company is:  
 a sole proprietorship     a partnership  
 a private limited company     a public company

5. This company was established in the year \_\_\_\_\_

6. The number of full-time employees or equivalent of this company, including managerial and non-manual personnel is: \_\_\_\_\_

7. Compared to other firms in the industry, the number of our employees who are formally trained (by equipment suppliers, technical school, university, etc.,) is:

much more     moderately more     slightly more     about the same     slightly less     moderately less     much less

8. This company exported for the first time in the year. \_\_\_\_\_

9. How did this company first begin exporting?

10. The product line exported by this company is best described as:

11. Compared to similar products on the domestic market, the product line exported by this company has:

very many unique features     many unique features     some major unique features     1 or 2 major unique features     some minor unique features     1 or 2 minor unique features     no unique features

12. Does this company manufacture any products under licence agreements?

no     some domestic products  
 some export products     all domestic products  
 all export products     all products



\* We would now like your opinion about certain features of the business environment in the island. Place an 'X' at the point on each scale which most closely reflects your view.

1. The degree of demand fluctuation from year to year which our product line faces in the domestic market is:	extremely high	moderately high	slightly high	neither high nor low	slightly low	moderately low	extremely low
2. On the whole obtaining raw materials for this company is:	extremely difficult	moderately difficult	slightly difficult	neither easy nor difficult	slightly easy	moderately easy	extremely easy
3. In general obtaining local transportation for our export product is:	extremely difficult	moderately difficult	slightly difficult	neither easy nor difficult	slightly easy	moderately easy	extremely easy
4. All things considered, shipping our products out of this country is:	extremely difficult	moderately difficult	slightly difficult	neither easy nor difficult	slightly easy	moderately easy	extremely easy
5. The amount of competition which our product line faces in the domestic market is:	extremely high	moderately high	slightly high	neither high nor low	slightly low	moderately low	extremely low
6. On the whole the financial export services (income tax reliefs, export credit insurance, etc.) provided by the government to manufacturers are:	extremely helpful	a very great deal of help	a great deal of help	of some help	of little help	of very little help	of no help
7. On the whole the managerial export services (courses for exporters, export advice, etc.) provided by the government to manufacturers are:	extremely helpful	a very great deal of help	a great deal of help	of some help	of little help	of very little help	of no help
8. For the export of our manufactured products the exchange rate policy of the government is:	a very strong deterrent	a strong deterrent	somewhat of a deterrent	neutral	somewhat of a stimulus	a strong stimulus	a very strong stimulus
9. The annual growth rate of the domestic market for the product line of this company is:	extremely low	moderately low	slightly low	neither low nor high	slightly high	moderately high	extremely high
10. In general our Jamaican facilities make overseas communication:	extremely difficult	moderately difficult	slightly difficult	neither easy nor difficult	slightly easy	moderately easy	extremely easy
11. On the whole the attitude of the government towards exporting is:	completely positive	mostly positive	slightly positive	neutral	slightly negative	mostly negative	completely negative
12. The size of the domestic market for the product line of this company is:	extremely small	moderately small	slightly small	neither small nor large	slightly large	moderately large	extremely large

SECTION 3

This section is concerned with your views of exporting and of certain export markets.

1. Assume that there are no foreign market restrictions on or obstacles to the export of your company's product line. Assume further that there is a ready export market available for your company's product line. Complete the statement which follows by placing an 'X' at the point on each descriptive scale which most accurately reflects your view. Remember that you should ignore product market constraints.

TO ACHIEVE CONSISTENT GROWTH IN EXPORT SALES OVER THE NEXT FEW YEARS, THIS COMPANY WILL FIND IT:

Easy	_____	_____	_____	_____	_____	_____	_____	Difficult
	1	2	3	4	5	6	7	
Manageable	_____	_____	_____	_____	_____	_____	_____	Unmanageable
	1	2	3	4	5	6	7	
Troublesome	_____	_____	_____	_____	_____	_____	_____	Troublefree
	1	2	3	4	5	6	7	
Certain	_____	_____	_____	_____	_____	_____	_____	Uncertain
	1	2	3	4	5	6	7	
Comfortable	_____	_____	_____	_____	_____	_____	_____	Uncomfortable
	1	2	3	4	5	6	7	
Complex	_____	_____	_____	_____	_____	_____	_____	Simple
	1	2	3	4	5	6	7	
Demanding	_____	_____	_____	_____	_____	_____	_____	Undemanding
	1	2	3	4	5	6	7	
Possible	_____	_____	_____	_____	_____	_____	_____	Impossible
	1	2	3	4	5	6	7	
Rugged	_____	_____	_____	_____	_____	_____	_____	Smooth
	1	2	3	4	5	6	7	
Attainable	_____	_____	_____	_____	_____	_____	_____	Unattainable
	1	2	3	4	5	6	7	

Below are some more descriptive scales. At the top of each set we have placed the name of an export market. With your company's CURRENT EXPORTS in mind give your immediate impressions and feelings about these export markets by placing an 'X' at the appropriate point on each scale.

2. a)

## BRITAIN

Valuable	_____	_____	_____	_____	_____	_____	_____	Worthless
	1	2	3	4	5	6	7	
Unpredictable	_____	_____	_____	_____	_____	_____	_____	Predictable
	1	2	3	4	5	6	7	
Certain	_____	_____	_____	_____	_____	_____	_____	Uncertain
	1	2	3	4	5	6	7	
Concentrated	_____	_____	_____	_____	_____	_____	_____	Diversified
	1	2	3	4	5	6	7	
Permanent	_____	_____	_____	_____	_____	_____	_____	Temporary
	1	2	3	4	5	6	7	
Unfamiliar	_____	_____	_____	_____	_____	_____	_____	Familiar
	1	2	3	4	5	6	7	
Dynamic	_____	_____	_____	_____	_____	_____	_____	Static
	1	2	3	4	5	6	7	
Unprofitable	_____	_____	_____	_____	_____	_____	_____	Profitable
	1	2	3	4	5	6	7	
Exciting	_____	_____	_____	_____	_____	_____	_____	Unexciting
	1	2	3	4	5	6	7	
Unimportant	_____	_____	_____	_____	_____	_____	_____	Important
	1	2	3	4	5	6	7	

2. b)

## CARICOM

Valuable	_____	_____	_____	_____	_____	_____	_____	Worthless
	1	2	3	4	5	6	7	
Unpredictable	_____	_____	_____	_____	_____	_____	_____	Predictable
	1	2	3	4	5	6	7	
Certain	_____	_____	_____	_____	_____	_____	_____	Uncertain
	1	2	3	4	5	6	7	
Concentrated	_____	_____	_____	_____	_____	_____	_____	Diversified
	1	2	3	4	5	6	7	
Permanent	_____	_____	_____	_____	_____	_____	_____	Temporary
	1	2	3	4	5	6	7	
Unfamiliar	_____	_____	_____	_____	_____	_____	_____	Familiar
	1	2	3	4	5	6	7	
Dynamic	_____	_____	_____	_____	_____	_____	_____	Static
	1	2	3	4	5	6	7	
Unprofitable	_____	_____	_____	_____	_____	_____	_____	Profitable
	1	2	3	4	5	6	7	
Exciting	_____	_____	_____	_____	_____	_____	_____	Unexciting
	1	2	3	4	5	6	7	
Unimportant	_____	_____	_____	_____	_____	_____	_____	Important
	1	2	3	4	5	6	7	

Keep in mind your PRODUCT LINE

2. c)

NORTH AMERICA

Valuable	_____	_____	_____	_____	_____	_____	_____	Worthless
	1	2	3	4	5	6	7	
Unpredictable	_____	_____	_____	_____	_____	_____	_____	Predictable
	1	2	3	4	5	6	7	
Certain	_____	_____	_____	_____	_____	_____	_____	Uncertain
	1	2	3	4	5	6	7	
Concentrated	_____	_____	_____	_____	_____	_____	_____	Diversified
	1	2	3	4	5	6	7	
Permanent	_____	_____	_____	_____	_____	_____	_____	Temporary
	1	2	3	4	5	6	7	
Unfamiliar	_____	_____	_____	_____	_____	_____	_____	Familiar
	1	2	3	4	5	6	7	
Dynamic	_____	_____	_____	_____	_____	_____	_____	Static
	1	2	3	4	5	6	7	
Unprofitable	_____	_____	_____	_____	_____	_____	_____	Profitable
	1	2	3	4	5	6	7	
Exciting	_____	_____	_____	_____	_____	_____	_____	Unexciting
	1	2	3	4	5	6	7	
Unimportant	_____	_____	_____	_____	_____	_____	_____	Important
	1	2	3	4	5	6	7	

2. d)

LATIN AMERICA

Valuable	_____	_____	_____	_____	_____	_____	_____	Worthless
	1	2	3	4	5	6	7	
Unpredictable	_____	_____	_____	_____	_____	_____	_____	Predictable
	1	2	3	4	5	6	7	
Certain	_____	_____	_____	_____	_____	_____	_____	Uncertain
	1	2	3	4	5	6	7	
Concentrated	_____	_____	_____	_____	_____	_____	_____	Diversified
	1	2	3	4	5	6	7	
Permanent	_____	_____	_____	_____	_____	_____	_____	Temporary
	1	2	3	4	5	6	7	
Unfamiliar	_____	_____	_____	_____	_____	_____	_____	Familiar
	1	2	3	4	5	6	7	
Dynamic	_____	_____	_____	_____	_____	_____	_____	Static
	1	2	3	4	5	6	7	
Unprofitable	_____	_____	_____	_____	_____	_____	_____	Profitable
	1	2	3	4	5	6	7	
Exciting	_____	_____	_____	_____	_____	_____	_____	Unexciting
	1	2	3	4	5	6	7	
Unimportant	_____	_____	_____	_____	_____	_____	_____	Important
	1	2	3	4	5	6	7	

Presented below are different export market characteristics. From the card presented please choose the description which best represents your view of each characteristic. Evaluate each market for the effect (or the potential effect for those markets to which you do not export) of the different characteristics on your company's CURRENT EXPORTS. The name of the export market is listed at the top of each set of characteristics

BRITAIN

FOR EACH RESPONSE CHOOSE THE APPROPRIATE DESCRIPTIVE NUMBER FROM THE CARD PRESENTED TO YOU

- 3. a) On the whole, the degree of difficulty due to physical distance is/will be . . . \_\_\_\_\_
- 4. a) On the whole, the degree of difficulty due to differences in language is/will be. \_\_\_\_\_
- 5. a) On the whole, the degree of difficulty due to differences in the level of economic development is/will be ..... \_\_\_\_\_
- 6. a) On the whole, the degree of difficulty due to differences in ways of doing business is/will be ..... \_\_\_\_\_
- 7. a) The amount of competition faced by our exports is/will be ..... \_\_\_\_\_
- 8. a) On the whole, the degree of difficulty caused by packaging and labelling laws is/will be ..... \_\_\_\_\_
- 9. a) On the whole, the degree of difficulty caused by health and safety laws is/will be \_\_\_\_\_
- 10. a) On the whole, the degree of difficulty caused by import quotas is/will be ..... \_\_\_\_\_
- 11. a) The annual growth rate of the market for our exports is/will be..... \_\_\_\_\_
- 12. a) The degree of demand fluctuation from year to year is/will be ..... \_\_\_\_\_
- 13. a) On the whole, obtaining distribution for our exports is/will be ..... \_\_\_\_\_
- 14. a) The market size for our exports is/will be..... \_\_\_\_\_
- 15. a) On the whole, tariff regulations are/will be ..... \_\_\_\_\_
- 16. a) Compared to our domestic market the distribution system for our exports is/will be \_\_\_\_\_

CARICOM

FOR EACH RESPONSE CHOOSE THE APPROPRIATE DESCRIPTIVE NUMBER FROM THE CARD PRESENTED TO YOU

- 3. b) On the whole, the degree of difficulty due to physical distance is/will be . . . \_\_\_\_\_
- 4. b) On the whole, the degree of difficulty due to differences in language is/will be. \_\_\_\_\_
- 5. b) On the whole, the degree of difficulty due to differences in the level of economic development is/will be ..... \_\_\_\_\_
- 6. b) On the whole, the degree of difficulty due to differences in ways of doing business is/will be ..... \_\_\_\_\_
- 7. b) The amount of competition faced by our exports is/will be ..... \_\_\_\_\_
- 8. b) On the whole, the degree of difficulty caused by packaging and labelling laws is/will be ..... \_\_\_\_\_
- 9. b) On the whole, the degree of difficulty caused by health and safety laws is/will be \_\_\_\_\_
- 10. b) On the whole, the degree of difficulty caused by import quotas is/will be ..... \_\_\_\_\_
- 11. b) The annual growth rate of the market for our exports is/will be..... \_\_\_\_\_
- 12. b) The degree of demand fluctuation from year to year is/will be ..... \_\_\_\_\_
- 13. b) On the whole, obtaining distribution for our exports is/will be ..... \_\_\_\_\_
- 14. b) The market size for our exports is/will be..... \_\_\_\_\_
- 15. b) On the whole, tariff regulations are/will be ..... \_\_\_\_\_
- 16. b) Compared to our domestic market the distribution system for our exports is/will be \_\_\_\_\_

- 7 -

## NORTH AMERICA

FOR EACH RESPONSE CHOOSE THE APPROPRIATE DESCRIPTIVE NUMBER FROM THE CARD PRESENTED TO YOU

3. c) On the whole, the degree of difficulty due to physical distance is/will be . . . \_\_\_\_\_
4. c) On the whole, the degree of difficulty due to differences in language is/will be. \_\_\_\_\_
5. c) On the whole, the degree of difficulty due to differences in the level of economic development is/will be ..... \_\_\_\_\_
6. c) On the whole, the degree of difficulty due to differences in ways of doing business is/will be ..... \_\_\_\_\_
7. c) The amount of competition faced by our exports is/will be ..... \_\_\_\_\_
8. c) On the whole, the degree of difficulty caused by packaging and labelling laws is/will be ..... \_\_\_\_\_
9. c) On the whole, the degree of difficulty caused by health and safety laws is/will be \_\_\_\_\_
10. c) On the whole, the degree of difficulty caused by import quotas is/will be ..... \_\_\_\_\_
11. c) The annual growth rate of the market for our exports is/will be..... \_\_\_\_\_
12. c) The degree of demand fluctuation from year to year is/will be ..... \_\_\_\_\_
13. c) On the whole, obtaining distribution for our exports is/will be ..... \_\_\_\_\_
14. c) The market size for our exports is/will be..... \_\_\_\_\_
15. c) On the whole, tariff regulations are/will be ..... \_\_\_\_\_
16. c) Compared to our domestic market the distribution system for our exports is/will be \_\_\_\_\_

## LATIN AMERICA

FOR EACH RESPONSE CHOOSE THE APPROPRIATE DESCRIPTIVE NUMBER FROM THE CARD PRESENTED TO YOU

3. d) On the whole, the degree of difficulty due to physical distance is/will be . . . \_\_\_\_\_
4. d) On the whole, the degree of difficulty due to differences in language is/will be. \_\_\_\_\_
5. d) On the whole, the degree of difficulty due to differences in the level of economic development is/will be ..... \_\_\_\_\_
6. d) On the whole, the degree of difficulty due to differences in ways of doing business is/will be ..... \_\_\_\_\_
7. d) The amount of competition faced by our exports is/will be ..... \_\_\_\_\_
8. d) On the whole, the degree of difficulty caused by packaging and labelling laws is/will be ..... \_\_\_\_\_
9. d) On the whole, the degree of difficulty caused by health and safety laws is/will be. \_\_\_\_\_
10. d) On the whole, the degree of difficulty caused by import quotas is/will be ..... \_\_\_\_\_
11. d) The annual growth rate of the market for our exports is/will be..... \_\_\_\_\_
12. d) The degree of demand fluctuation from year to year is/will be ..... \_\_\_\_\_
13. d) On the whole, obtaining distribution for our exports is/will be ..... \_\_\_\_\_
14. d) The market size for our exports is/will be..... \_\_\_\_\_
15. d) On the whole, tariff regulations are/will be ..... \_\_\_\_\_
16. d) Compared to our domestic market the distribution system for our exports is/will be \_\_\_\_\_

SECTION 4

We would like some opinions about yourself as a manager of this company. In addition this section also requests some demographic information. In some cases you are requested to circle the number which most closely reflects your view of yourself as a manager and in others you are requested to put an 'X' at the appropriate point in the scale.

PLEASE CIRCLE THE NUMBER WHICH MOST CLOSELY REFLECTS YOUR VIEW OF YOURSELF AS A MANAGER

Completely willing	Mostly willing	Somewhat willing	Neutral	Somewhat unwilling	Mostly unwilling	Completely unwilling
--------------------	----------------	------------------	---------	--------------------	------------------	----------------------

1. a) How willing are you to enter markets which are constantly changing?
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
- b) How willing are you to adopt different management techniques and systems?
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
- c) How willing are you to enter new markets with relatively little information?
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
- d) How willing are you to enter markets where this company can neither be a total success nor a complete failure?
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
- e) How willing are you to enter unfamiliar markets where the firm is pressed to the limit of its resources?
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---

2.

PLEASE CIRCLE THE APPROPRIATE NUMBER

Extremely important	Very important	Quite important	Important	Somewhat important	Slightly important	Not at all important
---------------------	----------------	-----------------	-----------	--------------------	--------------------	----------------------

- a) To me, making this company a leader in the industry is .....
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
- b) To me, increasing the overall profitability of this company is .....
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
- c) To me, making this company a leader in the business community is .....
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---
- d) To me, increasing the sales growth of this company is .....
 

1	2	3	4	5	6	7
---	---	---	---	---	---	---

PLEASE CIRCLE THE APPROPRIATE NUMBER

Completely agree  
 Mostly agree  
 Slightly agree  
 Neither agree nor disagree  
 Slightly disagree  
 Mostly disagree  
 Completely disagree

3. a) My friends are people whose backgrounds and views are similar to mine..... 1 2 3 4 5 6 7
- b) The most rewarding organisation a person can belong to are local clubs and organisations rather than West Indian or International clubs. 1 2 3 4 5 6 7
- c) Despite all the media coverage, West Indian and International events are not as interesting as events which occur in this island ..... 1 2 3 4 5 6 7

PLACE AN 'X' AT THE APPROPRIATE POINT IN THE SCALE

4. a) On the average how many times per month do you read magazines, journals or newspapers published outside the island? 0 times 1 - 2 times 3 - 4 times 5 - 6 times 7 - 12 times 13 - 16 times more than 16 times
- b) On the average how many times per year do you travel abroad either on business or on holiday? 0 Once Twice 3 - 4 times 5 - 6 times 7 - 8 times more than 9 times

5. The stage of formal schooling attained is: some primary completed primary some secondary completed secondary some tech./university completed tech./univ. advanced university degrees

6. The age group to which I belong is: less than 25 25 - 34 35 - 44 45 - 54 55 - 64 more than 64

7. My place of birth is: Africa Asia Latin America North America W. Europe West Indies Other Please Specify

8. The title of my present job position is: \_\_\_\_\_



- 10 -  
SECTION 5

The purpose of this section is to collect some information which is specific to your company. This will enable us to complete our analysis.

1. What distribution system does this company use for its exports?
  
2. About what percentage of total executive time is devoted to developing new export markets? \_\_\_\_\_
  
3. About what percentage of total marketing expenses is spent on developing new export markets? \_\_\_\_\_
  
4. Compared to other firms in the Jamaican industry the production equipment used in manufacturing our products (consider both quantity and quality of output) is:
 

	extremely superior	moderately superior	slightly superior	about the same	slightly inferior	moderately inferior	extremely inferior
--	--------------------	---------------------	-------------------	----------------	-------------------	---------------------	--------------------
  
5. Compared to other firms in the Jamaican industry the production techniques used in manufacturing our products (consider both the quantity and quality of output) is:
 

	extremely superior	moderately superior	slightly superior	about the same	slightly inferior	moderately inferior	extremely inferior
--	--------------------	---------------------	-------------------	----------------	-------------------	---------------------	--------------------
  
6. As part of the total operation of this company exporting is:
 

	extremely important	very important	quite important	important	somewhat important	slightly important	not at all important
--	---------------------	----------------	-----------------	-----------	--------------------	--------------------	----------------------
  
7. How likely is it that your company would reduce its exports if demand for your product increases in the domestic market?
 

	extremely likely	moderately likely	slightly likely	neither likely nor unlikely	slightly unlikely	moderately unlikely	extremely unlikely
--	------------------	-------------------	-----------------	-----------------------------	-------------------	---------------------	--------------------
  
8. During the five years prior to 1979 export sales of our product line:
 

	increased substantially	increased moderately	increased slightly	remained the same	decreased slightly	decreased moderately	decreased substantially
--	-------------------------	----------------------	--------------------	-------------------	--------------------	----------------------	-------------------------
  
9. Compared to other firms in the industry, export sales of our product line are:
 

	extremely high	moderately high	slightly high	about the same	slightly low	moderately low	extremely low
--	----------------	-----------------	---------------	----------------	--------------	----------------	---------------
  
10. In the financial year 1979, what percentage of the total dollar volume of exports went to the following market areas?
  - \_\_\_\_\_ % Asia/Africa
  - \_\_\_\_\_ % Britain
  - \_\_\_\_\_ % Caricom
  - \_\_\_\_\_ % Latin America
  - \_\_\_\_\_ % North America
  - \_\_\_\_\_ % Western Europe other than Britain
  - \_\_\_\_\_ % Other

100 %

11. The percentage of total company assets owned by non-nationals is: \_\_\_\_\_

12. In some cases exporters make agreements (sub-contracts) which guarantee the purchase of their output by overseas retail chains, buying groups, etc., or by overseas manufacturing plants which require components. In which markets, if any, do you have such agreements?

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

13. In some cases a company's exports may be affected by the nature of its ownership or by licensing agreements and in some cases there may be no effect. In what ways, if any, does affiliation with a parent or sister company or licensing agreements affect your exports?

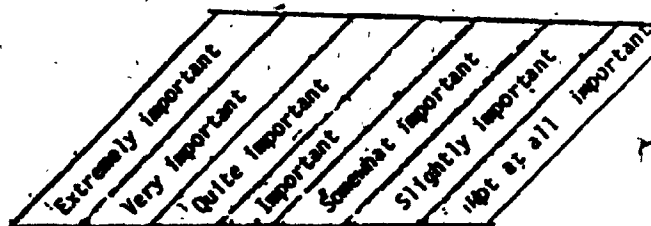
- \_\_\_\_\_ exports are not allowed
- \_\_\_\_\_ exports are discouraged
- \_\_\_\_\_ export markets are assigned
- \_\_\_\_\_ exports are stimulated
- \_\_\_\_\_ no effect on exports

14. The percentage of total sales derived from exporting in 1979 was \_\_\_\_\_  
 in 1978 was \_\_\_\_\_  
 in 1977 was \_\_\_\_\_  
 in 1976 was \_\_\_\_\_  
 in 1975 was \_\_\_\_\_

15. The annual sales of this company in 1979 was \_\_\_\_\_  
 in 1978 was \_\_\_\_\_  
 in 1977 was \_\_\_\_\_  
 in 1976 was \_\_\_\_\_  
 in 1975 was \_\_\_\_\_

16. The profits derived from 1979 export sales were \$ \_\_\_\_\_

17. PLEASE CIRCLE THE APPROPRIATE NUMBER

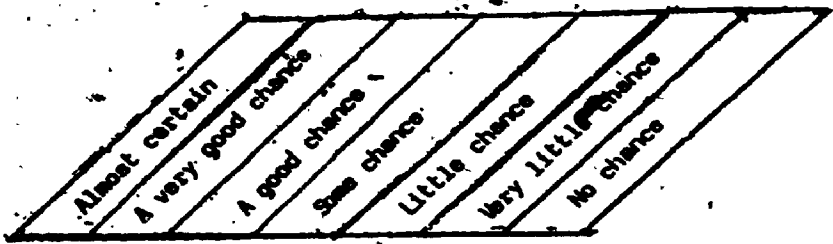


How important would it be for your company to have ....

a) . . . steady and consistent growth in export profitability .....	1	2	3	4	5	6	7
b) . . . steady and consistent growth in export sales .....	1	2	3	4	5	6	7
c) . . . steady and consistent growth in export reputation .....	1	2	3	4	5	6	7

18.

PLEASE CIRCLE THE APPROPRIATE NUMBER



For your company what are the chances that....

a) . . . steady and consistent growth in export profitability would be attained?...	1	2	3	4	5	6	7
b) . . . steady and consistent growth in export sales would be attained?.....	1	2	3	4	5	6	7
c) . . . steady and consistent growth in export reputation would be attained?.....	1	2	3	4	5	6	7

APPENDIX III

RESEARCH QUESTIONNAIRE FOR NON-EXPORTERS

Christopher A. Ross

March 1980

SECTION 1

This section of the questionnaire requests some general information about your company. In some cases we would like you to indicate your response with an 'X' and in other cases we would like you to fill in the blank. If this organisation is a division or a subsidiary, the word 'Company' in this questionnaire refers to this division or subsidiary only.

1. This company is:  
 a division of a firm     a subsidiary of another firm     an independent organisation  
 (IF A DIVISION OR A SUBSIDIARY GO TO QUESTION 3)

2. This company is:  
 a sole proprietorship     a partnership  
 a private limited company     a public company  
 (GO TO QUESTION 5)

3. The parent company is:  
 British     Jamaican/Trinidadian     North American  
 European other than British     Japanese     Other (Please specify)  
 \_\_\_\_\_

4. The parent company is:  
 a sole proprietorship     a partnership  
 a private limited company     a public company

5. This company was established in the year \_\_\_\_\_

6. The number of full-time employees or equivalent of this company, including managerial and non-manual personnel is: \_\_\_\_\_

7. Compared to other firms in the industry, the number of our employees who are formally trained (by equipment suppliers, technical school, university, etc.,) is:

much more	moderately more	slightly more	about the same	slightly less	moderately less	much less
_____	_____	_____	_____	_____	_____	_____

8. The product line of this company is best described as:

9. Compared to similar products on the domestic market, the product line of this company has:

very many unique features	many unique features	some major unique features	1 or 2 major unique features	some minor unique features	1 or 2 minor unique features	no unique features
_____	_____	_____	_____	_____	_____	_____

10. Does this company export any of its products?

11. Does this company manufacture any products under licence agreements?  
 NO     some domestic products     all domestic products

We would now like your opinion about certain features of the business environment in the island. Place an 'X' at the point on each scale which most closely reflects your view.

- |  |                         |                           |                         |                            |                        |                     |                        |
|--|-------------------------|---------------------------|-------------------------|----------------------------|------------------------|---------------------|------------------------|
| 1. The degree of demand fluctuation from year to year which our product line faces in the domestic market is:                                      | extremely high          | moderately high           | slightly high           | neither high nor low       | slightly low           | moderately low      | extremely low          |
| 2. On the whole obtaining raw materials for this company is:   | extremely difficult     | moderately difficult      | slightly difficult      | neither easy nor difficult | slightly easy          | moderately easy     | extremely easy         |
| 3. In general obtaining local transportation for export products is:   | extremely difficult     | moderately difficult      | slightly difficult      | neither easy nor difficult | slightly easy          | moderately easy     | extremely easy         |
| 4. All things considered, shipping products out of this country is:  | extremely difficult     | moderately difficult      | slightly difficult      | neither easy nor difficult | slightly easy          | moderately easy     | extremely easy         |
| 5. The amount of competition which our product line faces in the domestic market is:   | extremely high          | moderately high           | slightly high           | neither high nor low       | slightly low           | moderately low      | extremely low          |
| 6. On the whole the financial export services (income tax reliefs, export credit insurance, etc.) provided by the government to manufacturers are: | extremely helpful       | a very great deal of help | a great deal of help    | of some help               | of little help         | of very little help | of no help             |
| 7. On the whole the managerial export services (courses for exporters, export advice, etc.) provided by the government to manufacturers are:       | extremely helpful       | a very great deal of help | a great deal of help    | of some help               | of little help         | of very little help | of no help             |
| 8. For the export of manufactured products the exchange rate policy of the government is:  | a very strong deterrent | a strong deterrent        | somewhat of a deterrent | neutral                    | somewhat of a stimulus | a strong stimulus   | a very strong stimulus |
| 9. The annual growth rate of the domestic market for the product line of this company is:  | extremely low           | moderately low            | slightly low            | neither low nor high       | slightly high          | moderately high     | extremely high         |
| 10. In general our facilities make overseas communication  | extremely difficult     | moderately difficult      | slightly difficult      | neither easy nor difficult | slightly easy          | moderately easy     | extremely easy         |
| 11. On the whole the attitude of the government towards exporting is:  | completely positive     | mostly positive           | slightly positive       | neutral                    | slightly negative      | mostly negative     | completely negative    |
| 12. The size of the domestic market for the product line of this company is:   | extremely small         | moderately small          | slightly small          | neither small nor large    | slightly large         | moderately large    | extremely large        |

SECTION 3

This section is concerned with your views of exporting and of certain export markets.

1. Assume that there are no foreign market restrictions on or obstacles to the export of your company's product line. Assume further that there is a ready export market available for your company's product line. Complete the statement which follows by placing an 'X' at the point on each descriptive scale which most accurately reflects your view. Remember that you should ignore product market constraints.

TO BEGIN EXPORTING THIS COMPANY WILL FIND IT:

Easy	_____	_____	_____	_____	_____	_____	_____	Difficult
	1	2	3	4	5	6	7	
Manageable	_____	_____	_____	_____	_____	_____	_____	Unmanageable
	1	2	3	4	5	6	7	
Troublesome	_____	_____	_____	_____	_____	_____	_____	Troublefree
	1	2	3	4	5	6	7	
Certain	_____	_____	_____	_____	_____	_____	_____	Uncertain
	1	2	3	4	5	6	7	
Comfortable	_____	_____	_____	_____	_____	_____	_____	Uncomfortable
	1	2	3	4	5	6	7	
Complex	_____	_____	_____	_____	_____	_____	_____	Simple
	1	2	3	4	5	6	7	
Demanding	_____	_____	_____	_____	_____	_____	_____	Undemanding
	1	2	3	4	5	6	7	
Possible	_____	_____	_____	_____	_____	_____	_____	Impossible
	1	2	3	4	5	6	7	
Rugged	_____	_____	_____	_____	_____	_____	_____	Smooth
	1	2	3	4	5	6	7	
Attainable	_____	_____	_____	_____	_____	_____	_____	Unattainable
	1	2	3	4	5	6	7	

Below are some more descriptive scales. At the top of each set we have placed the name of an export market. With your company's PRODUCT LINE in mind give your immediate impressions and feelings about these export markets by placing an 'X' at the appropriate point on each scale.

2. a)

## BRITAIN

Valuable	_____	_____	_____	_____	_____	_____	_____	Worthless
	1	2	3	4	5	6	7	
Unpredictable	_____	_____	_____	_____	_____	_____	_____	Predictable
	1	2	3	4	5	6	7	
Certain	_____	_____	_____	_____	_____	_____	_____	Uncertain
	1	2	3	4	5	6	7	
Concentrated	_____	_____	_____	_____	_____	_____	_____	Diversified
	1	2	3	4	5	6	7	
Permanent	_____	_____	_____	_____	_____	_____	_____	Temporary
	1	2	3	4	5	6	7	
Unfamiliar	_____	_____	_____	_____	_____	_____	_____	Familiar
	1	2	3	4	5	6	7	
Dynamic	_____	_____	_____	_____	_____	_____	_____	Static
	1	2	3	4	5	6	7	
Unprofitable	_____	_____	_____	_____	_____	_____	_____	Profitable
	1	2	3	4	5	6	7	
Exciting	_____	_____	_____	_____	_____	_____	_____	Unexciting
	1	2	3	4	5	6	7	
Unimportant	_____	_____	_____	_____	_____	_____	_____	Important
	1	2	3	4	5	6	7	

2. b)

## CARICOM

Valuable	_____	_____	_____	_____	_____	_____	_____	Worthless
	1	2	3	4	5	6	7	
Unpredictable	_____	_____	_____	_____	_____	_____	_____	Predictable
	1	2	3	4	5	6	7	
Certain	_____	_____	_____	_____	_____	_____	_____	Uncertain
	1	2	3	4	5	6	7	
Concentrated	_____	_____	_____	_____	_____	_____	_____	Diversified
	1	2	3	4	5	6	7	
Permanent	_____	_____	_____	_____	_____	_____	_____	Temporary
	1	2	3	4	5	6	7	
Unfamiliar	_____	_____	_____	_____	_____	_____	_____	Familiar
	1	2	3	4	5	6	7	
Dynamic	_____	_____	_____	_____	_____	_____	_____	Static
	1	2	3	4	5	6	7	
Unprofitable	_____	_____	_____	_____	_____	_____	_____	Profitable
	1	2	3	4	5	6	7	
Exciting	_____	_____	_____	_____	_____	_____	_____	Unexciting
	1	2	3	4	5	6	7	
Unimportant	_____	_____	_____	_____	_____	_____	_____	Important
	1	2	3	4	5	6	7	



Keep in mind CURRENT EXPORTS

2. c)

NORTH AMERICA

Valuable	_____	_____	_____	_____	_____	_____	_____	Worthless
	1	2	3	4	5	6	7	
Unpredictable	_____	_____	_____	_____	_____	_____	_____	Predictable
	1	2	3	4	5	6	7	
Certain	_____	_____	_____	_____	_____	_____	_____	Uncertain
	1	2	3	4	5	6	7	
Concentrated	_____	_____	_____	_____	_____	_____	_____	Diversified
	1	2	3	4	5	6	7	
Permanent	_____	_____	_____	_____	_____	_____	_____	Temporary
	1	2	3	4	5	6	7	
Unfamiliar	_____	_____	_____	_____	_____	_____	_____	Familiar
	1	2	3	4	5	6	7	
Dynamic	_____	_____	_____	_____	_____	_____	_____	Static
	1	2	3	4	5	6	7	
Unprofitable	_____	_____	_____	_____	_____	_____	_____	Profitable
	1	2	3	4	5	6	7	
Exciting	_____	_____	_____	_____	_____	_____	_____	Unexciting
	1	2	3	4	5	6	7	
Unimportant	_____	_____	_____	_____	_____	_____	_____	Important
	1	2	3	4	5	6	7	

2. d)

LATIN AMERICA

Valuable	_____	_____	_____	_____	_____	_____	_____	Worthless
	1	2	3	4	5	6	7	
Unpredictable	_____	_____	_____	_____	_____	_____	_____	Predictable
	1	2	3	4	5	6	7	
Certain	_____	_____	_____	_____	_____	_____	_____	Uncertain
	1	2	3	4	5	6	7	
Concentrated	_____	_____	_____	_____	_____	_____	_____	Diversified
	1	2	3	4	5	6	7	
Permanent	_____	_____	_____	_____	_____	_____	_____	Temporary
	1	2	3	4	5	6	7	
Unfamiliar	_____	_____	_____	_____	_____	_____	_____	Familiar
	1	2	3	4	5	6	7	
Dynamic	_____	_____	_____	_____	_____	_____	_____	Static
	1	2	3	4	5	6	7	
Unprofitable	_____	_____	_____	_____	_____	_____	_____	Profitable
	1	2	3	4	5	6	7	
Exciting	_____	_____	_____	_____	_____	_____	_____	Unexciting
	1	2	3	4	5	6	7	
Unimportant	_____	_____	_____	_____	_____	_____	_____	Important
	1	2	3	4	5	6	7	

- 6 -

Presented below are different export market characteristics. From the card presented please choose the description which best represents your view of each characteristic. Evaluate each market for the potential effect of the different characteristics on your company's PRODUCT LINE. The name of the export market is listed at the top of each set of characteristics.

## BRITAIN

FOR EACH RESPONSE CHOOSE THE APPROPRIATE DESCRIPTIVE NUMBER FROM THE CARD PRESENTED TO YOU

3. a) On the whole, the degree of difficulty due to physical distance will be..... \_\_\_\_\_
4. a) On the whole, the degree of difficulty due to differences in language will be... \_\_\_\_\_
5. a) On the whole, the degree of difficulty due to differences in the level of economic development will be..... \_\_\_\_\_
6. a) On the whole, the degree of difficulty due to differences in ways of doing business will be..... \_\_\_\_\_
7. a) The amount of competition faced by our exports will be..... \_\_\_\_\_
8. a) On the whole, the degree of difficulty caused by packaging and labelling laws will be..... \_\_\_\_\_
9. a) On the whole, the degree of difficulty caused by health and safety laws will be.. \_\_\_\_\_
10. a) On the whole, the degree of difficulty caused by import quotas will be..... \_\_\_\_\_
11. a) The annual growth rate of the market for our exports will be..... \_\_\_\_\_
12. a) The degree of demand fluctuation from year to year will be..... \_\_\_\_\_
13. a) On the whole, obtaining distribution for our exports will be..... \_\_\_\_\_
14. a) The market size for our exports will be..... \_\_\_\_\_
15. a) On the whole, tariff regulations will be..... \_\_\_\_\_
16. a) Compared to our domestic market the distribution system for our exports will be. \_\_\_\_\_

## CARICOM

FOR EACH RESPONSE CHOOSE THE APPROPRIATE DESCRIPTIVE NUMBER FROM THE CARD PRESENTED TO YOU

3. b) On the whole, the degree of difficulty due to physical distance will be..... \_\_\_\_\_
4. b) On the whole, the degree of difficulty due to differences in language will be ... \_\_\_\_\_
5. b) On the whole, the degree of difficulty due to differences in the level of economic development will be..... \_\_\_\_\_
6. b) On the whole, the degree of difficulty due to differences in ways of doing business will be..... \_\_\_\_\_
7. b) The amount of competition faced by our exports will be..... \_\_\_\_\_
8. b) On the whole, the degree of difficulty caused by packaging and labelling laws will be..... \_\_\_\_\_
9. b) On the whole, the degree of difficulty caused by health and safety laws will be.. \_\_\_\_\_
10. b) On the whole, the degree of difficulty caused by import quotas will be..... \_\_\_\_\_
11. b) The annual growth rate of the market for our exports will be..... \_\_\_\_\_
12. b) The degree of demand fluctuation from year to year will be..... \_\_\_\_\_
13. b) On the whole, obtaining distribution for our exports will be..... \_\_\_\_\_
14. b) The market size for our exports will be..... \_\_\_\_\_
15. b) On the whole, tariff regulations will be..... \_\_\_\_\_
16. b) Compared to our domestic market the distribution system for our exports will be.. \_\_\_\_\_

NORTH AMERICA

FOR EACH RESPONSE CHOOSE THE APPROPRIATE DESCRIPTIVE NUMBER FROM THE CARD PRESENTED TO YOU

- 3. c) On the whole, the degree of difficulty due to physical distance will be.....
- 4. c) On the whole, the degree of difficulty due to differences in language will be.
- 5. c) On the whole, the degree of difficulty due to differences in the level of economic development will be .....
- 6. c) On the whole, the degree of difficulty due to differences in ways of doing business will be .....
- 7. c) The amount of competition faced by our exports will be.....
- 8. c) On the whole, the degree of difficulty caused by packaging and labelling laws will be .....
- 9. c) On the whole, the degree of difficulty caused by health and safety laws will be.
- 10. c) On the whole, the degree of difficulty caused by import quotas will be .....
- 11. c) The annual growth rate of the market for our exports will be.....
- 12. c) The degree of demand fluctuation from year to year will be .....
- 13. c) On the whole, obtaining distribution for our exports will be .....
- 14. c) The market size for our exports will be .....
- 15. c) On the whole, tariff regulations will be .....
- 16. c) Compared to our domestic market the distribution system for our exports will be.

LATIN AMERICA

FOR EACH RESPONSE CHOOSE THE APPROPRIATE DESCRIPTIVE NUMBER FROM THE CARD PRESENTED TO YOU

- 3. d) On the whole, the degree of difficulty due to physical distance will be .....
- 4. d) On the whole, the degree of difficulty due to differences in language will be...
- 5. d) On the whole, the degree of difficulty due to differences in the level of economic development will be.....
- 6. d) On the whole, the degree of difficulty due to differences in ways of doing business will be.....
- 7. d) The amount of competition faced by our exports will be ..
- 8. d) On the whole, the degree of difficulty caused by packaging and labelling laws will be.....
- 9. d) On the whole, the degree of difficulty caused by health and safety laws will be.
- 10. d) On the whole, the degree of difficulty caused by import quotas will be .....
- 11. d) The annual growth rate of the market for our exports will be .....
- 12. d) The degree of demand fluctuation from year to year will be.....
- 13. d) On the whole, obtaining distribution for our exports will be.....
- 14. d) The market size for our exports will be.....
- 15. d) On the whole, tariff regulations will be.....
- 16. d) Compared to our domestic market the distribution system for our exports will be..

SECTION 4

We would like some opinions about yourself as a manager of this company. In addition this section also requests some demographic information. In some cases you are requested to circle the number which most closely reflects your view of yourself as a manager and in others you are requested to put an 'X' at the appropriate point in the scale.

PLEASE CIRCLE THE NUMBER WHICH MOST CLOSELY REFLECTS YOUR VIEW OF YOURSELF AS A MANAGER

1	2	3	4	5	6	7
---	---	---	---	---	---	---

1. a) How willing are you to enter markets which are constantly changing?
- b) How willing are you to adopt different management techniques and systems?
- c) How willing are you to enter new markets with relatively little information?
- d) How willing are you to enter markets where this company can neither be a total success nor a complete failure?
- e) How willing are you to enter unfamiliar markets where the firm is pressed to the limit of its resources?

1	2	3	4	5	6	7
1	2	3	4	5	6	7
1	2	3	4	5	6	7
1	2	3	4	5	6	7
1	2	3	4	5	6	7

2.

PLEASE CIRCLE THE APPROPRIATE NUMBER

1	2	3	4	5	6	7
---	---	---	---	---	---	---

- a) To us, making this company a leader in the industry is .....
- b) To us, increasing the overall profitability of this company is .....
- c) To us, making this company a leader in the business community is .....
- d) To us, increasing the sales growth of this company is .....

1	2	3	4	5	6	7
1	2	3	4	5	6	7
1	2	3	4	5	6	7
1	2	3	4	5	6	7

PLEASE CIRCLE THE APPROPRIATE NUMBER

Completely agree  
 Mostly agree  
 Slightly agree  
 Neither agree nor disagree  
 Slightly disagree  
 Mostly disagree  
 Completely disagree

3. a) My friends are people whose backgrounds and views are similar to mine..... 1 2 3 4 5 6 7
- b) The most rewarding organisation a person can belong to are local clubs and organisations rather than West Indian or International clubs. 1 2 3 4 5 6 7
- c) Despite all the media coverage, West Indian and International events are not as interesting as events which occur in this island ..... 1 2 3 4 5 6 7

PLACE AN 'X' AT THE APPROPRIATE POINT IN THE SCALE

4. a) On the average how many times per month do you read magazines, journals or newspapers published outside the island? 0 times 1 - 2 times 3 - 4 times 5 - 6 times 7 - 12 times 13 - 16 times more than 16 times
- b) On the average how many times per year do you travel abroad either on business or on holiday? 0 Once Twice 3 - 4 times 5 - 6 times 7 - 8 times more than 8 times
5. The stage of formal schooling attained is: some primary completed primary some secondary completed secondary some tech./university completed tech./univ. advanced university degrees
6. The age group to which I belong is: less than 25 25 - 34 35 - 44 45 - 54 55 - 64 more than 64
7. My place of birth is: Africa Asia Latin America North America W. Europe West Indies Other Please Specify
8. The title of my present job position is: \_\_\_\_\_

SECTION 5

The purpose of this section is to collect some information which is specific to your company. This will enable us to complete our analysis.

1. Compared to other firms in the Jamaican industry the production equipment used in manufacturing our products (consider both quantity and quality of output) is:

extremely superior	moderately superior	slightly superior	about the same	slightly inferior	moderately inferior	extremely inferior
--------------------	---------------------	-------------------	----------------	-------------------	---------------------	--------------------

2. Compared to other firms in the Jamaican industry the production techniques used in manufacturing our products (consider both the quantity and quality of output) is:

extremely superior	moderately superior	slightly superior	about the same	slightly inferior	moderately inferior	extremely inferior
--------------------	---------------------	-------------------	----------------	-------------------	---------------------	--------------------

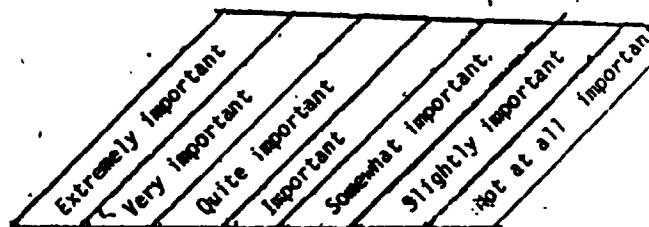
3. The percentage of total company assets owned by non-nationals is: \_\_\_\_\_

4. In some cases a company's potential export activities may be affected by the nature of its ownership or by licensing agreements and in some cases there may be no effect. In what ways, if any, does affiliation with a parent company or licensing agreements affect your potential exports?

- \_\_\_\_\_ exports are not allowed
- \_\_\_\_\_ exports are discouraged
- \_\_\_\_\_ export markets are assigned
- \_\_\_\_\_ exports are stimulated
- \_\_\_\_\_ no effect on exports

5. The current annual sales of this company is: \_\_\_\_\_

6. PLEASE CIRCLE THE APPROPRIATE NUMBER

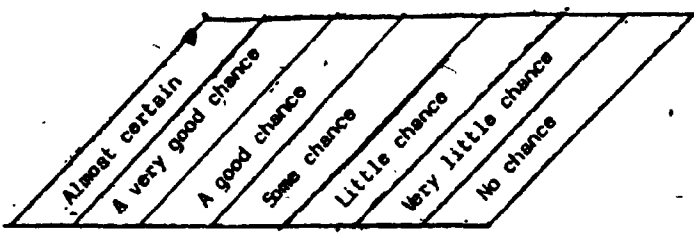


How important would it be for your company to have ....

a) . . . steady and consistent growth in export profitability .....	1	2	3	4	5	6	7
b) . . . steady and consistent growth in export sales .....	1	2	3	4	5	6	7
c) . . . steady and consistent growth in export reputation .....	1	2	3	4	5	6	7

7.

PLEASE CIRCLE THE APPROPRIATE NUMBER



For your company what are the chances that....

- a) . . . steady and consistent growth in export profitability would be attained?... 1 2 3 4 5 6 7
- b) . . . steady and consistent growth in export sales would be attained?..... 1 2 3 4 5 6 7
- c) . . . steady and consistent growth in export reputation would be attained?..... 1 2 3 4 5 6 7

## Responses to Section 3, questions 3 to 16

## QUESTIONS 3 - 12

Extremely low	(1)
Moderately low	(2)
Slightly low	(3)
Neither high nor low	(4)
Slightly high	(5)
Moderately high	(6)
Extremely high	(7)

## QUESTION 13

Extremely difficult	(1)
Moderately difficult	(2)
Slightly difficult	(3)
Neither easy nor difficult	(4)
Slightly easy	(5)
Moderately easy	(6)
Extremely easy	(7)

## QUESTION 14

Extremely small	(1)
Moderately small	(2)
Slightly small	(3)
Neither small nor large	(4)
Slightly large	(5)
Moderately large	(6)
Extremely large	(7)

## QUESTION 15

A very strong deterrent	(1)
A strong deterrent	(2)
Somewhat of a deterrent	(3)
Neutral	(4)
Somewhat of a stimulus	(5)
A strong stimulus	(6)
A very strong stimulus	(7)

## QUESTION 16

Identical	(1)
Slightly different	(2)
Somewhat different	(3)
Moderately different	(4)
Quite different	(5)
Very different	(6)
Completely different	(7)



APPENDIX IV

COMPARISON OF ASSOCIATION LIST AND SAMPLE FIRMS

Industry	Proportions In Association (%)	Proportions In Sample (%)
Metal Products	10.8	5.9
Building and Industrial Steel	7.9	11.8
Chemicals	10	6.7
Electrical and Electronics	5	8.4
Footwear and Tanning	10	11.8
Garments	25	21
Miscellaneous	5.7	7.6
Plastics	3.8	4.2
Printing, Packaging & Paper	9.7	10.9
Textile & Knitters	2.7	2.5
Wooden Products	9.3	9.2

APPENDIX V

MEANS AND STANDARD DEVIATION OF VARIABLES

ALL FIRMS (A)

Construct	Variable	Units	Mean	Median	Std. Deviation
Export Market	-Favourable Market	1-7	4.2	4.3	1.2
	-Favourable Distribution	1-7	5.2	5.2	1.2
Export Market Environment	-Tariff	1-7	4.6	4.5	1.3
	-Non-Tariff	1-7	5.9	6.0	1.1
	-Physical Distance	1-7	5.3	5.7	1.5
	-Psychological Distance	1-7	5.9	6.1	1.0
Management Characteristics	-Age	1-6	3.8	3.9	1.0
	-Education	1-7	5.1	5.4	.1
	-Cosmopolitanism	1-7	4.3	4.4	1.1
	-Aspirations	1-7	6.5	6.7	.8
	-Willingness to Take Risks	1-7	4.5	4.4	1.
Domestic Environment	-Market Conditions	1-7	3.8	3.8	1.3
	-Raw Materials	1-7	1.9	1.5	1.3
	-Exchange Rate Policy	1-7	4.5	4.8	1.3
	-Government Export Policy	1-7	4.4	4.3	1.4
	-Infrastructure	1-7	4.6	4.7	1.3

Construct	Variable	Units	Mean	Median	Std. Deviation
Firm Characteristics	-Size	\$000,000 Employees	3 93	1.59 54.	4.3 .112
	-Age	Yrs	13.4	11.8	8.3
	-Foreign Ownership	%	16.2	33.2	.2
	-Product Uniqueness	1-7	4.3	4.3	2.1
	-Technology	1-7	4.9	4.9	1.1
Market Attractiveness	Market Attractiveness	1-7	5.2	5.2	.8
Export Capability	Export Capability	1-7	4.3	4.5	1.2
Perceived Risks		1-7	19.5	18.2	8.0
<b>EXPORTERS ONLY (B)</b>					
Export Market	-Favourable Market	1-7	4.3	4.4	1.1
	-Favourable Distribution	1-7	5.3	5.3	1.1
Export Market Environment	-Tariff	1-7	4.7	4.4	1.4
	-Non-Tariff	1-7	6.2	6.3	.9
	-Physical Distance	1-7	5.4	5.8	1.5
	-Psychological Distance	1-7	6	6.2	1.0
Management Characteristics	-Age	1-6	3.9	4	.9
	-Education	1-7	5.3	5.5	1.1
	-Cosmopolitanism	1-7	4.6	4.7	.1

Construct	Variable	Units	Mean	Median	Std. Deviation
Domestic Environment	-Aspirations	1-7	6.6	6.7	.7
	-Willingness To Take Risks	1-7	4.7	4.5	1.2
	-Market Conditions	1-7	4	4	1.3
	-Raw Materials	1-7	1.9	1.4	1.3
	-Exchange Rate	4-5	4.6	1.2	1.3
	-Gov't. Export Policy	1-7	4.3	4.2	1.4
	-Infrastructure	1-7	4.5	4.7	1.4
Firm Characteristics	-Size	\$000,000	3.5	1.8	4.4
		Employees	108	66	118
	-Age	Yrs	13.4	12	7.8
	-Foreign Ownership	%	19.6	.21	36.1
	-Product Uniqueness	1-7	4.4	4.4	2
	-Technology	1-7	5.2	5.2	1.0
	-Time Exporting	Yrs	7.3	6.2	5.7
	-Export Stimulus	1-2	1.6	1.64	.5
Market Attractiveness	-Market Attractiveness	1-7	5.3	5.4	.8
Export Capability	-Export Capability	1-7	4.5	4.6	1.1
Contractual Relations	-Contractual Relations	1-2	1.9	1.9	.3

Construct	Variable	Units	Mean	Median	Std. Deviation
Export Restraint	-Export Restraint	1-5	4.4	4.8	.9
Perceived Risks	Perceived Risks	1-49	18.8	16.1	8.2
Export Commitment	Export Commitment	8	18.5	15.8	1.4
Export Performance	Export Performance	8	26.7	22	21.8
<b>NON-EXPORTERS ONLY (C)</b>					
Export Market	-Favourable Market	1-7	4.0	4.2	1.2
	-Favourable Distribution	1-7	5.0	5.0	1.3
Export Market Environment	-Tariff	1-7	4.6	4.6	1.1
	-Non-Tariff	1-7	5.5	5.5	1.1
	-Physical Distance	1-7	5.0	5.5	1.6
	-Psychological Distance	1-7	5.8	5.9	1.0
Management Characteristics	-Age	1-6	3.6	3.7	1
	-Education	1-7	4.8	5	1.4
	-Cosmopolitanism	1-7	3.8	3.8	1.2
	-Aspirations	1-7	6.4	6.7	1
	-Willingness To Take Risks	1-7	4.2	4.2	1
Domestic Environment	-Market Conditions	1-7	3.5	3.3	.2
	-Raw Materials	1-7	2	1.6	1.4

Construct	Variable	Units	Mean	Median	Std. Deviation
	-Exchange Rate Policy	1-7	4.4	4.8	1.4
	-Government Export Policy	1-7	4.6	4.5	1.3
	-Infrastructure	1-7	4.8	4.8	1.3
Firm Characteristics	-Size	\$000,000 Employees	2.4 62	.76 29	4.2 93
	-Age	Yrs	13.5	10.8	9.1
	-Foreign Ownership	%	9.5	.1	25.5
	-Product Uniqueness	1-7	4.2	4.1	2.2
	-Technology	1-7	4.4	4.2	.9
Market Attractiveness	-Market Attractiveness	1-7	4.4	4.3	.8
Export Capability	-Export Capability	1-7	4.0	4.3	1.2
Perceived Risks	-Perceived Risks	1-7	20.9	19.2	7.5

## APPENDIX VI

### RELIABILITY ASSESSMENT

Reliability, the extent to which a measure gives the same results on repeated trials, is one aspect of validity; the latter concerns the extent to which an instrument measures what it is intended to measure.<sup>1</sup> Thus, in order to ensure the validity of a scale and consequently the validity of a theoretical model, the measures used in the scale must also be reliable. For this reason, the validation of research model requires an assessment of the reliability of the measures employed.

For the purposes of this research, two methods of measuring reliability, the Split-Half and the Internal Consistency methods, were possible. Other measures of reliability such as the Test-Retest and the method of Alternate Forms were easily eliminated from serious consideration since they both require repetition of the measuring process. The Split-Half method was also rejected since the method of dividing the items in the scale (for example top half-bottom half or odd-even) influences the magnitude of

---

<sup>1</sup> Edward G. Carmines and Richard A. Zeller, "Reliability and Validity Assessment", Sage University Paper Series on Quantitative Applications in the Social Sciences 07-017. Beverly Hills and London: Sage Publications, 1979, pp.11-13.

the reliability coefficient.<sup>2</sup> Furthermore, scale splitting was not very practicable because for many of the scales, the number of items were too few. For these reasons the method of internal consistency, Cronbach's  $\alpha$ , was used to assess reliability.

The size of coefficient alpha is a function of the mean interitem correlation of the scale as well as the number of items in the scale. It is possible, therefore, to improve the reliability of a scale by increasing the number of items, provided that the additional items do not cause a drop in the interitem correlation. Because of the importance of this correlation component in the assessment of reliability, the method of Internal Consistency (and the other measures of reliability mentioned in this section) should only be used with items drawn from the same population or domain.<sup>3</sup>

The reliabilities presented in Table 1 are for those scales where the items which measure a particular characteristic or concept belong to the same domain. For the total sample of 119 firms, the reliabilities range from .53 for Cosmopolitanism to .90 for Perceived Risk. For the sample of exporters the reliabilities range from .41 for Cosmopolitanism to .90 for Perceived Risk. Reliabilities below .60 are generally considered to be weak, so that the majority of these scales are fairly reliable.

<sup>2</sup> Ibid, p. 44.

<sup>3</sup> Jum C. Nunnally, Psychometric Theory, New York: McGraw-Hill, 1978, p. 246.



TABLE 1

RELIABILITY COEFFICIENTS (CRONBACH  $\alpha$ )

Construct	Scale	Number of Items	Reliability	
			All	Exporters
Management Characteristics	Aspirations	4	.64	.51
	Cosmopolitanism	5	.53	.41
	Willingness to Take Risks	4	.59	.62
Firm Characteristics	Technology	3	.69	.67
Domestic Environment	Government Export Policy	3	.64	.62
Export Capability	Export Capability	10	.89	.88
Perceived Risks	Perceived Risks	3	.90	.90
Commitment	Commitment*	2		.56

\* Calculated by hand because of computer programme limitations. The formula used was:

$$b = \frac{N\bar{P}}{[1 + \bar{P}(N - 1)]}$$

where N = number of items

$\bar{P}$  = mean interitem correlation

Source: Edward G. Carmines and Richard A. Zeller.  
"Reliability and Validity Assessment."

No reliabilities are reported for other multi-item scales used in this research. For these scales, the selected items are from different domains or populations. One set concerns the measures which relate to the Export Market and the Export Market Environment constructs. In each case the variables which make up the constructs are weighted averages, of the equivalent variables, from each of the four disparate geographical markets used in this research.

The other set concerns the Domestic Environment construct and the evaluation of different aspects of the Domestic Market and Favourable Infrastructure. In the initial stages of the research these two variables were thought to be unidimensional but further examination of these concepts revealed no sound theoretical support for this notion. For example, in measuring Favourable Infrastructure, there is no reason to expect the perceived difficulty of obtaining local transportation, or of shipping products overseas, or of communicating abroad to correlate. Very much the same can be said for the items, degree of demand fluctuation, competitiveness and size, which make up the Domestic Market.

APPENDIX VII.

CORRELATION MATRICES (A)  
CORRELATIONS FOR TEST OF HYPOTHESIS H<sub>1</sub>: DISCRIMINANT ANALYSIS (119 COMPANIES)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1 Company Age	.52																			
2 Company Size	.10	.01																		
3 Product Uniqueness	.14	.15	.14																	
4 Technology	.11	.09	-.04	.11																
5 Ownership	-.01	-.02	-.04	.00	.16															
6 Manager's Education	-.09	-.13	.01	-.16	-.15	.26														
7 Manager's Age	.11	.14	-.10	.17	.19	.31	.04													
8 Cosmopolitanism	.05	.12	.07	.09	-.04	-.05	.06	.03												
9 Aspirations	-.05	.03	.09	.07	.12	-.13	.21	.01	-.03											
10 Risk Willingness	-.01	.13	-.06	.02	.01	.09	-.07	.04	-.13	-.05										
11 Domestic Market	.09	-.13	-.05	.04	-.01	.06	.03	.12	.04	-.15	-.19									
12 Infrastructure	.06	-.08	.04	.02	-.06	.17	-.18	.06	-.11	-.06	.16	.04								
13 Raw Materials	.14	.13	.23	.20	-.05	.03	-.07	.07	.17	-.07	-.22	.18	.09							
14 Gov't Export Policy	.11	.11	.04	.13	-.07	-.01	.05	.04	.17	.03	.06	.09	.05	.09						
15 Foreign Exchange	.03	.03	-.16	-.15	.06	-.06	.06	-.03	.05	-.05	-.10	.05	.01	.12	-.06					
16 Physical Distance	.13	.15	-.06	-.23	.03	.03	-.05	.04	.15	-.15	-.04	.12	.08	.12	-.02	.22				
17 Psychological Distance	-.09	-.11	.13	-.00	-.17	-.10	.11	.04	.12	.21	-.09	.24	-.07	.26	.12	.16	.17			
18 Export Market	.21	.16	-.02	-.14	-.00	-.00	-.01	.13	-.04	-.04	.09	.30	.04	.02	.04	.21	.44	.14		
19 Non-Tariff Barriers	.09	.09	-.09	.10	-.03	-.08	.01	.06	.27	-.06	-.04	.32	.12	.10	-.12	.17	.32	.28	.17	
20 Distribution	.01	-.08	-.04	-.04	.16	-.13	.08	.08	-.00	.05	.09	.16	.06	.01	-.06	.07	.13	.29	.23	.24
21 Tariffs																				

## APPENDIX VII

CORRELATION MATRICES (B)  
CORRELATIONS FOR TEST OF HYPOTHESIS H<sub>2</sub>: EXPORT CAPABILITY (79 COMPANIES)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1 Domestic market	-															
2 Infrastructure	-.21	-														
3 Gov't Export policy	-.24	.20	-													
4 Obtaining raw materials	.12	.04	.24	-												
5 Exchange rate	.06	.04	.09	.01	-											
6 Manager's Age	.02	-.01	-.12	-.12	-.04	-										
7 Education	.05	.09	-.05	.20	-.10	.28	-									
8 Cosmopolitanism	.11	.10	-.14	.10	-.20	.03	.34	-								
9 Aspirations	-.13	.13	.19	.14	.20	-.10	-.15	.06	-							
10 Risk Willingness	-.04	-.17	-.10	-.12	.07	.29	-.10	.01	-.02	-						
11 Company Size	.15	.08	.20	.05	.07	-.12	.05	.10	.16	-.00	-					
12 Company Age	.05	.11	.07	.04	.03	-.05	.02	.06	.09	-.04	.50	-				
13 Ownership	-.01	-.06	-.14	-.06	-.12	-.14	.17	.26	-.06	.15	-.01	.10	-			
14 Time Exporting	.06	.18	-.01	.04	-.16	-.07	.14	.25	.15	-.05	.49	.13	.30	-		
15 Product Uniqueness	.01	.08	.21	.13	.07	.01	.04	-.11	.09	.01	.01	-.04	-.10	.04	-	
16 Technology	.09	-.08	.20	.19	-.17	-.26	.04	.28	.04	-.03	.10	.13	.12	.15	.06	-
17 Export Capability	-.00	.29	.27	.09	.24	.09	.07	.20	.11	.21	.00	-.07	-.08	.02	.05	.04

APPENDIX VII

CORRELATION MATRICES (C)  
CORRELATIONS FOR TEST OF HYPOTHESIS H<sub>3</sub>: MARKET ATTRACTIVENESS (79 COMPANIES)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1 Expert Market	-																
2 Distribution System	.21	-															
3 Tariffs	.31	.21	-														
4 Non-Tariff Barriers	.13	.16	.21	-													
5 Physical Distance	.01	.04	.01	.15	-												
6 Psychological Distance	.11	.35	.17	.41	.28	-											
7 Manager's Age	.13	-.04	.19	.12	-.05	.07	-										
8 Education	-.14	-.08	-.11	.01	-.13	-.03	.28	-									
9 Cosmopolitanism	-.07	.15	.08	.21	-.04	-.02	.03	.34	-								
10 Aspirations	.17	.33	-.05	-.10	-.12	.18	-.10	-.15	.06	-							
11 Risk Willingness	.26	-.01	.06	-.07	.00	-.19	.29	-.10	.01	-.02	-						
12 Company Size	-.04	.06	-.12	.02	.11	.15	-.12	.05	.10	.16	-.00	-					
13 Company Age	-.12	.06	-.12	.11	.07	.11	-.09	.02	.06	.09	-.04	.50	-				
14 Ownership	.19	-.02	-.14	-.02	-.13	.01	-.14	.17	.26	-.06	.15	-.01	.10	-			
15 Time Exporting	.08	.02	-.07	.19	.07	.08	-.07	.14	.25	.15	-.05	.49	.13	.30	-		
16 Product Uniqueness	.19	.02	.10	-.03	-.11	-.08	.01	.04	-.11	.09	.01	.01	.04	-.10	.04	-	
17 Technology	-.02	.13	-.00	-.13	-.18	-.30	-.26	.04	.22	.04	-.03	.10	.13	.12	.15	.06	-
18 Market Attractiveness	.24	.34	.04	.13	.03	.21	-.13	-.14	.09	.19	.02	.17	.13	.17	.15	.03	.22

APPENDIX VII

CONNECTIONS FOR HYPOTHESES H<sub>2</sub>: EXPORT PERFORMANCE AND EXPORT COMMITMENT (79 COMPANIES)  
 CORRELATION MATRICES (D)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	
1 Capitalization																											
2 Manager's Age	.03																										
3 Education	.34	.28																									
4 Risk Willingness	-.01	.29	-.10																								
5 Age/retirees	.06	-.30	-.15	-.02																							
6 Physical Distances	-.04	-.05	-.13	.00	-.12																						
7 Psychological Distances	-.02	.07	-.03	-.17	.18	.28																					
8 Tech/ITs	.08	.19	-.11	.06	-.05	.01	.17																				
9 Non-Tech/IT Barriers	.16	.07	-.04	-.10	-.09	.16	.44	.22																			
10 Export Market	-.07	.13	-.14	.26	.12	.01	.11	.31	-.16																		
11 Distribution	.15	-.04	-.09	-.01	.33	.04	.35	.21	.17	.21																	
12 Company Size	.10	-.12	.05	-.00	.16	.11	.15	.12	.07	.03	.06																
13 Ownership	.26	-.14	.17	.15	.06	.13	.01	.14	-.03	.19	-.02	.01															
14 Product Uniqueness	-.11	.01	.04	.01	.09	.11	.08	.30	.05	.19	-.02	.01	-.10														
15 Technology	.22	.26	.04	.03	.04	.18	.30	.60	.18	-.02	.12	.30	.12	.06	.13												
16 Company Age	.04	-.05	.02	-.04	.09	.07	.11	.12	.09	-.12	.06	.50	.10	-.04	.13												
17 Export Schedules	.32	-.03	.04	.01	.10	.19	.16	.13	.12	.04	.19	.07	.06	.02	.25	.22											
18 Time Exporting	.25	-.07	.14	-.05	.15	.07	.08	-.07	.16	.09	.02	.49	.30	.04	.15	.55	.19										
19 Export Restrict.	.09	-.02	.20	-.08	-.09	.05	-.07	-.09	-.03	-.13	.15	.01	.40	-.09	.22	.02	.10	.23									
20 Distributional Solutions	.05	.13	.04	-.04	-.09	-.24	.16	.03	-.14	-.15	-.13	.03	.18	.05	.15	-.05	-.03	.02	.20								
21 Self-insurance	.10	-.01	.09	-.17	.13	.02	.20	.19	.39	.25	.28	.08	-.06	.08	-.08	.11	.28	.18	.06	-.13							
22 Non-Materials	.10	-.12	.20	-.12	.14	-.03	.10	.04	-.11	-.09	.24	.05	-.06	.13	.19	.04	.14	.04	.19	.00	.04						
23 Gov't Export Policy	-.14	-.12	.05	-.10	.19	.08	.14	.02	.01	.18	.11	.28	-.14	.21	.20	.07	.16	.01	.07	-.07	.20	.24					
24 Foreign Exchange	-.20	-.04	-.10	-.07	.20	.12	.09	-.13	.13	.16	-.08	.07	-.12	.07	.17	.03	-.12	-.16	-.05	.03	.04	.01	.09				
25 Domestic Market	.11	.02	.05	-.05	-.13	.15	-.04	.12	.10	-.13	.03	.15	-.02	.01	.09	.05	-.10	.06	-.14	.20	.21	.12	-.24	.06			
26 Export Performance	-.00	.09	.03	.08	-.11	-.08	.07	.22	.16	.23	.00	-.18	-.02	.31	.02	-.17	.17	.08	.01	.22	.04	.26	.08	-.09	.32		
27 Export Commitment	.02	.22	-.03	.35	-.03	-.01	.07	.07	.11	.17	-.00	-.20	-.20	.00	-.04	-.15	-.13	-.19	-.12	.09	-.07	.03	.01	-.07	.05	.31	

## BIBLIOGRAPHY

Abdel-Malek, Talaat. Managerial Export Orientation. London, Ont.: School of Business Administration, University of Western Ontario, 1974.

Abdel-Malek, Talaat. "Import Substitution vs Export Orientation." Columbia Journal of World Business, 4 (Sept.-Oct., 1969): 29-38.

"Address to Directors of the J.C.C." Jamaica Chamber of Commerce Journal (1978): 33.

Aharoni, Yair. The Foreign Investment Decision Process. Boston: Graduate School of Business Administration, Harvard University, 1966.

Alexandrides, C.G. "How the Major obstacles to Expansion Can Be Overcome." Atlanta Economic Review (May, 1971): 12-15.

Almy, Timothy A. "Local-Cosmopolitanism and U.S. City Managers." Urban Affairs Quarterly, 10, 3 (March, 1975): 242-72.

Balassa, Bela. "Export Incentives and Export Performance in Developing Countries: A Comparative Analysis." Weltwirtschaftliches Archives, 114, 1 (1978): 24-59.

Banerji, Ranadey. Exports of Manufactures from India: An Appraisal of the Emerging Pattern. Tubingen: J.C.B. Mohr, 1975.

Bank of Jamaica. Statistical Digest, 1980.

Bilkey, Warren. "An Attempted Integration of the Literature on the Export Behaviour of Firms." Journal of International Business Studies (Spring/Summer, 1976): 33-46.

Bilkey, Warren J. and George Tesar. "The Export Behaviour of Smaller-Sized Wisconsin Manufacturing Firms." Journal of International Business Studies (Spring/Summer, 1977): 93-98.

Botranstein, George W. and T. Michael Carter. "Subsistence in Economic Analysis." In Robert L. Carter, ed., International Development. San Francisco: Jossey-Bass, Inc., 1971.

- Carmines, Edward G. and Richard A. Zeller. "Reliability and Validity Assessment." Sage University Paper Series on Quantitative Applications in the Social Sciences 01-117. Beverly Hills and London: Sage Publications, 1979.
- Cavusgil, Salih Tamer. "Organisational Determinants of Firms Export Behaviour: An Empirical Analysis." Ph.D. Dissertation, University of Wisconsin-Madison, 1976.
- Cavusgil, Salih Tamer and John Nevin. "Internal Determinants of Export Marketing Behaviour." Journal of Marketing Research XVIII, 1(February, 1981): 114-19.
- Chin, Lascelle. "President's Address to AGM 78." The Jamaican Exporter (1978/80): 31-35, 47.
- Churchill, Gilbert A. Marketing Research: Methodological Foundations. Hinsdale, Illinois: The Dryden Press, 1976.
- Cohen, Benjamin I. "Comparative Behaviour of Foreign and Domestic Export Firms in a Developing Economy." Review of Economics and Statistics, 10, 3(May, 1973): 190-97.
- Cohen, Benjamin I. Multinational Firms and Asian Exports. New Haven: Yale University Press, 1975.
- Cooper, R.A., et al. Export Performance and the Pressure of Demand. London: George Allen and Unwin, 1970.
- Cunningham, M.T. and R.I. Spigel. "A Study in Successful Exporting." British Journal of Marketing, 5, 1(Spring, 1971): 2-12.
- Cunningham, Scott M. "Perceived Risk as a Factor in the Diffusion of New Product Information." in Raymond M. Haos, ed., Science, Technology and Marketing. 1966 Fall Conference Proceedings, Chicago: American Marketing Association, 1966.
- de la Torre, Jose R. "Marketing Factors in Manufactured Exports from Developing Countries." in Louis Wells ed., Product Life Cycle and International Trade. Boston: Harvard University, 1972.
- Department of Statistics. Jamaica External Trade 1970, 1976.
- Donges, Jürgen and James Kiedel. "The Expansion of Manufactured Exports in Developing Countries: An Empirical Assessment of Supply and Demand Issues." Weltwirtschaftliches Archiv, 113(1977): 88-87.



Engel, James F., et al. Consumer Behaviour, 3rd ed., Hinsdale, Illinois: The Dryden Press, 1978.

Enright, E.J. "Bluetrade: Grass Roots Export Program." in Henry Gomez ed, Innovation - Key to Marketing Progress. Proceedings, 46th National Conference, Chicago: American Marketing Association, 1963.

Finger, J.M. "Tariff Provisions for Offshore Assembly and the Exports of Developing Countries." The Economic Journal, 85(June 1975): 365-71,

Frankena, Mark. "Devaluation, Recession and Non-Traditional Manufactured Exports from India." Economic Development and Cultural Change, 24, 1(Oct. 1976): 109-37.

Frankena, Mark. "Marketing Characteristics and Prices of Exports of Engineering Goods." Oxford Economic Papers, 25, 1(March, 1973): 127-32.

Green, Paul E. Analyzing Multivariate Data. Hinsdale, Illinois: The Dryden Press, 1978.

Harrison, Frank E. The Managerial Decision-Making Process. Boston: Houghton Mifflin Co., 1975.

Helbig, Frank L. and Haskel L. Hoffenberg. "Made in Brazil." Columbia Journal of World Business, 7(March-April, 1972): 63-71.

Helleiner, G.K. "Manufacturing for Export, Multinational Firms and Economic Development." World Development, 1, 7(July 1973): 13-21.

Helleiner, G.K. "Manufactured Exports from Less-Developed Countries and Multinational Firms." The Economic Journal (March 1973): 21-47.

Hesse, Helmut. "Promotion of Manufactured Exports as Development Strategy of Semi-Industrialised Countries: The Brazilian Case." Weltwirtschaftliches Archives, 108(1972): 235-56.

Hirsch, Seev and Zvi Adar. "Firm Size and Export Performance." World Development, 2, 7(July 1974): 41-46.

Hirsch, Seev. "Hypotheses Regarding Trade Between Developing and Industrial Countries." in Hebert G. Hirsch ed. The International Division of Labour: Problems and Prospects. Tubingen: J.C.B. Mohr, 1974.

Hirsch, Seev. The Export Performance of Six Manufacturing Industries. New York: Praeger Publishers, 1971.

- Hirsch, Seev. Location of Industry and International Competitiveness. London: Oxford University Press, 1967.
- Holton, Richard H. "Progress and Problems in the Export Drive." in Henry Gomez ed. Innovation: Key to Marketing Progress. Proceedings, 46th National Conference, Chicago: American Marketing Association, 1963.
- Hone, Angus. "Multinational Corporations and Multinational Buying Groups: Their Impact on the Growth of Asia's Exports of Manufactures - Myths and Realities." World Development, 2, 2(February, 1974): 145-49.
- Hufbauer, G.C. "The Impact of National Characteristics and Technology on the Commodity Composition of Trade in Manufactured Goods." in Raymond Vernon, ed., The Technology Factor in International Trade. New York: National Bureau of Economic Research, 1970.
- Hunt, H.G., et al. "The Management of Export Marketing in Engineering Industries." British Journal of Marketing, 1(Spring, 1967): 10-24.
- Jamaica. Export Development. Ministry Paper No. 47 n.d.
- Jamaica. Green Paper on Industrial Development Programme - Jamaica, 1975-1980.
- Jamaican Prime Minister. "Annual Message." The Jamaican Exporter, 8, 1(1977/78): 5.
- Jefferson, Owen. The Post-War Economic Development of Jamaica. Jamaica: Institute of Social and Economic Research, University of the West Indies, 1972.
- Johanson, Jan and Jan Erik Valne. "The Internationalization Process of the Firm - A Model of Knowledge Development and Increasing Foreign Market Commitments." Journal of International Business Studies (Spring/Summer, 1977): 23-32.
- Johanson, Jan and Finn Wiedersheim-Paul. "The Internationalization of the Firm - Four Swedish Cases." Journal of Management Studies (Oct. 1975): 303-22.
- Kacker, Madhav P. "Export-Oriented Product Adaptation - Its Patterns and Problems." Management International Review, 15, 6(1975): 61-71.
- Kessing, Donald B. Trade Policy for Developing Countries. World Bank Staff Working Paper No. 353. Washington: The World Bank, August 1979.

Keesing, Donald B. World trade and Output of Manufactures: Structural Trends and Developing Countries Exports. World Bank Staff Working Paper No. 316. Washington: The World Bank, January 1979.

Kerlinger, Fred N. Foundations of Behavioural Research, 2nd ed. New York: Holt, Rinerhart and Winston, Inc., 1973.

Kerlinger, Fred N. and Elazur J. Pedhazur. Multiple Regression in Behavioural Research. New York: Holt, Rinehart and Winston, Inc., 1973.

Kotler, Philip. Marketing for Nonprofit Organizations. Englewood Cliffs, New Jersey: Prentice Hall, Inc., 1975.

Lary, Hal B. Imports of Manufactures from Less Developed Countries. New York: National Bureau of Economic Research, 1968.

Leff, Nathaniel H. "International Sourcing Strategy." Columbia Journal of World Business, 9(Fall, 1974): 71-79.

Leagans, J. Paul, "Extension Education and Modernization," in J. Paul Leagans and Charles P. Loomis eds., Behavioral Change in Agriculture, Ithaca: Cornell University Press, 1971.

Lee, Woo-Young and John J. Brasch. "The Adoption of Export as an Innovative Strategy." Journal of International Business Studies (Spring/Summer, 1978): 85-93.

Leontiades, James. "International Sourcing in the LDCs." Columbia Journal of World Business, 6, 6(Nov.-Dec., 1971): 19-26.

Leontief, Wassily. "Factor Proportions and the Structure of American Trade: Further Theoretical and Empirical Analysis." Review of Economics and Statistics (Nov. 1956): 386-407.

Mackay, D.I. "Exporters and Export Markets." Scottish Journal of Political Economy, 11(Nov. 1964): 205-17.

Mahfood, Sam. "Address." Jamaica Chamber of Commerce Journal, 30, 2-4(1974): 26.

Mahfuzar-Rahman, A.E.M. Exports of Manufactures from Developing Countries. Rotterdam: Rotterdam University Press, 1973.

Massel, M.S. "Non-Tariff Barriers as an Obstacle to World Trade." in H.B. Thorelli ed. International Marketing Strategy. Middlesex, England: Penguin Books, Ltd. 1973.

McConnell, James E. "The Export Decision: An Empirical Study of Firm Behaviour." Economic Geography, 55(July, 1979): 171-83.

McGuinness, Norman W. and Blair Little. "A Conceptual Model of the Relationship Between the Characteristics of New Industrial Products and Their Export Performance." in Robert D. Tamilia ed. Developments in Canadian Marketing, Proceedings of Annual Conference, ASAC. Saskatoon: University of Saskatchewan, 1979.

McGuinness, Norman W. "The Impact of Technology and Product Characteristics on the International Sales of New Canadian Industrial Products: A Diffusion Analysis." Ph.D. Dissertation, University of Western Ontario, 1978.

"Message from the President." The Jamaican Exporter (1980-81): 13.

"Message from the President." The Jamaican Exporter (1977/78): 11.

Michell, Paul. "Infrastructures and International Marketing Effectiveness." Columbia Journal of World Business, 14(Spring, 1979): 91-101.

Morgenstern, Richard D. and Ronald E. Muller. "Multi-national vs Local Corporations in LDCs: An Econometric Analysis of Export Performance in Latin America." Southern Economic Journal, 42, 3(January 1976): 399-406.

Morrison, Thomas K. Manufactured Exports from Developing Countries. New York: Praeger Publishers, 1976.

Morrison, Thomas K. "Case Study of a Least-Developed Country Successfully Exporting Manufactures: Haiti." Inter-American Economic Affairs, 29(Summer, 1975): 21-31.

Morton, Kathryn and Peter Tulloch. Trade and Developing Countries. New York: John Wiley and Sons, The Halstead Press, 1977.

National Planning Agency. Five Year Development Plan 1978-1982. Kingston, Jamaica: Ministry of Finance and Planning, 1979.

Nayyar, Deepak. "Transnational Corporations and Manufactured Exports from Poor Countries." The Economic Journal, 88(March 1978): 59-84.

Nie, Norman, et al. Statistical Package for the Social Sciences, 2nd ed. New York: McGraw Hill, Inc., 1975.

Nunes, F.E. "Towards a Classification of Caribbean Business Organizations." in F.E. Nunes and Gordon Draper eds. Notes on Organization and Change in the Caribbean: Introductory Readings in Organizational Theory and Behaviour. Jamaica: Institute of Social and Economic Research, University of the West Indies, 1974.

Nunnally, Jum C. Psychometric Theory, 2nd ed. New York: McGraw Hill, 1978.

Pavord, W.C. and R.G. Bogart. "The Dynamics of the Decision to Export." Akron Business and Economic Review (Spring, 1975): 6-11.

Pinney, James Kent. "The Process of Commitment to Foreign Trade: Selected Smaller Indiana Manufacturing Firms." D.B.A. dissertation, Indiana University, 1969.

Reid, Stanley Douglas. "Export Behaviour in Small Canadian Owned Manufacturing Enterprise - An Empirical Investigation." Ph.D. Dissertation, York University, 1981.

Richman, Barry and Melvyn Copen. "Management Techniques in the Developing Nations." Columbia Journal of World Business, 8(Summer, 1973): 49-58.

Robertson, Thomas S. Consumer Behaviour. Glenview, Illinois: Scott, Foresman and Co., 1970.

Robertson, Thomas S. "Determinants of Innovative Behaviour." in Reed Moyer ed. Proceedings of the American Marketing Association. Chicago: American Marketing Association, 1967.

Root, Franklin R. Entry Strategies for Foreign Markets: From Domestic to International Business. New York: AMACOM, 1977.

Scarperlanda, Anthony E. "The Developing Countries Export Necessities and the Adjustments Required in Industrial Countries." in Herbert Giersch ed. The International Division of Labour: Problems and Prospects. Tubingen: J.C.B. Mohr, 1974.

Sharpston, Michael. "International Subcontracting." Oxford Economic Papers, 27, 1(March 1975): 94-135.

- Sikander-Khan, M. A Study of Success and Failure in Exports. Stockholm: Dept. of Business Administration, University of Stockholm, 1978.
- Simmonds, Kenneth and Helen Smith. "The First Export Order: A Marketing Innovation." British Journal of Marketing (Summer, 1968): 93-100.
- Simpson, Claude L. and Duane Kujawa. "The Export Decision Process: An Empirical Inquiry." Journal of International Business Studies (Spring, 1976): 107-17.
- Sinai, Claus C. "An Investigation of Selected Characteristics of Export-Participating Manufacturing Firms." D.B.A. Dissertation, University of Washington, 1970.
- Tesar, George. "Empirical Study of Export Operations Among Small and Medium-Sized Manufacturing Firms." Ph.D. Dissertation, University of Wisconsin - Madison, 1975.
- "The J.E.A. Year in Review." The Jamaican Exporter (1979/80): 27-29.
- Tookey, D.A. "Factors Associated with Success in Exporting." Journal of Management Studies, 1(1964): 48-66.
- Tookey, D.A. Export Marketing Decisions. Middlesex, England: Penguin Books, Ltd., 1975.
- Tyler, William G. Manufactured Export Expansion and Industrialisation in Brazil. Tübingen: J.C.B. Mohr, 1976.
- Tyler, William G. "Manufactured Export Promotion in a Semi-Industrialized Economy: The Brazilian Case." Journal of Development Studies (Oct. 1973): 3-15.
- United Nations. Monthly Bulletin of Statistics, 33, 6 (June 1976).
- UNCTAD. Review of International Trade and Development (1975) TD/B/530/Add. 1/Rev. 1.
- UNCTAD. Liberalisation of Tariff and Non-Tariff Barriers. (1969) TD/B/C-2/R. 1.
- Vaswani, Prakash. "Getting Exports on the Tracks." The Jamaican Exporter (1979/80): 43.
- Vernon, Raymond. "International Investment and International Trade in the Product Cycle." The Quarterly Journal of Economics, 80 (May 1966): 190-207.
- Walker, Jennifer. "Exploring Export Potential." Management Review (April 1975): 49-51.

Watkins, Stephen and John R. Kailik. "Prognosis: Anticipating Disruptive Imports." New International Realities, 3, 2(Summer, 1978): 9-20.

Wells, Louis T. "International Trade: The Product Life Cycle Approach." in Louis Wells ed. The Product Life Cycle and International Trade. Boston: Harvard University, 1972.

Wiedersheim-Paul, Finn, et al. "Pre-Export Activity: The First Step in Internationalization." Journal of International Business Studies (Spring/Summer, 1978): 47-58.

Williams, Lawrence K. "Some Correlates of Risk Taking." Personnel Psychology, 18, 3(Autumn, 1965): 297-309.

**END**

1 8 0 1 8 3

**FIN**