Determinants of Export Market Entry Decision Making: A study in the Indian context

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BY

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Dedicated to my beloved

family

and

well-wishers

Declaration

I hereby declare that thesis entitled " Determinants of export market entry decision making: A study in the Indian context" submitted by me for the degree of DOCTOR of PHILOSOPHY, GOA UNIVERSITY is an original work carried out by me under guidance of Prof. Y.V Reddy.

I have not submitted this work for any other degree or diploma of this or any other university. Whenever references have been made to previous works of other authors the same has been clearly indicated and acknowledged as such in the list of reference.

The thesis contains research information about the various manufacturing industries in india where the study was carried out with the help of web based questionnaire. The views expressed by me regarding companies are purely my own views. The data collected related to research are meant for the purpose of academic exercise as required for the research work.

I have obtained necessary permission from the competent authorities from all the said companies for carrying out the research work. The information contained in the research does not reveal anything detrimental to the working of any of the company & no secret or classified information has been collected or used by me in this research.

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CERTIFICATE

CERTIFIED that the work incorporated in the thesis "Determinants of Export Market Entry Decision Making : A study in the Indian context" submitted by Mr. Subhash S Naik was carried out under my guidance. The result of research presented in this thesis have not previously formed the basis for the award of any degree, diploma or certificate of this or any other university.

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NO corrections were suggested by Examiners.

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ABBREVIATIONS

BEM:	Big Emerging Market
FDI:	Foreign Direct Exchange
IMF:	Indian Monetary Fund
U.S:	United States
ATTR:	Attractiveness
COMT:	Commitment
EXPT:	Export
EDU:	Education
TRAV:	Travelling
LANG:	Language
TECH:	Technology
PROD:	Product
MGT:	Management
DCOND:	Domestic condition
ASST:	Assistance
FCOND:	Foreign market condition
BARR:	Barrier
MNC:	Multi national company
MNE's :	Multi-national enterprises
OLI:	Ownership Location and Internatiolization

TCA:	Transactional cost analysis
U-model:	Uppasala model
UNCTAD:	United national conference on trade and development
EJV:	Equity joint venture
JV:	Joint ventures
M&A :	Mergers and acquisitions
SMME:	Small and medium scale enterprises

Chapter 1
Introduction

Chapter 1

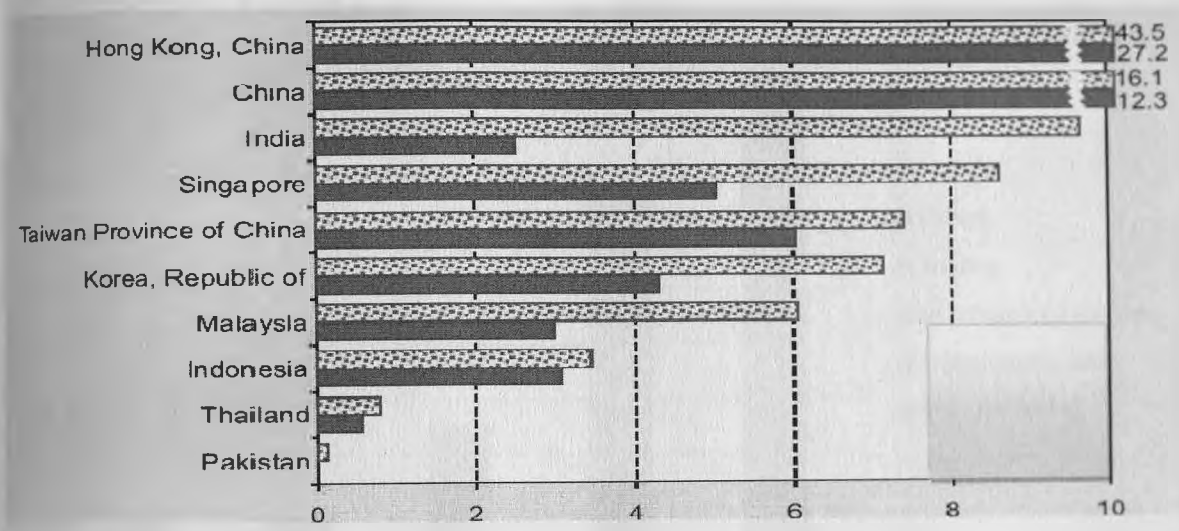
1. INTRODUCTION

This chapter gives a brief introduction to the research background, the research statement, its objectives and finally organization of the thesis.

1.1 Background to the study

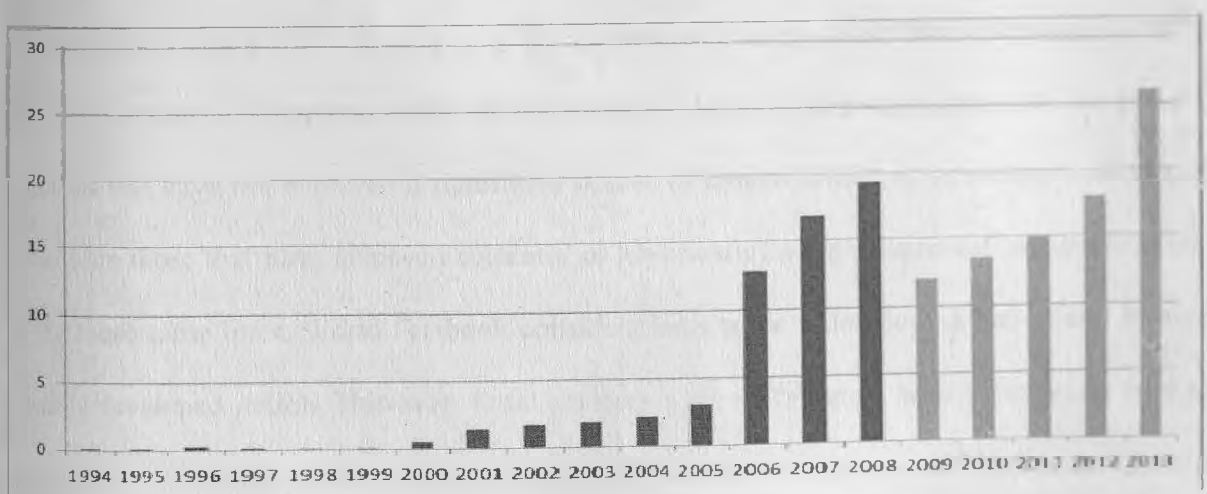
India's economy is currently booming and more and more Indian companies start to expand their activities into foreign markets. One of the most important trends for business leaders to recognize is the growth potential of the big emerging markets(BEMs) identified by the U.S. Department of Commerce as: Argentina, Brazil, China, India, Indonesia, Mexico, Poland, South Korea, and Turkey (Silvers,1998). Furthermore, the Commerce Department's expectation that the big emerging markets will account for 27% of the world's total imports by 2010 implies that there may be a ray of hope and opportunity of growth for both the investors and the BEM countries. Today, firms are internationalizing in greater numbers than ever before and they also do it faster than before. According to current news paper articles and studies of international organizations, such as Goldman and Sachs and the World Bank, not only developed nations are players in the run of global presence but also developing countries, such as the BRIC Nations - Brazil, Russia, India, and China, want to get a slice of the cake. India is already fully integrated in the game as its foreign direct investment (FDI) outflows in 2008 were almost four times higher than those of 2007 (see figure 1).

Figure 1 - FDI Outflows 2007-2008 of South, East, and South-East Asia



Source: United Nations (2009)

Figure 2: FDI outflows are expected to double over the next 5 years with a CAGR of 16.7%

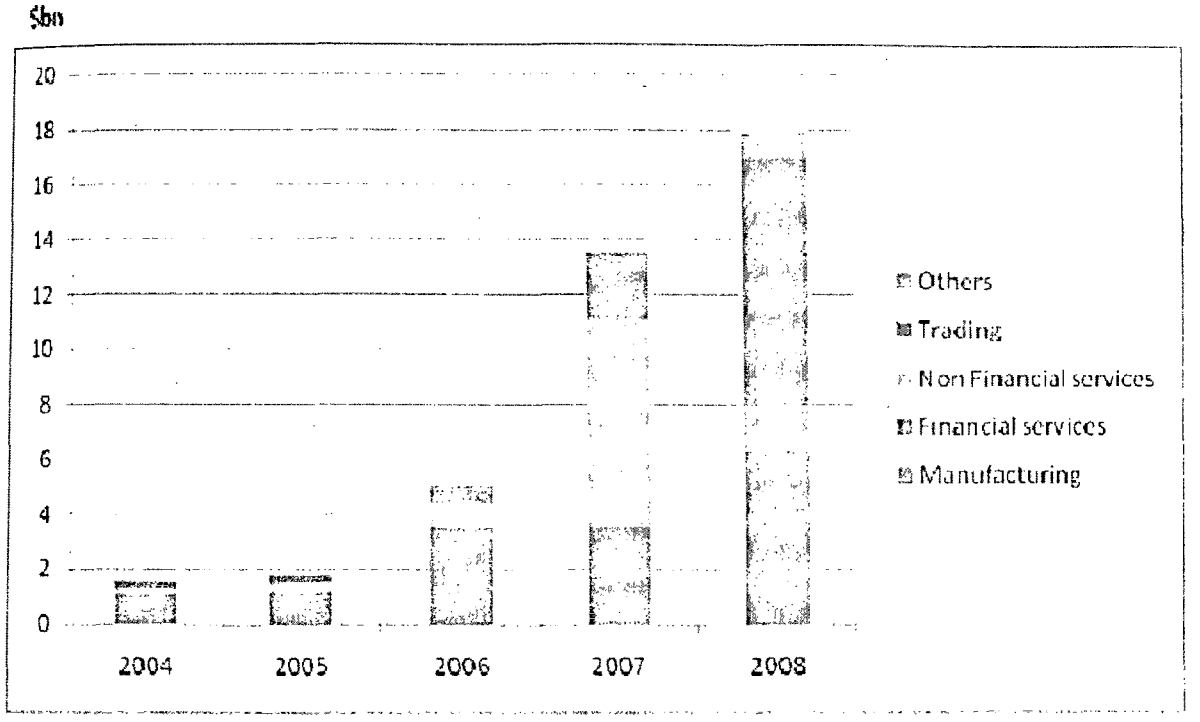


Source: Country data

Projected figure

Actual Figure

Figure 3: **Graph showing the FDI outflow from India over the last 5 years**



Source: Country data

India is an interesting BEM country to study because it is at the same time a developing and a developed country. According to the Free Dictionary.com, developing nations are, in general, countries that have not achieved a significant degree of industrialization. In contrast, developed nations are those that have achieved(currently or historically) a high degree of industrialization. Along those same lines, World Factbook considers India to be a developing nation and inching towards developed nation. However, India presents a set of features, which altogether tend to make it a special place and the Asian exception(Richmond and Gestrin,1998) that does not fit well into any International Monetary Fund's(IMF)development characterization(Hofmeyr et al.,1994). In fact,the IMF's list of advanced economies does not consider India to be a developed nation. Keeping all of this in mind, India offers an attractive climate for foreign investors. It not only has a substantial market with significant growth potential but it also has an economy that

has moved steadily toward market orientation. In addition, India offers access to other markets in Asia, well-developed financial institutions and capital markets, excellent communication and transport links, liberal reparation of profits and other earnings, the availability of inexpensive electrical power and raw materials, and lower labor costs compared to Western industrialized countries and trend of FDI outflows next 5 years/last 5 years are also encouraging(see figure 2 & 3). Manufacturing has seen a consistent growth over the last five years. This has especially been driven by sectors such as automotive components and machine tools which are export oriented and acquire firms for access to technology and clients, especially in markets such as Europe where client contracts are long term and it is otherwise difficult to get access.

Clearly, foreign investors should investigate all aspects of India business climate. However, lower labor costs coupled with lower productivity is one aspect of the Indian business climate that may need more immediate investigation. In general, companies in more developing nations tend to increase productivity. Thus, when companies produce more goods and services with fewer hours of work, labor costs are also restrained (Hilsenrath, 2004). This seems to suggest that foreign investors should consider India low labor costs as one aspect of an attractive climate but the India business community may need to do more to increase productivity. According to an article in The Economist(2009), "there is a good chance that Europe could deliver some pleasant surprises, with faster growth in labor productivity as current structural reforms bear fruit." For example, some big German firms have won agreement from unions to work longer hours to reduce labor costs. In addition, Olivier Blanchard, an economist at the Massachusetts Institute of Technology, points to several industry-level studies, which show that European labor productivity growth has already picked up. For instance, labor productivity in the French car

industry rose from 55 percent of the American levels in 1990 to 85 percent in 2009, thanks, in part, to increased competition and better management. Productivity growth is not only an important indicator of an economy's health, but it also drives real incomes, inflation, interest rates, and profits (The Economist, 2009).

It seems that since productivity growth drives profits and good management has been identified as one factor that may be helpful in the growth of productivity, perhaps, foreign investors need to know more about India business behavior before they commit to invest.

1.2 Indian Business Environment

Small & Medium Enterprises (SMEs) play a major role in global economic growth in terms of their contribution to industrial employment, output, and exports. SMEs occupy a place of strategic importance in the Indian economy as well. However, since the early 1990s, Indian SMEs have been exposed to intense competition due to the accelerated process of globalization. Briefly, the theory to link economic growth and export growth emerged in the 1970s from a consensus of neoclassical economist. The theory soon evolved into a "new conventional wisdom"(Tyler, 1981). An important strand of export-led growth research, which was used to test the positive impact of export performance on economic growth, consisted of production-type models in which exports were included as an additional factor of production (Yaghmaian and Ghorashi,1995). The importance of the export sector has been highlighted for several reasons. First, this sector serves as a vehicle for technology transfer through the importation of capital goods, as elucidated by Bardhan and Lewis (1970), Chen(1979), and Khang (1987). Second, by enhancing the capacity to service external debt and thus by improving creditworthiness,

the expansion of the export sector induces higher flows of foreign credit that makes an even higher rate of investment obtainable. Also, the transfer of efficient foreign technologies and the availability of foreign exchange have been featured prominently in recent experiences of economic development. Third, countries with superior export performance generally show superior growth performance, as documented by Balassa (1978), Krueger (1978), and Bhagwati and Srinivason (1979). In addition, the globalization of the business environment in recent years has made it imperative for firms to look for foreign market opportunities in order to gain and sustain competitive advantage (Aulakh et al., 2000).

Since the implementation of the open policy in 1991, India has been one of the largest economies around the world. In recent years, foreign trade has significantly increased in India, in which the manufacturing industry has played an important role. The national proportion of export of manufacturing products reached about 67 percent in 2009. Abilities of the manufacturing industry to export a high proportion of its sales abroad are an indication of competitiveness at a national as well as a regional level. With the increasing competition among local and foreign companies over the last decade, Indian manufacturing firms have to seek foreign markets. Additionally, many scholars, business experts, and governmental agencies in India enthusiastically advised the Indian manufacturing firms to go internationalization. Obviously, the internationalization process is a challenge for most Indian small and medium sized manufacturing firms. Some manufacturing firms that go internationalization have begun the process of adapting to the international marketing environment. As young firms venture into foreign markets, they have to face uncertainty and risks which entail a process of learning and adaptation.

Moreover, export marketing has become an area of growing interest in the field of international business. Firms in developed and emerging market countries find exporting an attractive way of entering foreign markets because not only is exporting a means to increase economic growth but also it is a less risky form of international involvement, which requires less commitment of company resources than joint ventures or direct investment. At the macro level, attracting more firms into exporting has been agreed to be one way to reduce unemployment faced by many countries. In this pursuit to increase employment, some governments have developed export promotion and assistance programs and are involved in the implementation of policies for the encouragement of exports.

1.3 Statement of the Problem

Though many Indian small and medium sized export oriented manufacturing firms have been actively exporting, it is recognized that there are still large numbers of export - capable firms that do not get involved in export marketing. Numerous corrective measures have been undertaken by the Indian government to encourage exports. In addition, academicians have also conducted many studies in an attempt to explain the stimuli for exporting. Thus the major problem faced by both managers and government policy makers involves a determination of the factors that have led to success in export market entry decision making.

The focus of one group of existing studies is the examination of the internal and external determinants of exporting within U.S. firms(e.g.,Cavusgil,1984b;Reid,1983). Various managerial and organizational influences on export market entry decision-making and characteristics of exporting firms were examined. According to Nguyen (2000), for example, Cavusgil and Nevin

(1981) studied the internal determinants of the firm's export marketing performance and they suggested that export marketing behavior is explainable by four groups of internal determinants:(1) differential firm advantage, (2) managerial aspirations, (3) management expectations about exporting,(4) resource allocation to export marketing. Whereas, other existing studies(e.g. Wiedersheim-Paul, Olson, & Welch,1978) have concentrated on the elements and structure of the export decision in the form of complex decision-making models. In these studies, it is generally agreed that export marketing is a developmental process by which firms increase their involvement in international activities, particularly in export (Pak,1991).

Dichtl et al.(1984) have addressed several issues in existing research studies conducting empirical research in the export market entry decision-making area. He commonly pointed out the limitations in research design, one of which is the problem of restricted sample size. Because of this limitation related to research design, previous conclusions can be regarded as tentative.

Data collected in a specific regional area or a specific industry area encounter problems of representatives of the whole population. Firms in a different location and/or industry may differ in terms of their export activities and management's international orientation, aspirations expectations, and perception of the business environment (Barrett and Wilkinson,1986). Therefore, in order to better understand the export behavior of firms, more empirical research on a national or even international survey level is required. This study uses the alternative framework of many International market entry mode particularly in export sector adopted by various researchers and to incorporate environmental factors as well as internal factors in investigating the export behavior of existing exporting firms. Existing research study

combined the key variables involved in the export decision process by including (1) Managerial characteristics (2) Organizational characteristics, and (3) Environmental factors. While the study provides some guidance in the research into the interactive effects of the firm's internal and external environment, it fails to consider the methodological problem of restricted sample size addressed earlier. Nguyen's study responded to the problem of generalizability by expanding the framework to another nation on another continent. This study further builds on the literature by researching Indian export-oriented manufacturing firms to better understand the export behavior of the firms.

The work of existing research is not only limited because it overlooks the importance of environmental factors but also because it is limited in geographical scope. The environmental factors are important because they describe the general situational circumstances underlying the export market entry decision, and hence deal with uncertainty, dynamism, and competitive intensity in both the domestic and foreign markets. The failure to include all possible influences on the export decision provides either piecemeal or a partial analysis of export behavior. Relating to the limited geographical scope, it seems that most of the existing studies are based on U.S. firms. Even though Nguyen (2000), for example, conducted a study based on the small and medium-sized exporting firms in Germany, there has not been any extensive study of export oriented manufacturing firms in India. Thus, it suggests that the conclusions of some existing studies could be regarded as tentative. If the effect of the firm's internal and external factors is important to both corporate planners and government officers, then a more comprehensive model of export market entry decision making of existing exporting firms along with appropriate methodologies needs to be examined. Closely related to this,

another issue of increasing interest has lately emerged in the international business literature, and has yet received very little attention: the potential influence of certain dimensions of export performance on other export performance dimensions. Scholars have argued that no attempt has been made to examine the relationship between objective and subjective export performance measures (Katsikeas et al., 2000) and have recently highlighted that future research should consider the possibility that some dimensions of export performance may act as determinants for some other export performance dimensions (Diamantopoulos & Kakkos, 2007). Subsequently, there is a clear need for a comprehensive framework within which different factors can be placed and relationships between them analyzed.

1.4 Objectives of the Study

The general objective of this study is to understand how small and medium sized manufacturing firms in India decide to expand exporting activities. It is designed to develop an integrated framework to examine the influence of internal and external factors on the ongoing export market entry decision process of Indian small and medium sized firms. As its main focus, the study seeks empirical identification of factors underlying the successful export market entry decision process in India. It considers export marketing behavior and condenses this process into a set of factors that represent the export market entry decision making behavior of existing exporting firms. In developing this area in more depth, the following research questions are adapted as follows:

1. What is the nature of the situation relative to export market entry decision process within the India firm? Can this decision-making process be divided into developmental processes?
2. What managerial characteristics are associated with the attractiveness of exporting in India? What types of personal characteristics are important in determining whether to continue or expand the export market entry decision making activities?
3. How do organizational characteristics affect a firm's ongoing export market entry decision in India? Especially, which of the comparative advantages that a firm possesses over competitors are critical in ongoing export market entry behavior?
4. How do the environmental factors affect the export market entry decision process of existing Indian small and medium sized exporting firms? How strongly do domestic and foreign market environment factors impede or accelerate the export market entry decision making process?

In line with above Research questions, the Research objectives stated as follows:

1. To study the impact of decision maker characteristics on export market entry decision making process.
2. To study the impact of differential firm advantage on export market entry decision making process.
3. To study the impact of domestic market environment on export market entry decision making process.
4. To study the impact of foreign market environment on export market entry decision making process.
5. To study the impact of export attractiveness, organizational commitment on export market entry decision making process.

1.5 Contributions of the Study

This study seeks to add to the growing body of empirical research that focuses on the export market entry decision making activity of export-oriented small and medium sized manufacturing firms. The literature on this subject has grown over the past five decades and would be important for both the research on and practice of exporting. Tesar and Tarleton (1982) point out, however, that a great deal of additional empirical research is needed before small and medium sized manufacturing firms can be effectively stimulated through both government and private sector policy measures, to become more actively involved in exporting.

Most studies investigate export marketing from the perspective of the U.S. without much consideration for the impact that such exports have on other countries. Nguyen's(2000) study of firms in Germany was one example of a departure from that perspective. This study further makes a departure from that perspective and views export marketing as seen by persons from Indian decision making firm's, because of the different methods in which India, the U.S., and Germany operate. In this respect, some of the economic relationships found in the U.S. or Germany may not hold true in India. Thus studies conducted in the U.S. or Germany may not accurately reflect the environmental factors faced by firms in India.

The results of this study would also be important for activities related to the actual practice of exporting, especially to exporters themselves and to agencies that have a role in increasing the export market entry decision making activity of firms. Both actual and would be exporters could benefit from an improved awareness of factors that act to facilitate export entry decision making. Change agents interested in increasing the level of exporting would also find the results to be

useful. If more were known about the export market entry decision-making process, then governmental export expansion policies might be better focused.

This study is based on Resource based view(RBV) aimed at improving our knowledge about the Indian small and medium sized manufacturing firm's export market entry decision making process. Therefore theory would be of value to government change agents. Private change agents would also be interested since their livelihood depends on being able to improve their clients' decisions. One of the dominant theoretical perspectives in the business strategy literature, the Resource Based View (RBV), is lately gaining momentum in international business (Fahy, 2002), becoming a burgeoning approach, with contributions from a wide variety of authors and institutions around the world (Peng, 2001). The pivotal role played by the RBV in explaining international business activities has been also highlighted by Eclectic Paradigm (Dunning, 2000). The appropriateness and explanatory power of the RBV for the study of the export performance of the firm as well as its increasing employment in international business research have been confirmed by numerous scholars (Dhanaraj & Beamish, 2003; Ibeh & Wheeler, 2005).

According to the RBV, firm resources are sources of competitive advantage. Competitive advantage is defined by Barney (1991, p. 102), as occurring when a firm ''is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors''. This author also highlights that sources of sustained competitive advantage are firm's resources which are valuable, rare, imperfectly imitable and non-substitutable. In this sense, an important implication of the RBV is that a broad range of individual, social and organisational phenomena within the firms might be sources of sustained competitive advantage.

These advantages are expected to originate from, or create barriers to entry for factor, or intermediate, product markets by enterprises not possessing them (Dunning, 2000). Firms can be conceptualised under the RBV as "unique bundles of accumulated tangible and intangible resources stocks" (Roth, 1995, p. 200). Bloodgood, Sapienza, and Almeida (1996) further build on this idea arguing that those firms which present unique bundles and combinations of resource stocks might have a higher proclivity towards internationalisation. Similarly, Hitt, Bierman, Uhlenbruck, and Shimizu (2006) suggest that in order to be successful, businesses ought to have the appropriate resources for international expansion. It is noteworthy mentioning that although the RBV suggests that the main determinants of firm's export performance are the organisational resources, this does not imply the lack of regard to the external environment as access to market and relational resources constitute a key complement of the RBV approach (Ibeh & Wheeler, 2005).

Nevertheless, it is of high relevance to acknowledge that firm's resources need to be managed effectively for obtaining a competitive advantage (Chandler & Hanks, 1994; Sirmon, Hitt, & Ireland, 2007), especially as smaller firms face specific resource constraints (e.g., Bell, Crick, & Young, 2004; Bonaccorsi, 1992; Etemad, 1999). The role played by the manager(s) in the typical SME becomes of utmost importance, as decision making and consequently firm's activities and commitment to exporting are likely to be determined by one individual or a small management team (Boter & Holmquist, 1996). On the other hand, human capital or personal factors may help overcome inadequacies in resources stocks, and therefore, constitute a potential source of differential advantage for the internationalised small firm. Furthermore, managers can play a crucial role in creating a fit between the firm and its environment (Chandler & Hanks, 1994). The achievement of an appropriate match between environment and firm strategy has a positive

impact on performance (Venkatraman & Prescott, 1990). Thus, drawing on the RBV insight, company managers may represent some of the most valuable, unique and difficult to imitate resources (Peng, 2001).

In summary, in light of the above mentioned, the present study relies on the RBV for providing theoretical underpinning in order to explain the export market entry decision making performance phenomenon in Indian SMEs.

1.6 Organization of the Study

The organization of this study is as follows.

Chapter 1 describes the general research area, familiarizes the reader with the main problem, gives a description of the objectives and potential contributions of the study.

Chapter 2 consists of a review of the specific literature on the internal and external determinants of export marketing behavior and export decision-making process models.

Chapter 3, the export decision model for this study is proposed, a number of testable hypotheses and the rationales behind their development are also provided.

The research methods are developed in Chapter 4 and the data collection procedures, and statistical testing of the hypotheses are presented.

Chapter 5 discusses the results, the managerial and public policy implications, and the potential future research areas.

CHAPTER 2:

LITERATURE REVIEW

CHAPTER 2

2.0 LITERATURE REVIEW

2.1 Overview of the Topic

A review of the literature concerned with the antecedents of firm's export market entry and performance reveals that there have been generally identified three main groups of such factors: decision maker characteristics, firm differential advantage and environmental determinants. The first two groups of factors represent internal determinants which can be controlled by the management while the last group, the external determinants, can only be controlled to a limited extent by the firm. In what follows, we provide a literature review on the most significant export market entry decision making determinants, which at the same time are relevant, at present, for the Indian SMEs context.

While entry mode research has advanced significantly over the past few decades, numerous questions remain unexplained. What has been done in the entry mode literature to date and where should future research in this field proceed? To answer this question, we review empirical studies in international entry mode research between the years 1960-2007 and 1980- 2006. We identify key publication outlets and articles, leading researchers, major theoretical and methodological approaches, sample characteristics, and primary variables of interest that exist in the entry mode literature. We also highlight gaps in the literature and provide guidance for future research efforts. For example, our review suggests that researchers should begin to concentrate

on the other side of the equation, that is, what happens once entry mode choice has been made. This provides fertile ground for continued development in entry mode research.

Despite extensive interest by scholars, practitioners, and public policy makers, only a few studies provide a review of entry mode research. These include Andersen's (1997) article reviewing theories and conceptual frameworks; Sarkar and Cavusgil's (1996) review of common themes and trends in entry mode research; Harzing's (2003) national culture and entry mode review; Zhao, Luo, and Suh's (2004) meta-analysis of transaction cost economics and ownership based entry mode choice; and Tihanyi, Griffith, and Russell's (2005) meta-analysis on the effects of cultural distance on entry mode choice, international diversification, and multinational enterprise (MNE) performance.

Although these articles have provided valuable insight into what has been researched in the entry mode literature, they are limited in scope to examining only conceptual frameworks or specific theories and their measures. Brouthers and Hennart (2007) recently reviewed the state of the field, addressed weaknesses and deficiencies, and provided suggestions on how researchers can add to current entry mode choice knowledge.

However, this thesis takes a very different approach in that we identify, tabulate, and provide detailed information on theories and constructs used, industries investigated, home and host countries, main variables of interest, statistical methodologies, top researchers, primary outlets for publication, and key articles (based on article citations) in entry mode research. This leads us to ask the question: what has been empirically investigated in the entry mode literature to date

and where should future research in this field proceed? Specifically investigating empirical studies will help to identify which conceptual approaches have been empirically tested, as well as assess the validity of conceptual frameworks discussed in previous entry mode review articles.

2.2 Organization of the Literature Review

Our comprehensive review of the entry mode literature will provide a more thorough snapshot of empirical evidence to date. Thus, similar to Lu's (2003) review of international strategic management research, we set out to assess what is the basis of this field and how future entry mode research should proceed. We do this by examining empirical articles published between the years 1980 and 2006 in refereed management, marketing, and international business journals. More specifically, we identify top outlets and leading researchers, theories employed, types of samples used, primary variables of interest, statistical analyses performed, and articles that have had the greatest impact on the field.

This review contributes to the existing literature in at least three ways. First, our review differs from previous studies in that we broadly examine theoretical approaches that have been empirically tested in the entry mode literature. Second, we attempt to fill a gap in the literature by reviewing entry mode studies in order to highlight the key contributions that have been made in terms of journal publications between the years 1980 and 2006. Third, most entry mode studies have investigated the factors affecting choice of entry. We believe a review of this evidence will help researchers concentrate on the other side of the equation, that is, what happens once entry mode choice has been made. This includes future research utilizing different forms of

entry mode choice as independent variables of interest, as opposed to the traditional notion of using them as a dependent variable.

One of our most intriguing findings comes from the identification of outlets publishing entry mode research. We found that international business journals compete with management and marketing journals for publication of entry mode manuscripts. For instance, our research discovered that the Journal of International Business Studies (JIBS) and International Business Review (IBR) had published the most entry mode articles in the timeframe reviewed, followed by a wide variety of other international business, management, and marketing journals. This demonstrates that entry mode research is eclectic in nature and that journals with varying focus have chosen to publish entry mode studies.

Entry mode research directly relates to the international activity of firms and includes studies on "the predictors of entry mode choices, predictors of international equity ownership levels, and consequences of entry mode decisions" (Werner, 2002, p. 281). Sharma and Erramilli (2004) define an entry mode as "a structural agreement that allows a firm to implement its product market strategy in a host country either by carrying out only the marketing operations (i.e., via export modes), or both production and marketing operations there by itself or in partnership with others (contractual modes, joint ventures, wholly owned operations)"

Pan and Tse (2000) divide entry modes into two categories: equity and non-equity. They explain that these two categories of entry modes considerably differ with regard to investment requirements and control. First, they assert that equity modes (e.g., joint ventures and wholly

owned ventures such as greenfields, brownfields, and acquisitions) require the exercise of higher levels of control from firm headquarters, due to their involving a relatively large commitment to investment (Pan & Tse, 2000). Second, they suggest that non-equity modes (e.g., contractual modes such as licensing, R&D contracts, and alliances) require lower levels of control since these forms of entry are much less investment intensive (see also Anderson & Gatignon, 1986).

In order to provide a review of entry mode research, we searched online databases and article reference lists to identify all articles published on entry modes between 1980 and 2006. We used this timeframe because entry mode research saw rapid growth beginning in the 1980s. We decided to restrict our review to published empirical studies during this time period so that we could focus on support provided through multiple theoretical and methodological applications in literature accessible through online databases and article reference lists. This methodological approach highlighted the theories and constructs commonly used, while revealing theories that have not been widely tested even though they have been conceptually linked to entry mode research. Also, we only reviewed articles empirically testing entry mode choice, excluding articles on any single particular type of mode (unless it was being discussed as an entry mode choice). Our search yielded a total of 126 articles. We then built a database of entry mode articles obtained in our search and divided our study into three 9-year time periods in order to document the increase in entry mode publications over the 27- year period investigated. We found that three articles were published during the first 9-year time period (1980–1988); 35 were published between the years 1989 and 1997; and 88 were published between the years 1998 and 2006.

From this information it is clear that interest in entry mode research has drastically increased between the years 1980 and 2006. For example, we found that the number of entry mode articles published between the years 1989 and 1997 increased more than 1000%, compared to the previous 9-year period. However, more interestingly, the number of entry mode articles published during the subsequent 9-year period (1998–2006) more than doubled, illustrating a substantial increase in recent entry mode publications. We suggest that reasons for the dramatic increase in entry mode publications include continued globalization and internationalization of MNEs, heightened reporting standards for MNEs, and increased technological capabilities of MNEs since the 1980s. This phenomenon has created greater interest in entry mode research over time and has allowed greater access to data for scholars interested in this area of study.

First, we reviewed the overall contributions of entry mode studies, looking at theories used, journals, and authors publishing entry modes studies. Second, we reviewed the methodological aspects of articles obtained in our search. This includes, but is not limited to, the types of samples used, the primary variables of interest, and the statistical analyses performed.

2.3 Review of Market Entry Mode Study Contributions

Following prior review articles (e.g., Sarkar & Cavusgil, 1996; Zhao et al., 2004), we decided to create a ranked listing of the most commonly used theories and constructs in entry mode research. This was done for the purpose of creating an organizational tool classifying theories and constructs with specific entry mode papers and their authors. The 10 most commonly used theories and constructs in entry mode research are identified in Table 1, along with the name of the author(s) and year the study was published.

2.3.1 Transaction Cost Theory

The most commonly used theory in entry mode studies was transaction cost analysis (i.e., transaction cost economics), with over two times as many appearances (48) as the second most commonly used theory. The basic rationale behind transaction cost theory is that firms need to create governance structures that will minimize costs and inefficiencies associated with entering and operating in a foreign market (e.g., Hennart, 1989;Williamson, 1979, 1985). Some studies applying transaction cost theory to entry mode research have looked at transaction cost theory and Japanese joint ventures in the United States (Hennart, 1991), the impact of transaction costs and institutions on entry mode selection in Eastern Europe (Meyer, 2001), modified transaction cost models and service firm entry mode choice (Erramilli & Rao, 1993), and the influence of transaction cost-enhanced entry mode choices on firm performance (Brouthers, Brouthers, & Werner, 2003).

2.3.2 OLI

The second most commonly used theory was found to be OLI (19 appearances). OLI, also referred to as the eclectic paradigm, is based on the notion that entry mode choice consists of three factors: ownership, location, and internalization(OLI) (Dunning, 1993). More specifically, ownership advantages relate to control, costs, and benefits of inter-firm relationships; location advantages concern resource commitment, availability, and costs of resources; and internalization advantages refer to the concern for reducing transaction and coordination costs. Studies applying the OLI framework to entry modes have focused on ownership advantages of small firms operating in the computer software industry (Brouthers, Brouthers, & Werner, 1996),

whether OLI is a descriptive or normative construct (Brouthers, Brouthers, & Werner, 1999), and decision-specific experience in foreign ownership and establishment strategies for Japanese firms (Padmanabhan & Cho, 1999).

2.3.3 Culture/Cultural Distance

Culture/cultural distance was the third most commonly applied construct in entry mode studies (15 appearances). Culture refers to the "collective programming of the mind which distinguishes the members of one category of people from those of another" (Hofstede, 1984, p. 389; 2001). On the other hand, cultural distance refers to the distance between two national cultures, in the case of entry modes the distance between a firm's home and host country. Studies applying culture/cultural distance frameworks to entry modes have primarily studied how national culture and/or cultural distance influences entry mode choice (e.g., Agarwal, 1994; Brouthers & Brouthers, 2001; Kogut & Singh, 1988, Makino & Neupert, 2000), and whether or not differences in partner cultural backgrounds can be detrimental to a foreign venture (Barkema & Vermeulen, 1997).

2.3.4 Control

Control has been used throughout the entry mode literature (13 appearances). Control refers to "the ability to influence systems, methods, and decisions" (Anderson & Gatignon, 1986, p. 3). Control is an important construct in the entry mode literature because it is an antecedent for determining potential risks and rewards (e.g., returns on assets) for firms entering foreign markets (Anderson & Gatignon, 1986). More specifically, entry mode studies focusing on control have primarily studied nationality and subsidiary ownership patterns (e.g., Erramilli,

1996), and how cooperative strategies affect firm behavior and costs associated with entering a foreign market (Gulati & Singh, 1998; Pan & Tse, 1996).

2.3.5 Internationalization

Internationalization theory was utilized by 13 entry mode studies. Internationalization theory explains the international development of firms (e.g., Johanson & Vahlne, 1977). Internationalization consists of four stages: (1) firms do not have regular exports, (2) firms export through agents, (3) firms sell through subsidiaries, and (4) firms begin overseas production (Johanson & Vahlne, 1977). Studies linking internationalization theory and entry modes have been focused on transferability and distribution in international business units (Anand & Delios, 1997; Gronhaug & Kvitastein, 1993), and host market characteristics on expanding firm entry mode choice (Kwon & Konopa, 1993; Nitsch, Beamish, & Makino, 1996).

2.3.6 Risk

Risk was used in 12 entry mode studies. This construct has been applied to help explain how different mode types relate to different risk levels for companies entering foreign markets. Studies utilizing risk have investigated how risk will influence firm investment strategies (Brouthers, 1995; Delios & Henisz, 2000), and how perceived levels of risk will often predict levels of control by firms entering foreign markets (Ahmed, Mohamad, Tan, & Johnson, 2002; Anderson & Gatignon, 1986).

2.3.7 Institutional Theory

Institutional theory has been applied in 10 entry mode studies. Institutional theory examines how firms enter and operate in an institutional context defined by certain rules, norms, and values (e.g., Davis, Desai, & Francis, 2000; Meyer & Nguyen, 2005). A key tenet of institutional theory is isomorphism (DiMaggio & Powell, 1983). Embedded isomorphic pressures can have a significant influence on decision makers' entry mode selection (Brouthers, 2002). For example, institutional theory suggests that firms entering a new market will mimic local host country firm actions or competitor actions in that same market in order to legitimize their operations and market presence (Davis et al., 2000; Kostova & Zaheer, 1999; Yiu & Makino, 2002). Recent studies utilizing institutional theory have investigated how corrupt institutions (Uhlenbruck, Rodriguez, Doh, & Eden, 2006) and Japanese organizational strategies (Delios & Beamish, 1999; Lu, 2002; Pease, Paliwoda, & Slater, 2006) play a role in entry mode choice decisions.

2.3.8 Resource-Based View

The resource-based view (RBV) was also identified as a commonly used theory in entry mode research (10 appearances). This theory refers to the idea that in order to be sustainable, competitive advantages must be valuable, rare, and inimitable (Barney, 1991). For example, Chen and Chen (2003) studied the type of resources used in strategic alliances and how these resources were shared between partners; while Tan, Erramilli, and Liang (2001) analyzed the influence of dissemination risks on firm strategic control and management.

2.3.9 Foreign Direct Investment

Hymer's theory of market imperfections was used in 8 entry mode studies. The logic behind Hymer's theory is that market imperfections are vehicles leading to foreign direct investment (FDI) (Hymer, 1976). Specifically, the four imperfections discussed by Hymer were: (1) imperfections in goods markets, (2) imperfections in factor markets, (3) imperfect competition due to economies of scale (internal and external), and (4) imperfect competition due to government intervention (Hymer, 1976). For example, Kogut and Zander (1993) used Hymer's theory to help explain the evolution of multinational companies.

2.3.10 Organizational Capabilities

Organizational capabilities analysis was used in seven entry mode studies. Organizational capabilities define "what broad-based, heterogeneous factors are critical to business success" (Roth & Jackson, 1995, p. 1721). For instance, Erramilli, Agarwal, and Dev (2002) investigated how firms use non-equity modes of entry as channels for transferring resources and capabilities to a foreign venture, and Chen and Hennart (2002) looked at firm capabilities as they relate to Japanese investor entry mode decisions.

2.3.11 Knowledge-Based View

The knowledge-based view (six appearances) suggests that firms exist because they have the ability to share and transfer knowledge of individuals and groups. If firms successfully realize these strategic processes they will generate competitive advantages, which will enhance their capabilities and performance (Kogut & Zander, 1992, 1993). Pak (2002) found that learning capabilities influenced entry mode preferences of international franchisers. Chang and

Rosenzweig (2001) investigated how the knowledgebased view helped to explain choice of entry mode in firm sequential foreign direct investment decisions.

2.3.12 Uncertainty

Uncertainty was used in six entry modes studies. Uncertainty is the "unpredictability of environmental or organizational variables that have an impact on corporate performance" (Miller, 1993, p. 694). Studies applying this construct have investigated perceived environmental uncertainty's impact on entry mode strategies (Brouthers, Brouthers, & Werner, 2000, 2002) and its impact on small service firm foreign market strategies (e.g., Erramilli & D'Souza, 1993).

In sum, transaction cost theory has been applied the most in entry mode research because the cost of governing a partner in a joint venture or alliance arrangement will significantly impact the survival of a firm operating in a foreign market (Brouthers & Brouthers, 2000; Madhok, 1997). Also, new theories and constructs have emerged (beginning in the late 1990s) as important explanations for phenomena studied in entry mode research-such as institutional theory (first applied in 1999), organizational capabilities (1998), and uncertainty (1995). With this in mind, it appears that entry mode research originally relied on theories based on economics (e.g., transaction cost analysis, foreign direct investment, etc.) and anthropological (e.g., culture and cultural distance) perspectives. However, more recent studies have applied theories originating from other fields of study, such as sociology (e.g., institutional theory), and have increasingly integrated multiple theories to provide a better understanding of these phenomena. This trend shows a clear transition from a relatively homogeneous perspective, to a much more complex theoretical understanding of entry modes.

Table 1: Theoretical approaches and constructs used in Entry Mode Research(1980-2009)

Theory	Number of studies	Authors
Transaction cost analysis	48	Gatignon and Anderson (1988), Gomes-Casseres (1989), Gomes-Casseres (1990), Hennart (1991), Erramilli (1996), Erramilli and Rao (1993), Hennart and Park (1994), Sohn (1994), Hladmoe-Lindquist and Jacque (1995), Glaister and Buckley (1996), Padmanabhan and Cho (1999), Pan and Tse (1996), Cleeve (1997), Hennart and Reddy (1997), Mjoen and Tallman (1997), Tse, Pan, and Au (1997), Contractor and Kundu (1998a), Hennart and Larimo (1998), Sun and Tipton (1998), Taylor, Zou, and Osland (1998), Delios and Beamish (1999), Palenzuela and Bobillo (1999), Sun (1999), Bradley and Gannon (2000), Burgel and Murray (2000), Delios and Henisz (2000), Lin (2000), Makino and Neupert (2000), Chang and Rosenzweig (2001), Luo (2001), Meyer (2001), Brouthers (2002), Chen and Hu (2002), Lu (2002), Tsai and Cheng (2002), Yiu and Makino (2002), Baek (2003), Brouthers and Brouthers (2003), Brouthers et al.(2003), Brown, Dev, and Zhou (2003), Chen and Chen (2003), Tatoglu, Glaister, and Erdal (2003), Bhaumik and Gelb (2005), Brouthers and Nakos (2004), Jung (2004), Tsang (2005), Liu, and Liu (2005), Arregle, Hebert, and Beamish (2006)
OLI/location factors	19	Agarwal and Ramaswami (1992), Brouthers et al.(1996), Nitsch et al. (1996), Erramilli, Agarwal, and Kim (1997), Tatoglu and Glaister (1998), Brouthers et al. (1999), Padmanabhan and Cho (1999), Bradley and Gannon (2000), Pan and Tse (2000), Brouthers, Brouthers, and Werner (2001), Luo (2001), Nakos and Brouthers (2002), Pan (2002), Tsai and Cheng (2002), Tatoglu, Glaister, and Erdal (2003), Roberto (2004), Ruckman (2004), Meyer and Nguyen (2005), Sounley and Hoshino (2005)
Culture/cultural distance	15	Kogut and Singh (1988), Agarwal (1994), Erramilli (1996), Barkema and Vermeulen (1997), Brouthers, Brouthers, and Nakos (1998), Hennart and Larimo (1998), Sun and Tipton (1998), Sun (1999), Makino and Neupert (2000), Brouthers and Brouthers (2001), Chang and Rosenzweig (2001), Fisher and Ranasinghe (2001), Brouthers (2002), Drogendijk and Slangen (2006), Pease et al. (2006)
Control	13	Erramilli (1990), Kim and Hwang (1992), Erramilli (1996), Pan and Tse (1996), Mjoen and Tallman (1997), Gulati and Singh (1998), Chen (1999), Rajan and Pangarkar (2000), Duarte and Garcia-Canal (2004), Ekeledo and Sivakumar (2004), Ming-Tien and Yung-Ming (2004), Blomstermo, Sharma, and Sallis (2006), Herrman and Datta (2006)
Internationalization	13	Gronhaug and Kvitastein (1993), Kwon and Konopa (1993), Nitsch et al. (1996), Anand and Delios (1997), Arora and Fosfuri (2000), Brouthers et al. (2000), Burgel and Murray (2000), Lin (2000), Delios and Henisz (2000), Rasheed (2005), Blomstermo, Sharma, and Sallis (2006), Orlin, Nakos, Brouthers, and Brouthers (2006), Pease et al. (2006)
Risk	12	Okoroafo (1989), Agarwal (1994), Brouthers (1995), Brouthers, Brouthers, and Nakos (1998), Brouthers et al.(2000), Delios and Henisz (2000), Brouthers, Brouthers, and Werner (2001), Ahmed et al. (2002), Duarte and Garcia-Canal (2004), Elango and Sambharya (2004), Ling, Ibbs, and Cuervo (2005), Herrman and Datta (2006)
Institutional theory	10	Delios and Beamish (1999), Davis et al. (2000), Delios and Henisz (2000), Brouthers (2002), Lu (2002), Yiu and Makino (2002), Meyer and Nguyen (2005), Arregle, Hebert, and Beamish (2006), Pease et al. (2006), Uhlenbruck et al. (2006)
Resource-based view	10	Ingham and Thompson (1995), Mutinelli and Piscitello (1998), Tan et al. (2001), Erramilli et al. (2002), Erramilli, Agarwal, and Dev (2002), Brown, Dev, and Zhou (2003), Chen and Chen (2003), Claver and Quer (2005), Ekeledo and Sivakumar (2004), Herrman and Datta (2006)
Foreign direct investment	8	Kogut and Singh (1988), Kogut and Zander (1993), Erramilli and D'Souza (1993), He (2003), Eicher and Kang (2005), Williams (2005), Arregle, Hebert, and Beamish (2006), Dixon (2006)
Organizational/ competitive capabilities	7	Contractor and Kundu (1998b), Burgel and Murray (2000), Chen and Hennart (2002), Erramilli et al. (2002), Erramilli, Agarwal, and Dev (2002), Claver and Quer (2005), Claude-Gaudillat and Quélin (2006)
Knowledge/KBV	6	Kogut and Zander (1993), Sohn (1994), Chang and Rosenzweig (2001), Pak (2002), Elango (2005), Herrman and Datta (2006)
Uncertainty	6	Erramilli and D'Souza (1993), Brouthers et al. (2000), Brouthers et al. (2002), Brouthers and Brouthers (2003), Gilroy and Lukas (2006), Sanchez-Peinado and Pla-Barber (2006)

Source: Author Estimated Research on published journals

Our review found that entry mode research was published in 45 different refereed academic journals. We list the top 10 publication outlets in Table 2. We found that the journal publishing the most entry mode research is JIBS (34 articles). This result is logical since JIBS is the premier outlet for international business research. IBR published the second largest quantity of entry mode studies (11), followed by the International Marketing Review (IMR) (5), Journal of Business Research (JBR) (5), Journal of Management Studies (JMS) (5), Management International Review (MIR) (5), and the Strategic Management Journal (SMJ) (5). These results also seemed logical since IBR has a strong focus on international business issues, while most of the other journals publishing entry mode research are focused on general business, management, and marketing issues. Yet, it is interesting to note that IBR, being a relatively young emerging outlet, published more entry mode studies than other older quality outlets such as SMJ and JMS. Lastly, the journals completing the top 10 were the Journal of International Marketing (JIM) (4), Thunderbird International Business Review (TIBR) (4), Entrepreneurship Theory & Practice (ET&P) (3), Multinational Business Review (MBR) (3), and Organization Science (3). With this in mind, we noticed a strong presence of international business journals (e.g., IBR and MIR) as the primary outlets for entry mode research publication.

Table 2: Top Outlet for Entry Mode Research(1980-2009)

Journal name	Number of articles
Journal of International Business Studies	34
International Business Review	11
International Marketing Review	5
Journal of Business Research	5
Journal of Management Studies	5
Management International Review	5
Strategic Management Journal	5
Journal of International Marketing	4
Thunderbird International Business Review	4
Entrepreneurship Theory & Practice	3
Multinational Business Review	3
Organization Science	3

[a]Out of 45 journals which have published entry mode research.

Source: Author Estimated Research on published Journals

As with prior review articles (e.g., Lu, 2003; Meyer & Peng, 2005), we wished to assess the contributions of researchers publishing entry mode studies. In reviewing contributions, we adopted the method employed by Lu (2003). We first identified how many entry mode articles each researcher had published, and then weighted these based on the number of co-authors in each publication (Lu, 2003). Being sole author on an article was weighted as 1. Articles with two authors were weighted as 1/2, while articles with three authors were weighted as 1/3, and articles with four authors were weighted as 1/4. The final ranking of top 10 researchers in entry mode research is presented in Table 3.

We found that the researcher on our list with the greatest impact was Keith D. Brouthers with a total of 14 articles and a weighted score of 6.58. Keith D. Brouthers was followed by M. Krishna Erramilli with a total of 11 articles (weighting ¼ 6.33), then Lance Eliot Brouthers (10 articles; weighting ¼ 3.58), Yigang Pan (5 articles; weighting ¼ 3.33), Jean-Franc- ois Hennart (5 articles; weighting ¼ 3.00) and Sanjeev Agarwal (5 articles; weighting ¼ 2.50). The last five researchers (i.e., Delios, Contractor, Gomes-Casseres, Henisz, & Werner) ranked in our table have the same weighted score (2.00), but differ in number of co-authors. In order to classify these authors, we followed Lu (2003) and ranked them based on the total number of entry mode articles published.

The number of appearances per author in Table 3 indicates that a wide variety of researchers (a total of 157) have contributed to the entry mode literature, providing further evidence that this field of research is very diverse and eclectic in nature. Of the researchers who published the 126 articles between the years 1980 and 2006, only 11 have adjusted appearance scores of 2.0 or

greater. Further, only a third of all published articles featured at least one of the researchers on our "top 10" list, many of these being published by teams of leading entry modes scholars. This leads us to the conclusion that entry mode research benefits from an eclectic group of researchers that offer a wide variety of contributions advancing the knowledge in this field of study.

Table 3: Top 10 Researchers publishing Entry Mode Research (1980-2009)

Author	Sole author	Two authors	Three authors	Four authors	Total	Weighted[b]
Brouthers, K.D.	2	4	7	1	14	6.58
Erramilli, M.K	3	4	4	0	11	6.33
Brouthers, L.E.	0	2	7	1	10	3.58
Pan, Y.	2	2	1	0	5	3.33
Hennart, J.F.	1	4	0	0	5	3.00
Agarwal, S.	1	1	3	0	5	2.50
Werner, S.	0	0	6	0	6	2.00
Delios, A.	0	4	0	0	4	2.00
Contractor, F.J.	1	2	0	0	3	2.00
Henisz, W.J.	1	2	0	0	3	2.00
Gomes-Casseres, B.	2	0	0	0	2	2.00

[a]Out of 157 authors that have published 126 peer reviewed articles.
[b]Weight: 1 for sole author, 1/2 for two authors, 1/3 for three authors, and 1/4 for four authors. If authors are tied based on weighted appearances, then they are ranked according to total number of articles.

Source: Author Estimated Research on published Journals

2.4 Review of entry mode study methods

We identified 58 cases of primary data use and 68 cases of secondary data use. Although the use of primary data can be very informative, a significant amount of entry mode scholars often use secondary data. This is sometimes due to the availability and convenience of the secondary data, but it might also be related to the difficulty of some researchers to access data from foreign countries or foreign companies.

We identified industries and sectors most frequently investigated in entry mode research. We found that multiple manufacturing or service sectors lead the list (50), making-up the first three

places on our list (manufacturing, 38; service, 10). After multiple manufacturing or service sectors, chemicals were the most examined industry with seven studies. This industry was followed by the computer software (6 studies), hotels (6 studies), other specific service (6 studies), and electrical/electronic (5 studies) industries/sectors. Other specific manufacturing industries conclude the list (3 studies each). These findings emphasize the fact that entry mode choice studies have used a broad array of samples, thereby validating constructs across a wide variety of industries. Table 4 summarizes the types of industries/sectors studied in entry mode research.

The home countries/regions we found to be most commonly studied in the entry mode literature were the Triad Nations (United States, Western Europe, and Japan). We suggest that this finding might be related to the access of data from these countries/regions, allowing for a larger amount of quantitative research. Some studies have also investigated firm entry mode decisions from other countries such as Germany, the Netherlands, and the PR China, or have not focused on a single country, instead focusing on multiple countries worldwide. Thus, we decided to distinguish studies that, for example, concentrated on a specific Western European country such as Germany or the Netherlands as opposed to studies that generically used Western Europe as a region of interest.

Most studies investigated entry into multiple countries (worldwide). This is because it is rather common in entry mode studies to look at specific multinational companies (especially large MNCs) and all the countries they have decided to enter. Europe, PR China, and the United States were found to be the most common entry mode destinations studied, followed by Canada and

various European and Asian countries, such as Japan and Great Britain. Table 5 lists the host countries most commonly studied in entry modes articles.

Table 4: Industries/Sectors examined in Entry Mode Research(1980-2009)

Industry sector	Number of studies
Multiple manufacturing or service	50
Manufacturing	38
Service	10
Chemicals	7
Computer software	6
Hotels	6
Other specific service	6
Electronic electrical	5
Other specific manufacturing	3

Source: Author Estimated Research on published Journals

Table 5: Primary home and host countries/regions studied in Entry Mode Research(1980-2009)

Rank no.	Home countries/regions	Rank no.	Host countries/regions
1	United States	1	Worldwide
2	Japan	2	Western Europe
3	Worldwide	3	PR China
4	Western Europe	4	United States
5	Great Britain	5	Asia
6	Germany	6	Canada
7	The Netherlands	7	Japan
8	PR China/Hong Kong	8	Great Britain

Source: Author Estimated Research on published Journals

We found that the statistical method most commonly used in entry mode research is logistic regression. Logistic regression analysis was used in a total of 66 studies. This type of analysis is logical for studies looking at entry mode choice; entry mode choice can easily be coded as a dichotomous variable. Other statistical methods used were multinomial logit (in 20 studies),

discriminant analysis (7), PROBIT (7), multiple regression (6), and exponential estimation (5). Most of these types of analyses test group membership and are also logical choices for scholars performing entry mode research. ANOVA (4), TOBIT (4), t-tests (4), structural equation modeling/LISREL (2), events analysis (1), and univariate analysis (1) were also used to test entry mode statistical models. A summary of the statistical methods used in entry mode research is presented in Table 6.

We first identified dependent variables and then independent variables most commonly used in entry mode research. This allowed us to identify which relationships have been tested the most, as well as variables that should be included as control variables in future research.

Dependent variables: The dependent variable (DV) most commonly used (in 43 studies) was a dichotomous variable classifying full and shared ownership (e.g., wholly owned subsidiary versus joint venture). The second most commonly used dependent variable was equity levels (19). There were also other less commonly used DVs with categorical classifications such as wholly owned versus independent (10), acquisition versus joint venture (5), export versus foreign direct investment (5), majority versus minority owned (4), greenfield versus joint venture (3), minority joint venture versus equity joint venture versus. majority joint venture versus wholly owned subsidiary (3), contract versus equity joint venture (2), and management service contract versus franchise (2). Furthermore, from these findings we discovered that most entry mode research used dichotomous variables as DVs when comparing modes chosen by companies entering a foreign market. A list of these dependent variables is presented in Table 7.

Independent variables: In terms of independent variables (IVs), we found that there were around 200 different variables used in various entry mode studies. Thus, we present the top 10 of these IVs in Table 7. The most commonly used IV was MNE/international experience (in 46 studies). Cultural distance (43) (consistent with the theoretical approaches identified earlier) and risk (41) were also found to be heavily used IVs. Moreover, firm size (40), host country variables (e.g., restrictions, policies) (39), R&D intensity (37), and host country experience (36) were used in several studies. Completing the list of most commonly used IVs were industry competition/concentration (29), size of operation (scale) (27), and advertising intensity (26). A list of these independent variables is also presented in Table 7.

Table 6: Statistical Methodology used in Entry Mode Research(1980-2009)

Analysis	Number of articles
Logistic regression	66
Multinomial logit	20
Discriminant analysis	7
PROBIT	7
Multiple regression	6
Exponential estimation	5
ANOVA	4
TOBIT	4
t-tests	4
SEM/LISREL	2
Events analysis	1
Univariate	1

Source: Author Estimated Research on published Journals

Table 7: **Main variables studied in Entry Mode Research(1980-2009)**

Main variables studied in entry mode research (1980-2006)			
Dependent variables	No.	Independent variables	No.
Full vs. shared	43	MNE/international experience	46
Equity levels	19	Cultural distance	43
WOS vs. independent	10	Risk	41
Acquisitions vs. JV	5	Firm size	40
Export vs. FDI	5	Host restrictions, host policies	39
Majority vs. minority owned	4	R&D intensity	37
Greenfield vs. JV	3	Host country experience	36
Minority JV vs. EJV vs. majority JV vs. WOS	3	Ind. competition concentration	29
Contract vs. EJV	2	Size of operation scale	27
Management service contract vs. franchise	2	Advertising intensity	26

Source: Author Estimated Research on published Journals

To sum up, methodologically entry mode research has used both primary and secondary data to investigate a wide variety of industries in a wide variety of home countries, ranging from developed countries such as the United States and Canada to developing countries such as the PR China, Poland, and Hungary. The home country of MNEs entering these markets has predominantly been from the Triad Nations. Logistic regression analysis has been the primary statistical technique used in studies we have reviewed since most scholars have been investigating a choice between two different types of entry (e.g., wholly owned subsidiary versus joint venture). Independent variables used in these studies have been wide-ranging in nature, including international experience, cultural distance, risk, and R&D intensity. What this tells us is that entry mode scholars have tested theories by using a variety of primary variables of interest in a wide array of settings. However, as previously mentioned most have preferred to empirically test the relationship between primary variables of interest and dichotomous dependant variables by using logistic regression.

Although exporting is one of the oldest forms of economic activity, its theoretical roots were first addressed by economists with the pioneering work of Smith (1776), and the subsequent theories of comparative advantage by Richardo (1817), factor endowments by Ohlin (1933) and Heckesckler (1950), demand similarity by Linder (1961), and international product life-cycle by Vernon (1966). These theories offered useful insights into explaining international trade activities between nations, and provided the basis of international business thinking. Exporting is the most common way for many firms (particularly those of small-tomedium size) to enter international markets, attributable mainly to the fact that, compared to other foreign direct entry modes, it involves fewer resources, lower risks, and less costs.1 This has attracted the attention of many business researchers since the early 1960s, who have produced numerous articles on the subject, establishing it as a legitimate field of academic inquiry within the international business discipline.

Research into exporting, examined from a business, rather than an economic perspective, has at times been criticized for being too fragmented, uncoordinated, and repetitive to offer any useful insights (Bilkey, 1978; Aaby and Slater, 1989; Axinn, 1994). As a result, several efforts have been made to review research on the subject, evaluate extant knowledge, and provide directions for future research. While early reviews provided a general assessment of the different streams taken by exporting research (e.g., Bilkey, 1978; Miesenböck, 1988; Aaby and Slater, 1989; Ford and Leonidou, 1991; Chetty and Hamilton, 1993), more recent efforts have carried out more specialized reviews owing to the accumulation of a substantial volume of research in specific exporting areas (e.g., Leonidou and Katsikeas, 1996; Matthyssens and Pauwels, 1996; Leonidou et al., 1998, 2002; Zou and Stan, 1998).

Despite the usefulness of these efforts to review general or specific aspects of the export business literature, no attempt has yet been made to examine the profile of contributors or the characteristics of manuscripts of research on the subject. Most importantly, there has been no effort to establish trends in this field of international business in terms of the inputs used and the outputs received. Such an endeavor is deemed necessary because it will provide a more complete view of the developments in the field, a better understanding of the impact of extant research on the literature, and a clearer guidance for future research on the subject. This will in turn provide the impetus and strengthen the motivation to make further contributions to the discipline.

Such a comprehensive bibliographic analysis of business research into exporting could be beneficial to various interested parties, namely researchers, educators, managers, and policymakers. Researchers would be equipped with a reference tool that would enable them to identify colleagues with similar research interests, select studies pertinent to their research, and recognize avenues for future investigation into the subject. Educators would be in a position to trace key resources and thematic issues to be incorporated in their teaching materials for international business courses. Managers would gain insights and adopt ideas that would assist them in better targeting and implementing their business strategies in foreign markets. Finally, policymakers would have access to an inventory of knowledge that can help to formulate more effective and efficient export promotion programs.

This section literature explains the investigation method employed to carry out the bibliographic analysis of the exporting field. It consists of three major parts: the scope of the present

investigation, the approach used to identify the required export business related articles, and the content analysis method adopted to extract the relevant information.

Five major criteria were employed in deciding which publications to search for and eventually incorporate in the analysis: (a) Focal theme. The focus of the study was on exporting, defined as selling products/services via direct and/or indirect methods to overseas markets using the firm's production facilities in its home country. Thus, articles investigating other foreign market entry modes (e.g., licensing, joint venturing, wholly owned production) were excluded from the analysis. (b) Time period. Our research examined articles published since the inception of research into exports by international business scholars in 1960 up to 2007. This is a sufficiently extensive period (48 years) to yield useful insights and establish trends on the subject. (c) Publication outlet. The study covered academic articles published in marketing, management, or business journals, having either a mainstream or a specialized international focus. Although there are many exporting articles published in mainstream (e.g., American Economic Review) and specialized (e.g., International Trade Journal) economic journals, these were excluded from the review because the present study examines exporting from a purely business perspective. Other publication outlets, such as books, book chapters, monographs, and conference papers, were excluded from the analysis. (d) Manuscript type. Manuscripts included in the study were of a conceptual, empirical, methodological, or meta-analytical/review nature. Editorials, case studies, or reply comments, as well as journalists' articles (appearing in business magazines, newspapers, or other publications) were not included in the analysis. (e) Linguistic expression. Our study covered articles published in internationally known journals written in English. Due to linguistic constraints, articles appearing in other languages were not examined.

Eligible articles were identified using a combination of electronic and manual literature search methods. Electronic searching was carried out using various bibliographic databases, such as ABI-INFO, PRO-QUEST, and SCIENCE DIRECT. Keywords like 'exporting', 'exports', and 'exporters' were employed to electronically trace articles of relevance to the study. The abstract of each article was independently reviewed by two academic experts who had an extensive knowledge of international business, and those referring to export business-related issues were retained for further examination. In the rare cases in which opinion was divided as to the export nature of an abstract, the article in question was printed in full and its content examined thoroughly to clarify its status. Articles that could not be retrieved electronically, because the database did not cover the journal and/or the time of its publication, were identified from other sources (e.g., list of references) and were physically obtained from libraries located mainly in the U.S. or Western Europe. The outcome of this literature search was to identify 821 export business-related articles published in 75 journals during the period 1960–2007 (see table 8). Notably, 72.8% of the articles collected were published in the following ten journals: International Marketing Review (117), Journal of Global Marketing (85), Journal of International Business Studies (64), Journal of International Marketing (59), European Journal of Marketing (60), Journal of World Business (49), Journal of Business Research (43), Journal of Small Business Management (42), Management International Review (41), and International Business Review (39). The remaining journals contributed a much lower number of exporting articles, ranging from 1 to 20. A chronological classification of the articles revealed the following allocation by period: 1960–1979 (63 articles), 1980–1989 (187 articles), 1990–1999 (313 articles), and 2000–2007 (258 articles). This indicates a phenomenal growth of interest in the

subject by business academics, especially in the last two decades, which accounted for 69.5% of the total volume of articles. The information contained in each article was extracted using the 'content analysis' method (Krippendorff, 1980). For this purpose, a coding protocol was developed, framed around three major parts: (a) author demographics-number of authors, number of institutions, number of authors' country base(s), location of authors, number of authors' disciplines, and type of authors' discipline; (b) manuscript characteristics -nature of articles, target audience, number of tables/graphs, number of pages, and number of references; (c) research themes a list of 22 specific exporting topics (plus a miscellaneous category). These topics were largely extracted from previous reviews of the exporting discipline (e.g., Bilkey (1978), Miesenböck (1988), and Aaby and Slater (1989)).

However, because these reviews were outdated, the list of thematic areas was augmented with input identified after an initial reviewing of all 821 articles collected. Two experienced coders were responsible for the coding task, under the supervision of an academic with extensive experience in content analysis. To increase consistency in interpreting the information extracted from the articles, a special manual was prepared, incorporating operational definitions for each item included in the coding protocol. To ensure that the coding procedure was well understood and verify the workability of the coding frame, prior to launching the full scale coding, each coder was independently involved in coding several articles.

Table 8: **Journal contribution to Exporting articles published during the period 1960 to 2007**

Journal	Total (n=821)	Time period			
		1960-1979 (n_1=63)	1980-1989 (n_2=187)	1990-1999 (n_3=313)	2000-2007 (n_4=258)
American Journal of Small Business	5	1	4	-	-
Business Horizons	8	1	3	4	-
California Management Review	6	1	4	1	-
European Journal of Marketing	60	5	20	21	14
International Journal of Research in Marketing	5	-	-	4	1
Industrial Marketing Management	20	-	5	1	14
International Business Review	39	-	-	17	22
International Marketing Review	117	-	30	45	42
International Small Business Journal	13	-	3	4	6
Journal of Business Research	43	1	13	14	15
Journal of Global Marketing	85	-	9	48	28
Journal of International Business Studies	64	14	17	19	14
Journal of International Marketing	59	-	-	30	29
Journal of Management Studies	7	3	2	-	2
Journal of Marketing	9	1	4	3	1
Journal of Marketing Management	17	-	3	11	3
Journal of Small Business Management	42	3	13	14	12
Journal of Strategic Marketing	5	-	-	4	1
Journal of the Academy of Marketing Science	12	3	2	2	5
Journal of World Business	49	15	20	7	7
Long-Range Planning	6	2	-	3	1
Management International Review	41	2	16	19	4
Marketing Intelligence & Planning	5	-	-	5	-
Multinational Business Review	7	-	-	3	4
Strategic Management Journal	5	-	3	1	1
The Quarterly Review of Marketing	5	3	2	-	-
Thunderbird International Business Review	14	-	1	5	8
Miscellaneous	69	9	14	24	22

Source: Author Estimated Research on published Journals

The actual coding task comprised the following steps: (a) transferring of the information contained in each article onto the coding protocol by each coder separately; (b) comparing and contrasting the completed protocols provided by the two coders to identify any differences; (c) resolving potential disagreements or misunderstandings with the assistance of the supervisor; (d) editing the full set of the coding protocols filled in by each coder to ensure that each was appropriately completed; and (e) entering the information of the edited coding protocols to a

computer program for statistical analysis, and ensuring the proper insertion of the data using a 100% verification procedure.

The majority of articles on exporting were written by more than one author, while single authorships accounted for 35.2% of the total (see Table 9). Single-authored manuscripts were more prevalent during the early phases of exporting research (reaching 63.5% during the period 1960–1979), but over time these were substantially reduced, gradually being replaced by articleswritten by either two or three authors. Collaboration among four authors or more has only recently appeared, reaching 7.0% in the last decade. This growing tendency toward multiple authorships can be partially attributed to the increased sophistication of research on the subject, and the resulting difficulties in effectively carrying out the various tasks of the research process by a lone researcher.

Slightly more than half (53.7%) of the articles were written by authors belonging to the same institution, while just over a third (34.7%) involved authors from two different institutions. In the remaining articles (9.7% of the total), authors were affiliated to three or more institutions. Notably, collaboration among scholars from multiple institutions has steadily increased over time, indicating a spreading of interest in exporting among researchers employed in different institutions. Some of the most frequently involved institutions in this line of academic inquiry were the following: Georgia State University, University of Texas at Austin, University of South Carolina, University of Toledo, Michigan State University, and University of Strathclyde. Despite the fact that exporting is itself of a cross-border nature, more than three-quarters (78.2%) of the articles were written by scholars based in a single country, while only a sixth (17.8%)

involved researchers from two countries. However, while singlecountry authorships showed a downward trend, from 95.2% in 1960–1979 to 66.0% in 2000–2007, the opposite was true for articles written by authors coming from two different countries. Recently, there have been a few cross-national collaborations engaging three countries or more. This tendency for multi-country research collaborations can be ascribed to the improvement of communication facilities (particularly the internet) in the last two decades, allowing researchers to interact more frequently and extensively, irrespective of geographic location.

Just over half (56.0%) of the authors were located in North America (particularly in the U.S.), while more than a third (34.2%) were European-based (mainly in the United Kingdom, Norway, Spain, Sweden, Netherlands, and Finland). However, while North American-based researchers were the major contributors of articles during the early phases of this research, in subsequent decades these were counterbalanced by contributions from European researchers. To some extent, this shift can be explained by the growing interest of European firms in exploiting lucrative business opportunities within and outside the European Union, as a result of its continuous enlargement and deepening. Asian-based authors (particularly from South Korea) provided just 6.1% of the articles, although seriously increasing their presence in the last decade as a reflection mainly of China's growing role in international trade. The remaining articles were written by authors situated in other parts of the world, especially Australia and New Zealand.

More than half (57.6%) of the articles were published by authors belonging to one discipline, while collaborations between authors from two different fields accounted for only 15.5% of the articles. Articles written by authors representing three disciplines or more were relatively rare

(only 1.4% of the total). A chronological analysis revealed a growing tendency for multi-disciplinary research collaborations, as opposed to work conducted by researchers belonging to a single discipline. This reflects an increasing inclination to combine various approaches in investigating the diverse and multifarious nature of exporting phenomena.

Authors of exporting articles were associated with the following disciplines: marketing (50.0%), business (14.5%), management (8.6%), other business areas (3.4%), and other non-business areas (4.6%). This finding emphasizes: (a) the leading role that marketing scholars play in this line of academic enquiry, due mainly to the fact that exporting largely deals with marketing-related issues (e.g., foreign market selection, marketing strategy adaptation, exporter–overseas distributor relations); and (b) the multifaceted character of exporting, which makes it possible to enrich the field with insights gained from different theoretical and practical perspectives. Our bibliographic analysis revealed that 868 authors were involved in writing the 821 export business-related articles that appeared in academic journals during the period 1960 to 2007, resulting in an average of .95 articles per author. Although prima facie this may indicate highly fragmented publication efforts on the subject, the opposite is true, since the top 26 authors in the field contributed 358 of the articles (see Table 10). This list contains the names of some of the first researchers in the field (e.g., S. Tamer Cavusgil,Michael R. Czinkota, Rolf F.H. Seringhaus, and Nigel F. Piercy), aswell as thosewho were attracted to the discipline, inspired by thework of these pioneers (e.g., Constantinos S. Katsikeas, Leonidas C. Leonidou, Adamantios Diamantopoulos, and Aviv Shoham). There is also another group of researchers (e.g., Anne L. Souchon, Shaoming Zou,Robert E.Morgan, and Anna Kaleka)who followed the tracks of their colleagues and/or supervisors.

Table 9: **Characteristics of authors of exporting articles published during the period 1960-2007**

Author characteristic	Total (n=821) %	Time period			
		1960-1979 (n_1=63)	1980-1989 (n_2=187)	1990-1999 (n_3=311)	2000-2007 (n_4=260)
		%	%	%	%
Number of authors					
One	35.2	63.5	43.9	35.0	22.3
Two	43.5	31.7	48.1	44.7	41.5
Three	17.9	4.8	6.4	18.0	29.2
Four or more	3.4	–	1.6	2.3	7.0
Number of institutions					
One	53.7	77.8	58.8	56.3	41.2
Two	34.7	19.0	34.8	33.4	40.0
Three	8.9	1.6	2.1	9.0	15.4
Four or more	.8	–	.5	–	1.9
Not available	1.9	1.6	3.8	1.3	1.5
Number of countries					
One	78.2	95.2	87.7	79.1	66.0
Two	17.8	3.2	8.6	19.6	25.9
Three	2.0	–	–	.3	5.8
Four or more	.2	–	–	–	.8
Not available	1.8	1.6	3.7	1.0	1.5
Location of authors					
North America	56.0	60.3	71.7	54.3	45.8
Europe	34.2	22.0	19.3	35.4	46.5
Asia	6.1	4.7	2.1	5.8	9.6
Rest of the world	11.2	1.6	5.3	12.5	16.1
Not available	1.8	1.6	3.7	1.0	1.5
Number of disciplines					
One	57.6	68.3	63.6	52.9	50.4
Two	15.5	9.5	12.8	15.4	18.8
Three	1.2	1.6	.5	.7	2.3
Four or more	.2	–	.5		.4
Not available	25.5	20.6	22.6	26.0	28.1
Type of discipline					
Marketing	50.0	22.2	49.7	51.4	48.8
Business	14.5	14.3	15.0	12.5	16.5
Management	8.6	11.1	10.1	8.9	6.9
Other business	3.4	7.9	1.6	3.2	3.8
Other non-business	4.6	3.2	6.4	2.9	5.8
Not available	25.5	20.6	22.6	26.0	28.1

Source: Author Estimated Research on published Journals

The most prolific authors were mainly located in the U.S. (11) and the United Kingdom (8), while the remainder were based in Austria (2), Canada (2), Hong Kong (1), Israel (1), and Cyprus (1).8 This finding is consistent with an earlier observation that North America takes the lead in this line of academic inquiry, followed by Europe and, to a lesser extent, Asia and other regions. Notably, only four of the top contributors (i.e., Robert E. Morgan with Anna Kaleka and Anne L. Souchon with John W. Cadogan) were from the same university (i.e., University of

Cardiff and Loughborough University respectively), while the others had no connection as regards their institutional affiliation.

The five most prolific authors in the exporting field, based on their total individual contributions, were in descending order the following: Constantine S. Katsikeas (32), S. Tamer Cavusgil (29), Leonidas C. Leonidou (28), Adamantios Diamantopoulos (23), and Michael R. Czinkota (20). The combined output of these authors accounted for 16.1% of the total number of articles ever written on exporting. The relative contribution of each individual author to exporting articles was also calculated, whereby an author with a single-authored publication was credited with 1.000, an author having a joint publication with another author was credited with .500, an author having a publication with two other authors was credited with .333, and so on. The outcome of this procedure revealed the following ranking of authors by adjusted number of articles: Leonidas C. Leonidou (19.07), S.Tamer Cavusgil (15.33), Constantine S. Katsikeas (15.17), Rolf F.H. Seringhaus (13.00), and Michael R. Czinkota (12.00).

A citation analysis, using the *Social Sciences Citation Index*, was also undertaken to identify the impact of the exporting publications by each of the 26 top contributors. Altogether, these were responsible for 48.5% of the total citations received by export business-related articles, which confirms the leading role of these authors in the exporting field. The scholars with the most influential publications in the area were the following: S. Tamer Cavusgil (714 citations), Constantine S. Katsikeas (415 citations), Shaoming Zou (369 citations), Leonidas C. Leonidou (364 citations), Adamantios Diamantopoulos (232 citations), Michael R. Czinkota (213 citations), and Danniel C. Bello (194 citations).

The vast majority (78.0%) of the articles were based on empirical studies, with an upward trend in this type of article over time (from 46.0% in the period 1960–1979 to 86.5% in the period 2000–2007) (see Table 11). In the absence of adequate theoretical knowledge of the subject, this typifies a desire among researchers to obtain more 'hands-on' information about export-related issues. Conceptual publications accounted for a sixth (16.7%) of the total, although during the early stages of export business research the proportion was much higher, reaching 50.8% during the period 1960–1979. Only a few methodological articles (representing 1.8% of the total) were published, while the remainder (3.5% of the articles) referred mainly to meta-analytical or review studies.

The target audience for the majority (76.8%) of the articles was the academic community, as opposed to 12.2% that were purely targeting business practitioners. The remaining articles (11.0%) focused equally on both academics and practitioners. A notable trend was observed with regard to target audience: while during the first two decades the focus of most articles was practical, in subsequent decades (and particularly in the last decade) the vast majority of the manuscripts had mainly an academic orientation. This change can be attributed to the continuous theoretical refinement of the discipline, the improved methodological rigor of research on the subject, and the more stringent scientific requirements imposed by many academic journals on article submissions.

Tables and graphs are substantial tools for authors to express in summarized form various information relating to their studies. Writers of export-focus articles seem to make extensive use

of tables/graphs, as demonstrated by the fact that 71.0% of them had three or more tables/graphs. The number of these pictorial presentations increased markedly over time: while during the period 1960–1979 the share of articles incorporating more than four tables/graphs was 17.3%, in the last decade it rose to 39.5%. Some possible explanations for this are: the need to summarize the voluminous knowledge accumulated on the subject, the increasing tendency to build and test conceptual models, and the presentation of results extracted from the use of more sophisticated analytical tools.

With regard to manuscript length, more than half (54.8%) of the exporting articles exceeded 15 pages, while articles of less than 10 pages represented 18.1% of the total. However, although during the period 1960–1979 the tendency was to write short papers, there was a gradual increase in the length of articles over time. In fact, about three-quarters (73.1%) of the articles published in the period 2000–2007 were 15 or more pages long. This growth in manuscript size can be attributed to a number of factors required by most journals nowadays, namely: (a) more comprehensive theoretical foundation and hypothesis development; (b) more thorough explanations of the research methodologies employed; (c) more tables/graphs required to present the results of rigorous statistical analysis; and (d) more extensive, thorough, and insightful discussion of the study findings.

The number of references in more than a third (37.6%) of the articles exceeded 45, while only 11.1% of the articles had less than ten references. Again, a trend has been established with regard to the size of references: while early manuscripts on exporting were characterized by a small number of references (attributable mainly to their practical orientation and the absence of

adequate prior research on the subject), with the passage of time and the accumulation of a substantial inventory of exporting articles, this number has increased dramatically. A contributing force to this has also been the aforementioned tendency by many reputable journals to demand more conceptual development and better theoretical substantiation.

A citation analysis of exporting articles, using the Social Sciences Citation Index, revealed that publications in the field received approximately 8000 citations in total during the last five decades. Only 25.1% of the articles did not receive any citation at all, and these were mainly published either at the beginning or the end of the period under investigation. The majority of the manuscripts, particularly those published after 1980, received up to nine citations, while the remaining articles (25.7% of the total) were cited ten times or more. Notably, more than half (51.2%) of the articles published during the period 1960–1979 received 20 citations or more, as opposed to 4.0% in the last decade. This is to be expected, however, because the older the publication, the greater the likelihood of it having more citations. Table 12 lists the 25 most influential exporting articles published during the period 1960–2007, ranked by their total number of Social Science Citation Index citations.11 Most of these articles appeared in the 1980s (11) and 1990s (9), while very few were published in the 1970s (4) or 2000s (1). Sixteen of these articles were empirical, seven were review papers, while only two were of a conceptual nature, reflecting the proportion of these types of articles in the overall stream of exporting research. Twelve manuscripts were published in the Journal of International Business Studies, the leading journal in international business.

Table 10: Most prolific authors of exporting articles published during the period 1960-2007

Author	Institution	Country	Absolute number of articles	Adjusted number of articles	Number of SSCI citations
Katsikeas, Constantine S.	University of Leeds	United Kingdom	32	15.17	415
Cavusgil, S.Tamer	Michigan State University	U.S.A	29	15.33	714
Leonidou, Leonidas C.	University of Cyprus	Cyprus	28	19.07	364
Diamantopoulos, Adamantios	*University of Vienna*	*Austria*	23	10.34	232
Czinkota, Michael R.	Georgetown University	U.S.A.	20	12.00	213
Seringhaus, Rolf F.H.	Wilfrid Laurier University	Canada	17	13.00	69
Piercy, Nigel F.	University of Warwick	United Kingdom	17	11.17	125
Bello, Daniel C.	Georgia State University	U.S.A.	17	7.20	194
Crick, Dave	University of Strathclyde	United Kingdom	16	11.50	68
Kaynak, Erdener	Pennsylvania State University at Harrisburg	U.S.A.	16	10.83	69
Shoham, Aviv	University of Haifa	Israel	16	11.17	133
Walters, Peter G.P.	Hong Kong Polytechnic University	Hong Kong	14	9.33	121
Samiee, Saeed	University of Tulsa	U.S.A	12	6.66	134
Schlegelmilch, Bodo B.	Vienna University of Economics and Business Administration	Austria	11	5.83	119
Souchon, Anne L.	Loughborough University	United Kingdom	9	3.68	76
Zou, Shaoming	University of Missouri at Columbia	U.S.A	9	3.42	369
Moini, A.H.	University of Wisconsin-Whitewater	U.S.A.	8	6.50	38
Morgan, Robert E.	University of Cardiff	United Kingdom	8	3.33	40
Green, Robert T.	University of Texas at Austin	U.S.A.	7	3.50	18
Kaleka, Anna	University of Cardiff	United Kingdom	7	3.50	71
Rosson, Philip J.	Dalhousie University	Canada	7	3.50	64
Winklhofer, Heidi	University of Nottingham	United Kingdom	7	3.50	34
Williamson, Nicholas C.	University of North Carolina	U.S.A.	7	3.45	33
Brouthers, Lance E.	University of Texas at El-Paso	U.S.A.	7	3.17	30
Axinn, Catherine N.	Ohio University	U.S.A	7	2.81	65
Cadogan, John W.	Loughborough University	United Kingdom	7	1.95	60

The total number of contributors is 868 identified from 821 export-related manuscripts.

Source: Author Estimated Research on published Journals

Table 11: Characteristics of exporting articles published during the period 1960-2007

Manuscript characteristic	Total (n = 821)%	Time period			
		1960-1979 (n_1 = 63)	1980-1989 (n_2 = 187)	1990-1999 (n_3 = 311)	2000-2007 (n_4 = 260)
		%	%	%	%
Nature of article					
Conceptual	16.7	50.8	24.1	13.2	7.3
Methodological	1.8	–	–	2.6	2.7
Empirical	78.0	46.0	72.7	80.4	86.5
Review/meta-analysis	3.5	3.2	3.2	3.9	3.5
Target audience					
Academic	76.8	30.5	62.0	83.9	90.5
Practitioner	12.2	52.5	17.4	8.4	3.3
Both	11.0	17.0	20.6	7.7	6.2
Number of tables/graphs					
None	5.9	24.1	9.4	3.4	1.7
1-2	23.1	36.2	28.0	19.5	20.3
3-4	33.7	22.4	27.0	36.3	38.5
5-6	27.8	12.0	27.0	30.9	28.6
7 or more	9.5	5.3	9.4	9.9	10.9
Number of pages					
9 or less	18.1	54.8	34.8	10.6	6.2
10-14	27.1	37.1	37.4	24.1	20.6
15-19	24.1	6.5	20.3	30.5	23.3
20 or more	30.7	1.6	7.5	34.7	49.8
Number of references					
9 or less	11.1	58.7	18.2	5.1	1.5
10-24	23.1	34.9	46.5	19.9	7.3
25-44	28.1	4.8	26.7	34.7	26.9
45 or more	37.6	1.6	8.6	40.2	64.2
Number of citations [a]					
None	25.9	39.6	20.1	20.2	34.1
1-9	48.4	31.7	49.5	46.9	53.6
10-19	14.0	11.1	13.9	19.3	8.3
20 or more	11.7	51.2	16.5	13.6	4.0

[a] Note: Based on those articles published in journals included in the *Social Sciences Citation Index*

Source: Author Estimated Research on published Journals

With the exception of five other articles found in Management International Review, International Marketing Review, and International Small Business Journal–three other reputable international business journals–the remainder appeared in the Journal of Business Research (3), Journal of Marketing (2), Journal of Marketing Research (1), Journal of the Academy of Marketing Science (1), and Journal of Management Studies (1). These are some of the most highly influential mainstream marketing, management, and business journals, underlining the academic rigor and high quality of top publications in the exporting field.

In descending order, the five most cited exporting articles were the following: Cavusgil and Zou (1994), investigating the link between export marketing strategy and performance (194 citations); Bilkey and Tesar (1977), focusing on the export development stages of smaller-sized firms (150 citations); Aaby and Slater (1989), reviewing the managerial factors influencing export performance (108 citations); Bonaccorsi (1992), examining the relationship between organizational size and export sales intensity (104 citations); andCavusgil (1984a), identifying differences among firms based on their degree of export involvement (102 citations).

Because cumulative citations tend to favor older articles, an adjustment of citations, taking into account the number of years since the paper's first appearance, was undertaken. Annual citation analysis again yielded Cavusgil and Zou's (1994) article in first position (14.92 citations). However, four other articles followed in rank: Coviello and McAuley (1999), providing a review of empirical research on the internationalization of smaller firms (9.00 citations); Bello and Gilliland (1997), examining the effect of controls on export channel performance (8.40 citations); Leonidou and Katsikeas (1996), reviewing the models on the firm's export development process (8.09 citations); and Katsikeas et al. (2000), assessing the various measures of export performance used in exporting research (7.57 citations).

With regard to the specific issues tackled, eight out of the 25 most influential articles focused on organizational and/or managerial determinants of exporting, with the thrust of research being on firm size. Five other articles dealt with export engagement and development issues, such as pre-export activity, attitudes toward exporting, and export stages. Four articles focused on export performance and success, while export marketing strategy, particularly the

adaptation/standardization of marketing mix elements in overseas markets, was the subject of other four articles. Another two articles examined export information/knowledge and its effect on export expansion. The remaining two articles provided some general reviews of the extant export literature, particularly from the perspective of small to medium-sized firms. Throughout its history, exporting research has taken many and diverse courses of thematic development, with each gradually examining a variety of exporting issues (see Table 13). Early research on exporting analyzed company exports at the country level, and focused specifically on Japanese exports (which grew sharply in the late 1960s), as well as those from developed country based firms to specific country groups, such as Eastern Europe, the European Economic Community, and developing countries. Part of this research applied some fundamental business concepts (e.g., product life-cycle) to international trade. Government export promotion/assistance, particularly awareness of, usage, and effectiveness of export promotion programs, also provided one of the first topics of concern by researchers in the field, owing to the many benefits that exports can accrue for governments, such as foreign exchange gains, increased employment opportunities, and backward/forward linkages in the economy. Another exporting dimension that attracted attention was export pricing/financing, with the emphasis placed primarily on export price adjustments, foreign exchange influences on prices, and sources of financing the export activity. In the 1970s, the center of gravity for research on the subject moved towards understanding mainly the firm's export engagement and development. Five major research issues emerged in this respect: (a) Export intention/propensity, that is, trying to understand why some firms avoid exporting, while others have a potential to sell abroad, and investigating such issues as the firm's pre-export activity, future export intention, and preconditions for export engagement; (b) Export attitude/behavior, that is, identifying attitudinal differences regarding risks, profits, and costs

between different groups of firms, namely exporters versus non-exporters, sporadic versus regular exporters, and new versus experienced exporters; (c) Stimuli to exporting, that is, finding out the internal or external forces of a reactive or proactive nature that influence the firm's decision to initiate and subsequently sustain export activities; (d) Barriers to exporting, that is, examining the internal (e.g., informational, functional, and marketing) or external (e.g., procedural, governmental, task, and environmental) obstacles encountered by exporting firms in the home country and/or foreign markets; and (e) Export development process/involvement, that is, exploring the firm's advancement along the internationalization path, usually conceived as a step-wise process -the result of a progressive interaction between the acquisition of experiential knowledge and commitment of resources to foreign markets and operations. Of the above topical areas, 'export attitude/behavior' and 'barriers to exporting' were the most popular, research into 'export stimulation' and 'export development process/development' remained at relatively lowlevels, while 'export intention/intensity' received least attention. Issues relating to export products/services (e.g., new product development, branding strategy, and product elimination) and export advertising/promotion (e.g., promotion mix,media habits, and sales organization effectiveness) were also first introduced in this decade. In the 1980s, increasing emphasis was given to managerial, organizational, and environmental factors affecting export behavior. Managerial determinants refer to objective (e.g., age) or subjective (e.g., risk tolerance) characteristics of the decision maker, as well as to managerial traits that can have either a specific (e.g., language proficiency) or a general (e.g., dynamism) association with exporting. Organizational factors comprise company characteristics (e.g., firm size), operating elements (e.g., operating capacity), enterprise resources (e.g., financial resources), and business objectives (e.g., profit objective). Environmental elements include forces that can have a 'macro' (e.g.,

political risk) or 'micro' (e.g., competition) effect on export activities, and these can be found especially in foreign countries. Notably, organizational influences on exporting, particularly firm size, have been one of the most popular research topics.

Table 12: Most influential exporting articles published during the period 1960-2007.

Most influential exporting articles published during the period 1960-2007.

Authors (year)	Article title	Journal	Total citations	Average annual citations
Cavusgil and Zou (1994)	Marketing strategy-performance relationship– An investigation of the empirical link in export market ventures	JM 58(1)	194	14.92
Bilkey and Tesar (1977)	The export behavior of smaller-sized Wisconsin manufacturing firms	JIBS 8(1)	150	5.00
Aaby and Slater (1989)	Management influences on export performance: A review of the empirical literature 1978–1988	IMR 6(4)	108	6.00
Bonaccorsi (1992)	On the relationship between firm size and export intensity	JIBS 23(4)	104	6.93
Cavusgil (1984a)	Differences among exporting firms based on their degree of internationalization	JBR 12(2)	102	4.43
Bilkey (1978)	An attempted integration of literature on export behavior of firms	JIBS 9(1)	93	3.21
Leonidou and Katsikeas (1996)	The export development process: An integrative review of empirical models	JIBS 27(3)	89	8.09
Cavusgil and Nevin (1981)	Internal determinants of export marketing behavior – An empirical investigation	JMR 18(1)	88	3.38
Bello and Gilliland (1997)	The effect of output controls, process controls, and flexibility on export channel performance	JM 61(1)	84	8.40
Reuber and Fischer (1997)	The influence of management team's international experience on internationalization behaviors of SMEs	JIBS 28(4)	78	3.9
Cooper and Kleinschmidt (1985)	The impact of export strategy on export sales performance	JIBS 16(1)	72	3.27
Coviello and McAuley (1999)	Internationalization and the smaller firm: A review of contemporary empirical research	MIR 39(3)	72	9.00
Reid (1981)	The decision-maker and export entry and expansion	JIBS 12(2)	72	2.77
Wiedersheim-Paul, Olson, and Welch (1978)	Pre-export activity – The first step in internationalization	JIBS 9(1)	72	2.48
Cavusgil (1984b)	Organizational characteristics associated with export activity	JMS 21(1)	71	3.08
Cavusgil, Zou, and Naidu (1993)	Product and promotion adaptation in export ventures – An empirical investigation	JIBS 24(3)	61	4.36
Diethl, Köglmayr, and Müller (1990)	International orientation as a precondition for export success	JIBS 21(1)	60	3.52
Zou and Stan (1998)	The determinants of export performance: A review of the empirical literature between 1987 and 1997	IMR 15(5)	58	6.77
Miesenböck (1988)	Small businesses and exporting: A literature review	ISBJ 6(2)	54	2.84
Katsikeas et al. (2000)	Firm-level export performance assessment: Review, evaluation, and development	JAMS 28(4)	53	7.57
Cavusgil and Naor (1987)	Firm and management characteristics as discriminators of export marketing activity	JBR 15(3)	52	2.60
Simspon and Kujawa (1974)	The export decision process: An empirical inquiry	JIBS 5(1)	50	1.51
Denis and Depelteau (1985)	Market knowledge diversification and export expansion	JIBS 16(3)	48	2.18
Madsen (1989)	Successful export marketing management: Some empirical evidence	IMR 6(4)	47	2.61
Reid (1984)	Information acquisition and export entry decision in small firms	JBR 12(2)	46	2.00

Source: Author Estimated Research on published Journals

Another area of research that appeared in this decade, and has continued in the following decades, is export strategy. Here, the emphasis was primarily on the standardization (i.e., implementing a strategy abroad similar to that in the domestic market) versus adaptation (i.e., customizing strategy in accordance with the specific requirements of overseas markets) debate. Research interest into export distribution/logistics matters, such as types of export channels, selection of export middlemen, and freight forwarding, was also evident, underlining their importance for successfully penetrating and serving foreign markets. In the 1990s, the dominant topic by far was export performance, which was usually conceived by scholars as the outcome of the firm's export marketing strategy. Some researchers circumvented strategic elements and tried to find out how various background factors, such as managerial, organizational, and environmental, could be directly associated with superior export performance. However, research into export performance has attracted a great deal of criticism, particularly as regards the problematic measures used to operationalize performance. Export information/research also emerged as a serious stream of research in this period, with the emphasis being on information requirements (e.g., macro-environment, task environment, foreign market characteristics), information sources (e.g., company efforts, government organizations, commercial associations), and information use (e.g., instrumental, conceptual, symbolic). Other thematic areas that attracted attention in this period, albeit to a much lesser extent, were related to: export market targeting/selection (e.g., foreign market attractiveness evaluation), export market entry modes (e.g., direct methods of exporting), and export market expansion (e.g., concentration versus spreading). In the 2000s, interest in examining export performance was at its highest, contributing toward making it the most highly researched theme of exporting research overall during the last five decades. There was also a resurgence of interest in the export development

process, organizational determinants of exporting, and overall export strategy. Issues relating to behavioral aspects of the exporter–importer relationship, such as trust, opportunism, commitment, communication, satisfaction, and power, also stimulated some interest. Most of the articles focusing on these aspects replicated mainly research conducted within the well established domain of inter-firm working relationships in the domestic market. Finally, some more contemporary avenues of research into exporting included the following: (a) Export competitive advantage, that is, focusing on various types of resources and capabilities that play an important role in the achievement of a competitive advantage in export ventures, which in turn affects export performance; (b) Organizational learning, that is, examining how the firm's learning mechanism can act as a facilitator of its export development process, as well as enhance its export performance; (c) Export market orientation, that is, identifying the factors (e.g., coordination, leadership, experience) that influence the formulation of export market-oriented behavior, and its subsequent impact on performance; (d) Internet marketing, that is, investigating the factors that affect the adoption of the Internet as a tool to reach potential customers in export markets; and (e) Entrepreneurialism, that is, examining the role of various entrepreneurial traits possessed by the firm's key decision-makers in initiating and fostering export activity.

The area of export performance is attracting both academic and managerial attention at an increasing pace. The fact that globalization has become an undisputed reality has led an increasing number of firms to search for opportunities abroad in order to survive. Increasing globalization has therefore made exporting an important activity for many firms (Leonidou and Katsikeas 1996).

Table 13: Research themes in exporting articles published during the period 1960-2007

Thematic areas	Major issues addressed
Export engagement and development	
Export intention/propensity	Pre-export activity-export adoption as an innovative process-future export intention
Export attitude/behavior	Domestic versus export perceptions-aggressive versus passive exporters-export commitment
Stimuli to exporting	Proactive versus reactive stimulation
Barriers to exporting	Perception of barriers by exporters versus non-exporters-non-tariff barriers-export controls
Export development process/involvement	Stages of export development-inward versus outward internationalization-network approach to internationalization-extra-regional expansion-export withdrawal
Internal/external determinants of exporting	
Environmental determinants of exporting	Impact of domestic economic recession-regulatory environment-host country political risk
Organizational effects on exporting	Firm size-company age/experience-product characteristics-international market experience-functional characteristics
Managerial effects on exporting	Foreign orientation-objective characteristics-subjective characteristics-decision-making styles
Identification and evaluation of export markets	
Export information/research	Information sources-types of information-export information needs-nature of information-export market research process-environmental scanning
Export market targeting/selection	Identification of export markets-foreign market attractiveness-psychological distance
Export market entry modes	Export intermediaries-export management companies-export trading houses
Export market expansion	Market concentration versus spreading
Strategic aspects of exporting	
Export strategy	Adaptation versus standardization-sources of competitive advantage
Export products/services	Product adaptation-new product development-branding strategy-product elimination
Export pricing/financing	Price adjustments-export pricing methods-export financing constraints
Export distribution/logistics	Channel adaptation-types of export channels-selection of export middlemen-freight forwarding
Export advertising/promotion	Advertising adaptation
Export performance	
Export performance	Performance as an outcome variable-measurement of export performance-multidimensionality of export performance
Special issues relating to exporting	
Planning/control of export activities	Export marketing control-export planning activities
Behavioral aspects of exporter-importer relations	Power-conflict-dependence-satisfaction-commitment-opportunism-communication-distance-trust
Government export promotion/assistance	Awareness/usage/effectiveness of export promotion programs-trade shows and trade missions-export promotion organizations
Analysis of exports at the country level	Exports from emerging economies-agricultural exports-Japanese exports-international product life-cycle
Miscellaneous	Entrepreneurialism-export market orientation-use of internet in exporting-organizational learning-export sales forecasting-parallel importing

Source: Author Estimated Research on published Journals

Moreover, exporting requires minimal financial, human, and other resource commitments in comparison to other entry modes. It tends to be the most common form of entering the global arena, as it provides the firm with high levels of flexibility and a cost-effective way of penetrating new for-eign markets quickly (Leonidou 1995; Leonidou and Adams-Florou 1999). However, as foreign markets tend to be more diverse than domestic ones and in many instances more hostile, a clear understanding of the export performance construct becomes particularly

important. It is of vital interest to three major groups: public policy mak-ers, business managers, and marketing researchers (Katsikeas, Leonidou, and Morgan 2000). From the point of view of public policy makers, a better understanding of export performance is important because it allows for the accumulation of foreign exchange reserves, increased employment levels, improved productivity, and enhanced prosperity (Czinkota 1994). Research on export performance is of interest to managers because it is considered as a tool to boost corporate growth, strengthen competitive edge, and ensure company survival in a highly competi-tive marketplace (Samiee and Walters 1990; Terpstra and Sarathy 2000). As a result, marketing researchers consider exporting a challenging and promising area for theory building in international marketing (Zou and Stan 1998).

The number of studies published over the past decades on the subject of export performance is testimony to the importance of the issue in the literature. However, despite considerable research, the evidence on the factors affecting export performance is largely fragmented and often contradictory (Aaby and Slater 1989; Cavusgil and Zou 1994; Zou and Stan 1998). The main reason for this appears to be the lack of agreement on how to conceptualize and operationalize export performance, a problem that results in a variety of mostly ad hoc - measurement schemes emphasizing different performance dimensions (Diamantopoulos 1998). These different measurement schemes make it difficult to compare findings of different studies, because it is almost impossible for scholars to determine whether the conflicting findings can be attributed to the independent variables or the use of different measurement scales of export performance (Zou, Taylor, and Osland 1998). The issue is also complicated by the fact that although measures of export performance have been discussed in previous research (Katsikeas, Leoni-dou, and

Morgan 2000; Shoham 1998), there is still disagreement on which measures to use to capture the con-struct adequately. In this context, several studies have recently appeared in the literature to investigate and develop multi-item measures of export performance (Lages and Lages 2004; Styles 1998; Zou, Taylor, and Osland 1998). This appears to indicate that export performance is a multifaceted concept and that the use of single-item measures is insufficient for reliable assessment (Shoham 1998).

Despite the attention that export performance has attracted in the literature, it has been claimed that it has re-mained one of the least understood areas of international marketing (Leonidou, Katsikeas, and Piercy 1998). In particular, the evaluation of conceptual and methodological underpinnings of export performance measures has largely been ignored (Katsikeas, Leonidou, and Morgan 2000). Consequently, there is a need for an analysis of existing empirical knowledge on the various export performance measures used in the literature to facilitate theory development. The present study is organized into four sections: The first section sets out the scope of the review and describes the methodology used in the literature. Second, the descriptive properties of the studies reviewed here are summarized and evaluated along three dimensions: (a) fieldwork characteristics; (b) sampling and data collection; and (c) statistical analysis. Third, export performance measures employed in the literature are analyzed. The fourth section is a discussion concluding with directions for future research.

Third review is focused on empirical literature published between 1998 and 2004 concerning the measurement of export performance. Studies published before 1998 are not included, as Madsen (1987), Aaby and Slater (1989), and Zou and Stan (1998) have provided comprehensive reviews

of those works. These reviews confirmed that the measurement of export performance suffers from serious conceptual, methodological, and practical limitations, hindering theory development in the field. In addition, many studies tended to focus on a narrow view of export performance (e.g. export sales). Additionally, a conceptual definition of export performance was missing in many of the papers reviewed and the lack of agreement in the measurement of the construct was also mentioned as a further complication to comparison of findings from different studies. As a result, future researchers were strongly encouraged to develop consistent conceptualization and measurement of export performance and follow with it in empirical studies (Zou and Stan 1998).

Since then, research concerning export performance has grown. The growing liberalization and competition in world economies and subsequent performance difficulties encountered by exporters may explain the growth of research in this area (Leonidou, Katsikeas, and Samiee 2002). This increased interest in the subject demonstrates the need for an updated review of the literature.

Five criteria had to be met for a study to be eligible for inclusion: (a) that it examine firms engaged in exporting as opposed to foreign market entry modes, such as joint ventures, or foreign direct investment; (b) to examine ex-porting from a micro-business perspective rather than macro-economic one; (c) to study export performance either as a primary objective or as part of a wider research problem; (d) to have an empirical nature, reporting data analysis and statistical tests; and (e) for uniformity and comparability purposes, studies have to provide adequate information on research methodologies. Case studies are not included nor are studies

that have appeared in non-English publication outlets. It was difficult to access non-English publications due to the non-availability of the printed form of these studies outside the countries of publication and the non-inclusion of most of these journals in electronic data banks.

The studies included in this paper were identified using a combination of computerized and manual bibliographic search methods. This led to the identification of 43 studies, yielding a relatively large sample for review purposes. These studies were published in some of the most established journals in marketing and international business, including Journal of Marketing, Journal of International Marketing, Journal of International Business Studies, Journal of Business Research, Management International Review, Journal of World Business, Journal of Global Marketing, and Industrial Marketing Management.

Table 14 summarizes the descriptive properties of the 43 studies selected. As the findings tend to be idiosyncratic in relation to the research methodology employed (Leonidou, Katsikeas, and Samiee 2002), it is essential to examine the methodological aspects of the studies included in this review. Consequently, the research methodolo-gies used in the studies were evaluated along three dimensions: (a) fieldwork characteristics (i.e., country of study, industrial sector, and firm size); (b) sampling and data collection (i.e., sample size, data collection method, response rate, nonresponse bias, key informant, and unit of analysis); and (c) statistical analysis.

2.5 Fieldwork Characteristics

Although most research on export performance measurement has taken place in the USA, increasing numbers of studies have been conducted in other countries. Of the 43 studies

reviewed here, 12 were conducted in the USA, followed by: UK (7); Australia (7); New Zealand (4); Canada (3); Israel (3); China (3); Hong Kong (2); Portugal (2); Norway (2); Finland (1); Austria (1); Japan (1); and Turkey (1). This tendency for an increasing number of studies that have been conducted outside the USA appears to support Zou and Stan's (1998) argument that export performance research has gained recognition around the world. Three important observations, however, have to be made in regard to the geographic focus of the studies under review. First, a number of studies conducted their re-search by collecting data from more than one country. The advantage of using this approach is that it provides a strong indication of the external validity of the models. Second, the bulk of research was conducted in the more developed countries, perhaps because most researchers were affiliated with institutions based in these countries. Third, some studies focusing on relatively large countries restricted their analysis to certain regions of the country (e.g. Dean, Menguç, and Myers 2000; Francis and Collins-Dodd 2000; Ling-yee and Ogunmokun 2001; Prasad, Ramamurthy, and Naidu 2001).

The vast majority of the reviewed studies involved samples drawn from multiple industrial sectors, with the em-phasis on manufacturers of industrial rather than consumer products. Only four studies, Robertson and Chetty (2000), Dean, Menguç, and Myers (2000), Francis and Collins-Dodd (2000), and Akyol and Akehurst (2003) were focused on firms representing one industrial sector. This approach was due, mainly, to control for industry-specific influences, such as type of product and level of technology. On the other hand, focusing only on one industrial sector does not permit generalizing the results to other industrial sectors as it casts doubt on the external validity of the findings.

Of the studies that reported the size of the firm, most focused on the export performance of small to medium-sized firms. This can be partly attributed to the fact that small to medium-sized firms play an important role in many economies as they often account for the largest part of the industrial base. Furthermore, it leads to larger sampling frames since large firms are usually more difficult to contact due to their small population. Two points have to be made, however, in relation to the size of the firm. First, the criteria to measure it differed among studies (e.g. number of employees, annual sales) making comparisons difficult. Second, because of the geographic focus of these studies, the meaning of the terms 'small', 'medium', and 'large' varies greatly in an international context.

Studies conducted in the 1980s tended to use small sample sizes with fewer than 150 firms (Leonidou, Katsikeas, and Samiee 2002). The size of sample used in the reviewed studies sizes ranged from a minimum of 50 to a maximum of 783 firms, with a median sample size of 181 and a mean around 232. This constitutes relatively high sample sizes and indicates a tendency to use larger samples which allows for more sophisticated statistical analy-sis. For studies which reported small sample sizes, external validity and generality can be questioned. The sample itself may not be representative of the population and it also limits the use of adequate statistical analysis to test the relationships. Therefore, specific conclusions are attenuated and should be regarded as suggestive rather than conclusive.

The overwhelming majority of the studies reviewed here used mail surveys for data collection. This can be partly explained by reference to the difficulties in physically reaching firms that are geographically dispersed. These difficulties are exacerbated in the case of cross-cultural studies,

where firms are located in different countries. Only one study employed personal interviews instead of a mail survey to collect data, mainly to solve problems of distrust and access to respondents. Furthermore, personal interviews are generally more appropriate for gaining deeper insights into the problem and provide a better alternative to surveys in terms of collecting reliable data (Cavusgil and Zou 1994). However, they are often employed with small samples which may cast doubt on the external validity of the studies.

The studies reported response rates ranging from as low as 9.8% to a maximum of 80.9%. Effective response rates were high in the majority of cases, usually exceeding 30%. This constitutes fairly high response rates, bearing in mind that the average top management response rates are in the range of 15% to 20% (Menon, Bharadwaj, Adi-dam, and Edison 1999). In the case of cross-cultural-studies the average response rate was above 20%, which is quite high considering that collecting data from a foreign country is more difficult than from a domestic popula-tion due to the numerous obstacles that have to be overcome (Douglas and Craig 1983). Although a satisfactory number of studies (33 out of 43) checked for nonresponse bias, it is surprising that many other studies did not carry out such controls, casting some doubts on the representativeness of the samples and on the robustness of the data obtained.

The majority of the studies disclosed their key informants and only five studies did not identify clearly their in-formation sources. Management should be considered a major force behind the initiation, development, suste-nance and success of a firm's export effort, because of the involvement and direct responsibility in the export decisions (Miesenböck 1988). As a result, in most studies data were collected from the individual responsible for international marketing

activities, namely the export manager. Nevertheless, the CEO, president, vice president, managing director, or marketing director also provided the information requested. However, the tendency to view firms as having only one decision maker is misleading, since decisions are made often made by more than one person, especially in larger firms (Leonidou and Katsikeas 1996).

Researchers are paying greater attention to the appropriate unit of analysis (Cavusgil 1998). Approximately two-thirds of the studies reviewed here used the firm as the unit of analysis. The remaining fifteen studies adopted ex-port venture as the unit of analysis. In the case of using the firm as the unit of analysis, the export performance construct is assessed in the context of the firm's overall activities in international markets. This can be attributed to the greater willingness of key informants to disclose information at this broad level (Matthyssens and Pauwels 1996). This approach challenges the argument of Cavusgil and Zou (1994) and Cavusgil, Zou, and Naidu (1993) that the proper unit of analysis in export performance research should be the export venture: a single product or product line exported to a single foreign market. Large firms may have more than one product line and each of them may have a different effect on export performance. As such, using the firm as the unit of analysis can result in inaccurate measures of export performance variables (Cavusgil and Zou 1994). Moreover, asking managers to aggregate performance to the firm level, rather than the export venture, may be a difficult task (Shoham 1998).

In comparing the principal method of analysis of the studies covered in this review with previous studies (see, for example, reviews by Aaby and Slater (1989) and Zou and Stan (1998)), we

verify that the level of statistical so-phistication has improved. The majority of the studies use multivariate data analysis techniques such as factor analysis, cluster analysis, discriminant analysis, multiple regression analysis, and structural equation modeling. Less advanced statistical techniques, such as correlation and analysis of variance, were also employed, although not as often. In 18 studies, structural equation modeling was the most commonly adopted method of statistical analysis. The popularity of this method could be explained by the increasing complexity of the models used in the literature to assess export performance. This method allows for simultaneously estimating the measurement errors and structural relations of the model and enables multiple and interrelated dependence relationships between un-observed constructs to be estimated, i.e., constructs can be both dependent and independent variables (Hair, et al. 1998).Despite the increased number of studies that have been concerned with export performance, there is no uniformly accepted conceptualization and operationalization of the construct (Cavusgil and Zou 1994; Shoham 1998). Our literature review discovered as many as 50 different performance indicators, indicating a lack of consensus with regard to the concept. Nevertheless, in spite of the large number of different export performance measures, only a few were frequently utilized, such as export intensity (export-to-total sales ratio), export sales growth, export profitability, export market share, satisfaction with overall export performance, and perceived export success. Other measures, such as return on investment, quality of distributor relationship, customer satisfaction, and satisfaction with product/service quality compared to competitors were examined in only one or two studies. This large number of different performance measures restricts the advance of the export marketing literature because it makes it hard to compare and contrast the findings from different studies (Zou and Stan 1998).

Table No.14 Characteristics of Studies Reviewed

Authors	Country of Study	Sample size	Industrial sector	Firm size	Data collection	Response rate	Nonresponse bias	Key informant	Unit of analysis	Statistical Analysis
Hoang (1998)	New Zealand	355	Multiple industries	SML	Survey	51.0%	Tested	CEO	Firm	SEM, correlation, factor analysis
Styles (1998)	Australia / UK	232 / 202	Multiple industries	SM	Survey	37.0% / 35.0%	Tested	EM	Export venture	SEM
Zou, Taylor, and Osland (1998)	USA / Japan	165 / 178	Multiple industries	ML	Survey	18.0% / 17.4%	Tested	CEO, PRES, VP	Export venture	SEM
Thirkell and Dau (1998)	New Zealand	253	Multiple industries	SML	Survey	36.5%%	Nontested	not clear	Firm	Regression
Shoham (1998)	Israel	93	Multiple industries	not clear	Survey	40.1%	Tested	EM	Firm	Factor analysis
White, Griffith, and Ryans (1998)	USA	124	Multiple industries	SML	Survey	24.9%	Tested	SM	Firm	Regression
Piercy, Kaleka, and Katsikeas (1998)	UK	312	Multiple industries	SM	Survey	35.2%	Tested	MD, MKD, EM	Export venture	Correlation
Lee (1998)	Australia	105	Multiple industries	SM	Survey	42.0%	Nontested	CEO, MD	Export venture	SEM
Moen (1999)	Norway	335	Multiple industries	SM	Survey	22.9%	Nontested	EM	Firm	Anova, factor analysis
Shoham (1999)	Israel	98	Multiple industries	not clear	Survey	21.2%	Tested	EM	Firm	SEM
Myers (1999)	USA	404	Multiple industries	ML	Survey	21.9%	Tested	EM, MKD	Export venture	Regression, manova
Hart and Tzokas (1999)	UK	50	Multiple industries	SM	Survey	30.0%	Tested	MD	Firm	Correlation
Beamish, Karavis, Goerzen, and Lane (1999)	Australia	185	Multiple industries	ML	Survey	37.0%	Tested	EM, CEO, MKD	Firm	Correlation, regression
Robertson and Chetty (2000)	New Zealand	70	One industry	S	Survey	42.4%	Nontested	SM	Firm	Correlation, t-test
Baldauf, Cravens, and Wagner (2000)	Austria	184	Multiple industries	SML	Survey	52.6%	Tested	CEO, VP, EM, MKD, MD	Firm	Regression
Dean, Menguc, and Myers (2000)	New Zealand	95	One industry	SM	Survey	36.5%	Nontested	SM	Firm	Factor analysis, discriminant analysis

Yeoh (2000)	USA	180	Multiple industries	SML	Survey	32.7%	Tested	EM, CEO, PRES	Firm	Correlation, regression
Francis and Collins-Dodd (2000)	Canada	88	One industry	SM	Survey	51.8%	Tested	SM	Firm	Factor analysis, regression
Stewart and McAuley (2000)	Canada / UK	207 / 160	Multiple industries	SM	Survey	40.0% / 26.6%	Tested	CEO, EM	Export venture	Cluster analysis, least significant difference, anova
Styles and Ambler (2000)	Australia / UK	232 / 202	Multiple industries	SM	Survey	37.0% / 35.0%	Tested	EM	Export venture	SEM
Wolff and Pett (2000)	USA	157	Multiple industries	S	Survey	9.8%	Nontested	SM	Firm	Anova
Alhaum and Tse (2001)	Hong Kong	183	Multiple industries	SML	Survey	45.8%	Tested	SM	Firm	Regression
Richey and Myers (2001)	USA	404	Multiple industries	ML	Survey	21.9%	Tested	EM, MKD	Export venture	SEM
Gençtürk and Kotabe (2001)	USA	162	Multiple industries	SML	Survey	32.4%	Tested	SM, EM	Firm	Anova
Prasad, Ramamurthy, and Naidu (2001)	USA	381	Multiple industries	SM	Survey	19.1%	Tested	CEO	Firm	Anova, regression
Stöttinger and Holzmüller (2001)	USA	104	Multiple industries	SM	Survey	not clear	Tested	EM, SM	Firm	SEM
Ling-yee and Ogunmokun (2001)	China	111	Multiple industries	SM	Survey	39.6%	Tested	not clear	Export venture	Regression
Ling-yee and Ogunmokun (2001)	China	111	Multiple industries	SM	Survey	39.6%	Tested	not clear	Export venture	Factor analysis, regression
Shoham, Evangelista, and Albaum (2002)	Australia	193	Multiple industries	SM	Survey	17.2%	Nontested	not clear	Firm	Regression
Solberg (2002)	Norway	150	Multiple industries	SML	Survey	21.4%	Nontested	MD, EM	Firm	Correlation
Brouthers and Xu (2002)	China	88	Multiple industries	SML	Interview	47.3%	Nontested	CEO, EM	Firm	Correlation, regression
Cadogan, Diamantopoulos, and Siguaw (2002)	USA	206	Multiple industries	not clear	Survey	10.1%	Tested	SM	Firm	SEM
Rose and Shoham (2002)	Israel	124	Multiple industries	SML	Survey	15.7%	Tested	SM	Export venture	Correlation, regression

Table continued

Authors	Country of Study	Sample size	Industrial sector	Firm size	Data collection	Response rate	Nonresponse bias	Key informant	Unit of analysis	Statistical Analysis
Cadogan, Sundqvist, Salmonen, and Puumalainen (2002)	Finland	783	Multiple industries	not clear	Survey	80.9%	Tested	EM	Firm	SEM
Cicic, Patterson, and Shoham (2002)	Australia	181	Multiple industries	not clear	Survey	37.2%	Tested	EM	Firm	SEM
Balabanis and Katsikea (2003)	UK	82	Multiple industries	SML	Survey	18.5%	Tested	MD	Firm	SEM
O'Cass and Julian (2003)	Australia	293	Multiple industries	SML	Survey	25.8%	Tested	SM	Export venture	SEM
Cadogan, Cui, and Li (2003)	Hong Kong	137	Multiple industries	ML	Survey	23.3%	Tested	EM	Firm	SEM
Dhanaraj and Beamish (2003)	USA / Canada	87 / 70	Multiple industries	SM	Survey	23.6% / 14.4%	Nontested	not clear	Firm	SEM
Akyol and Akehurst (2003)	Turkey	163	One industry	SML	Survey	43.5%	Tested	SM	Firm	Regression
Morgan, Kaleka, and Katsikeas (2004)	USA	287	Multiple industries	M	Survey	47.8%	Tested	EM	Export Venture	SEM
Lages and Lages (2004)	Portugal / UK	519 / 111	Multiple industries	SM	Survey	22.1% / 32.0%	Tested	PRES, MKD, MD, EM	Export venture	SEM
Lages and Montgomery (2004)	Portugal	413	Multiple industries	SM	Survey	21.0%	Tested	MKD, MD PRES,	Export venture	SEM

Codes used for key-informant:

CEO = Chief Executive Officer
EM = Export Managers
MD = Managing Director
MKD = Marketing Director
PRES = President
VP = Vice President
SM = Senior Managers

2.6 Export Market Entry Decision Making Performance structure Review

The export performance indicators used in the studies reviewed here can be classified into objective and subjective measures. Indicators that are based mainly on absolute values such as export intensity, export sales volume, and export market share, among others, are called objective measures. Meanwhile, indicators that measure the perceptual or attitudinal performance such as perceived export success and satisfaction with export sales are considered to be subjective measures of performance. Of 50 different performance indicators, 11 were objective measures, and 39 were subjective measures (see Table 15). These categories are discussed next in more detail.

2.6.1 Objective Measures

Sales-related measures were widely used to assess export performance. Five performance measures were identified in this subcategory: export intensity, export intensity growth, export sales growth, export sales volume, and export sales efficiency. Export intensity was the most common measure with 16 different studies using this indicator to assess export performance. However, there has been some criticism regarding the use of this indicator in assessing export performance (Cooper and Kleinschmidt 1985). For instance, a firm doing an inadequate export job with a new product having a very large foreign market might appear to be a superior performer to another firm with a large market share of a relatively small foreign market (McGuinness and Little 1981). The second most used measure was export sales growth (12 studies), which may also be criticized for overstating performance be-cause of price escalation

and market growth, or understating performance because of experience curve effects and deteriorating demand (Kirpalani and Balcome 1987).

Profit-related measures were also used, although not as frequently as sales-related measures. These measures in-clude export profitability (2 studies), export profit margin (3 studies), and export profit margin growth (1 study). As with sales-related measures, these measures are open to criticism in that export-related profit may not be known with any degree of certainty (Samiee and Anckar 1998) and that it might raise comparability problems be-cause of different accounting practices across firms (Lages and Lages 2004).

Among objective measures, market-related measures are seldom used. Three performance indicators were identified here: export market share (2 studies), export market share growth (2 studies), and market diversification (number of markets entered) used only in one study. Market-related measures have been promoted as a good indicator for success, the reason being that high market share leads to scale and experience advantages on the cost side as well as more power in approaching customers (Madsen 1998). However, due to the difficulty in measuring actual market share, these measures have been criticized and rarely employed.

2.6.2 Subjective Measures

Studies using subjective measures of export performance usually assessed the construct on a five or seven-point scale, although scales with higher number of intervals were also employed (e.g. in Styles (1998) study, perceived export success was assessed on a ten-point scale). The use of subjective measures has been suggested in cases where managers may be unwilling or unable to

provide objective financial data or because of the difficulty in reconciling cross-national or cross-industrial differences in accounting practices, variations in exchange rates, and financial reporting between home and host countries (Woodcock, Beamish, and Makino 1994). As a result, the most common measure among all categories is export profitability with 18 studies using this indicator to assess export performance. Authors appear to believe that the use of this subjective indicator encourages more managers to respond given that managers need not provide confidential export profitability figures. Also more widely used than in the objective category are the market share-related measures, with export market share and export market share growth being used in 11 and 7 studies respectively.

General measures of export performance were also used. These measures include managers' degree of satisfaction with overall export performance, overall export performance compared to competitors, export success, meeting expectations, how competitors rate firm's export performance, and strategic export performance. The argument for using these kinds of measures is that the general perception of export performance probably best captures the essence of the construct, in that it not only translates the perceived degree of economic success but also includes the managers' opinions of strategic elements of success, such as market expansion, competitive response, market penetration, and so forth (Solberg 2002). Moreover, a firm's management alone knows what its goals and expec-tations are regarding export performance and, therefore, selecting management's satisfaction is consistent with the trend of managing by objectives (White, Griffith, and Ryans 1998). Firms that meet or exceed their objectives are more satisfied than firms which have not met their objectives.

Table 15: Classification and Frequency of Appearance of Export Performance Measures

Performance Measure		Frequency of Use	Percentage
Objective measures			
Sales-related			
Export intensity	OBJ-SAL-EI	16	37
Export intensity growth	OBJ-SAL-EIG	5	12
Export sales growth	OBJ-SAL-ESG	12	28
Export sales volume	OBJ-SAL-ESV	8	19
Export sales efficiency	OBJ-SAL-ESE	2	5
Profit-related			
Export profitability	OBJ-PRF-EP	2	5
Export profit margin	OBJ-PRF-EPM	3	9
Export profit margin growth	OBJ-PRF-EPMG	1	2
Market-related			
Export market share	OBJ-MKT-EMS	2	5
Export market share growth	OBJ-MKT-EMSG	2	5
Market diversification	OBJ-MKT-MD	1	2
Subjective measures			
Sales-related			
Export intensity	SUB-SAL-EI	4	9
Export intensity growth	SUB-SAL-EIG	4	9
Export intensity growth compared to competitors	SUB-SAL-EIGC	1	2
Export sales volume	SUB-SAL-ESV	9	21
Export sales growth	SUB-SAL-ESG	14	33
Export sales volume compared to competitors	SUB-SAL-ESC	3	7
Export sales growth compared to competitors	SUB-SAL-ESGC	5	12
Export sales return on investment	SUB-SAL-ROI	1	2
Export sales return on investment compared to competitors	SUB-SAL-ROIC	1	2
Profit-related			
Export profitability	SUB-PRF-EP	18	42
Export profit margin	SUB-PRF-EPM	6	12
Export profit margin growth	SUB-PRF-EPMG	4	9
Export profitability compared to competitors	SUB-PRF-EPC	4	9
Market-related			
Export market share	SUB-MKT-EMS	11	26
Export market share growth	SUB-MKT-EMSG	7	16
Export market share compared to competitors	SUB-MKT-EMSC	4	9
Export market share growth compared to competitors	SUB-MKT-EMSGC	1	2
Market diversification	SUB-MKT-MD	3	7
Rate of new market entry	SUB-MKT-NME	4	9
Rate of new market entry compared to competitors	SUB-MKT-NMEC	2	5
Gaining foothold in the market	SUB-MKT-FM	1	2

Table continued

Performance Measure		Frequency of Use	Percentage
Subjective measures			
General			
Overall export performance	SUB-GNL-OEP	12	28
Overall export performance compared to competitors	SUB-GNL-OEPC	1	2
Export success	SUB-GNL-ES	6	14
Meeting expectations	SUB-GNL-ME	4	9
How competitors rate firm's export performance	SUB-GNL-CEP	2	5
Strategic export performance	SUB-GNL-SEP	7	16
Miscellaneous			
Contribution of exporting to the growth of the firm	SUB-MIS-CGF	1	2
Contribution of exporting to the quality of firm's management	SUB-MIS-CQM	1	2
Quality of distributor relationships	SUB-MIS-QDR	1	2
Quality of distributor relationships compared to competitors	SUB-MIS-QDRC	1	2
Customer satisfaction	SUB-MIS-CS	1	2
Customer satisfaction compared to competitors	SUB-MIS-CSC	1	2
Quality of customer relationships compared to competitors	SUB-MIS-QCRC	1	2
Product/service quality compared to competitors	SUB-MIS-PSQC	1	2
Reputation of the firm compared to competitors	SUB-MIS-RFC	1	2
Gaining new technology/expertise	SUB-MIS-GTE	1	2
Building awareness and image overseas	SUB-MIS-AIO	1	2
Achievement of objectives regarding response to competitive pressures	SUB-MIS-RCP	1	2

Source: Author Estimated Research on published Journals

Several miscellaneous subjective measures were also used, each reported in a single study. These measures in-clude contribution of exporting to the quality of firm's management, quality of distributor relationships, customer satisfaction, and reputation of the firm compared to competitors, among others. Finally, some studies also decided to ask managers to evaluate their export performance in comparison to their main competitors in that area of ex-port business. This approach has been found to be a robust measurement technique and managers found it more straightforward to evaluate their performance against this competitor benchmark than in absolute terms of 'good' or 'bad' performance (Piercy, Kaleka, and Katsikeas 1998).

Overall, given the advantages and the complementary nature of objective and subjective measures, the majority of the studies employed both types of measures in their research (see Table 16). This approach of using several measures to grasp the construct appears to indicate that it would lead to more accurate results and, therefore, that it is preferable to use multiple items to operationalize export performance (Shoham 1998). With the exception of one study that used a single variable to assess export performance (O'Cass and Julian 2003), all the studies reviewed here followed this approach by using several indicators. Over the past decades, considerable attention has been paid to the export performance of the firm. The present review, however, reveals that research on the measurement of export performance still remains underdeveloped, since no consensus exists about its conceptual and operational definitions.

Although compared to earlier studies (e.g. Madsen 1987; Aaby and Slater 1989; Zou and Stan 1998), some progress has been made in developing theory and knowledge of the measures of export performance, there is still a long way to go before it is possible to clearly delineate the domain of this construct and identify its dimensions. Indeed, the export marketing literature has been criticized for providing only fragmented results and for not being able to develop a widely accepted model of export performance, thus limiting theoretical advancement in this field (Diamantopoulos 1998; Morgan, Kaleka, and Katsikeas 2004; Zou and Stan 1998).

Table 16: **Export Performance Measures of Studies Reviewed**

Authors	OBJ-SAL*	OBJ-PRF*	OBJ-MKT*	SUB-SAL*	SUB-PRF*	SUB-MKT*	SUB-GNL*	SUB-MIS*
Hoang (1998)	EI, ESG							
Styles (1998)	ESG	EP					ES, CEP, SEP	
Zou, Taylor, and Osland (1998)				ESG, ESV	EP	EMS	ES, ME, SEP	
Thirkell and Dau (1998)	EI, EIG, ESG, ESV				EP	EMS, MD	OEP	CS
Shoham (1998)	EI, EIG, ESV, ESG	EPM, EPMG	EMS, EMSG	EI, EIG, ESV, ESG,	EPM, EPMG			
White, Griffith, and Ryans (1998)	EI		MD		EP		OEP	
Piercy, Kaleka, and Katsikeas (1998)				ESC	EPC	EMSC		
Lee (1998)				ESG	EPMG	EMSG	OEP	
Moen (1999)	EI		EMSG		EP	EMSG, EMSGC	OEP	
Shoham (1999)				EI, EIG, ESV, ESG	EPM, EPMG			
Myers (1999)				ESV, ROI	EP, EPM	FM	SEP	QDR, RCP
Hart and Tzokas (1999)	EI	EPM						
Beamish, Karavis, Goerzen, and Lane (1999)	EI, ESV, ESG							
Robertson and Chetty (2000)				EI, ESG,	EP	MD	OEP	
Stewart and McAuley (2000)	ESG						OEP	
Styles and Ambler (2000)	ESG	EP					ES, CEP, SEP	

Table continued

Authors	OBJ-SAL*	OBJ-PRF*	OBJ-MKT*	SUB-SAL*	SUB-PRF*	SUB-MKT*	SUB-GNL*	SUB-MIS*
Baldauf, Cravens, and Wagner (2000)				EIG, ESG		EMSG, MD		
Dean, Menguc, and Myers (2000)	EI, ESV, ESG							
Yeoh (2000)	EI, ESG							
Francis and Collins-Dodd (2000)	EI, EIG, ESV				EPM			
Wolff and Pett (2000)	EI, ESV							
Albaum and Tse (2001)					EP, EPC	EMS, EMSC		
Richey and Myers (2001)				ESG	EP	EMSG		
Gençtürk and Kotabe (2001)	EI, EIG				EP		SEP	CGF, CQM
Prasad, Ramamurthy, and Naidu (2001)				ESG	EP	EMS, NME	ME	GTE, AIO
Stottinger and Holzmüller (2001)	EI, EIG							
Ling-yee and Ogunmokun (2001)					EP		SEP	
Ling-yee and Ogunmokun (2001)				ESG, ESGC			SEP	
Solberg (2002)				ESGC		EMSG	ES	
Brouthers and Xu (2002)				ESG	EP	EMS	OEP	

Table continued

Authors	OBJ-SAL*	OBJ-PRF*	OBJ-MKT*	SUB-SAL*	SUB-PRF*	SUB-MKT*	SUB-GNL*	SUB-MIS*
Shoham, Evangelista, and Albaum (2002)	EI						ES	
Cadogan, Diamantopoulos, and Siguaw (2002)				ESG, ESV	EP	EMS, NME, NMEC	OEP	
Cadogan, Sundqvist, Salminen, and Puumalainen (2002)	ESG, ESE			ESG, ESGC	EP	EMSG, NME		
Cicic, Patterson, and Shoham (2002)	EI						OEP, ME	
Rose and Shoham (2002)	EI, ESV	EPM	EMS	EIG, ESV, ESG	EPM, EPMG	EMS, EMSG		
Balabanis and Katsikea (2003)				ESGC, ROIC	EPC		OEPC	
O'Cass and Julian (2003)							ES	
Cadogan, Cui, and Li (2003)	ESG, ESE			ESGC	EP			
Dhanaraj and Beamish (2003)				ESG	EP	EMS		
Akyol and Akehurst (2003)	ESV, ESG			ESV, ESC		EMS, EMSC, NME, NMEC	OEP	
Morgan, Kaleka, and Katsikeas (2004)				ESC, EIGC	EPC	EMSC		QDRC, CSC, QCRC, PSQC, RFC
Lages and Lages (2004)				EI, ESV	EP, EPM	EMS	ME, OEP	
Lages and Montgomery (2004)				ESV	EP	EMS	OEP	

Source: Author Estimated Research on published Journals

Scholars have used many different measures to assess export performance, making it difficult to compare findings and leaving considerable room for inconsistency and confusion (Zou, Taylor, and Osland 1998). When studies try to measure export performance, they face several challenges that show the complexity of assessing the construct. Even though everybody may want the firm to perform very well abroad, shareholders and managers, for instance, may have different views on this issue when setting targets, which makes it much more difficult to reach consensus concerning the operational measures to be used (Cameron 1986; Madsen 1998). A firm is successful if the targets set are met or exceeded. But what were the targets in the first place? Were they even obtainable? There-fore, when managers are asked to assess the export performance of the firm, they have a serious problem because it is not always evident which performance goals they should use and how the degree of achievement of these goals should be

measured (Madsen 1998). This demonstrates the complexity of assessing export performance and may explain Bonoma and Clark's (1988, p. 1) comment that: "perhaps no other concept in marketing's short his-tory has proven as stubbornly resistant to conceptualization, definition, or application."

In terms of the mode of performance assessment, studies might use objective or subjective measures or both. This review found that the majority of the studies use both modes of assessment. However, some scholars support the use of subjective over objective indicators (e.g. Katsikeas, Piercy, and Loannidis 1996; Robertson and Chetty 2000). The following motives are usually used to support this view: (a) firms are extremely reluctant to provide the researcher with objective data (Francis and Collins-Dodd 2000; Leonidou, Katsikeas, and Samiee 2002); (b) objective data are not publicly available, and thus it is impossible to check the accuracy of any reported financial performance figures (Robertson and Chetty 2000); (c) decision makers are guided by their subjective perceptions of firm export performance rather than by objective, absolute performance ratings (Madsen 1989); (d) difficulty in establishing a fixed reference point across firms, since financial success for one firm may constitute failure for another (Lages and Lages 2004); (e) subjective and objective measures are positively associated (Baldauf, Cra-vens, and Wagner 2000; Dess and Robinson 1984); (f) using the export venture as the unit of analysis favors the use of subjective measures over objective measures, since company reports and financial statements rarely pro-vide detailed information on the different export ventures; (g) objective data are often difficult to interpret (Covin and Slevin 1991); and (h) using objective measures makes comparisons across businesses, especially in cross country studies, complicated because of differences in accounting and sales-recording procedures (Styles 1998).

The relevance and importance of performance dimensions also vary across stakeholder groups (e.g. investors, em-ployees, customers) and depend on whether the focus is on the short term or the long term (Walker and Ruekert 1987). A manager of a firm that focuses on the long term to increase the market share in a foreign market may not perceive the export performance to be low even though export sales or export profits are weak. The size of the firm may also influence whether the focus is on short-term or long-term export performance. Managers of small firms may emphasize short-term performance over long-term due to the lack of financial resources to operate with low margins in the foreign markets. However, being overly focused on short-term profits may be risky for the long-term development of the firm's capabilities (Madsen 1998).

The degree of the firm's involvement in export operations is another aspect that has to be considered because it may influence the choice of export performance measures. For example, a firm in early stages of export development may put more emphasis on measures such as export sales and profits, while a more experienced firm may find market-share related measures more relevant.

The present study also reveals that the most widely used data collection method is the mail questionnaire directed to the person responsible for the export operations of the firm. The use of the personal in-depth interview as a data collection method was employed by only one study (i.e. Brouthers and Xu 2002). However, personal interviews are often an appropriate way of data gathering when analytical (instead of statistical) generalization is set as the primary goal of the empirical research (Matthyssens and Pauwels 1996).

In terms of time frame, some studies presented in Table 16 measure export performance in a static way (e.g., Hart and Tzokas 1999; Wolff and Pett 2000) not taking past performances into account. Most studies, however, adopt a dynamic orientation to measure export performance. These studies (e.g., Cadogan et al. 2002; Rose and Shoham 2002; Shoham 1998; Solberg 2002) ask the respondents to go back in time and report on the results over the last three or five years. This allows the researcher to get an idea of the evolution of the indicators. Furthermore, some researchers (i.e. Robertson and Chetty 2000) try to gain an insight into future success by using one measure of anticipated future export performance. Respondents were asked in this case for their perception regarding the firm's overall performance for the following three years.

Finally, our review has revealed that studies use either the firm level or the export venture as the unit of analysis. The vast majority of the reviewed studies assessed export performance at the firm level (28 out of 43), which can be explained by the greater willingness of respondents to disclose information at this broad level (Matthyssens and Pauwels 1996). The selection of the unit of analysis is important for the correct operationalization of export performance since a study at the firm level seeks success determinants describing the overall export activity of a firm whereas a study at the venture level focuses on performance determinants of a particular product/market combination. For instance, when studying individual export ventures, firm level export performance analysis is inappropriate because of the heterogeneity of the firm's operations (Jacobson 1987). Using measures such as ex-port profitability, overall export sales and overall export performance at the firm level when the export venture level was adopted, ignores the difference between the venture and the firm level. Furthermore, applying financial

measures such as export intensity at the export venture level in most cases is very difficult (Dess and Robinson 1984). Therefore, the level of analysis adopted by the researcher will have major implications on the operational measures of export performance to be implemented. Additionally, using a measure like ROI, as suggested by Myers (1999), to assess export performance ignores the difference between firm's overall performance and the firm export performance.

2.7 Firm's Global Operation Strategy

When a company enters the international environment, it has to decide how to manage its operations internationally. The strategy followed by a company to operate businesses in an international environment is called global operation strategy. Companies can use one of four kinds of basic global operation strategies to compete in the international environment. They are: multidomestic strategy, international strategy, global strategy and transnational strategy. These strategies depend on factors such as the degree of orientation towards local responsiveness or cost reduction, or the degree of centralization or decentralization of units such as marketing and research and development. The four global operation strategies are defined as follows.

2.7.1 Multidomestic strategy: establishes semiautonomous national units in each country of operation in order to produce and to customize products to local markets. Some companies following a multidomestic strategy are *Nestle* (the Swiss baby food giant), *Matsushita* (the Japanese electronic giant) and *Microsoft* (the personal computer software giant).

2.7.2 International strategy: centralizes marketing and research and development activities at home while all the other value creation functions are decentralized to national units. Some companies following international strategy are *IBM, Kellog, Merck* and *Procter and Gamble.*

2.7.3 Global strategy: centralizes all principal value-adding functions at a single optimal global location. Some companies following global strategy are *Intel, Texas Instrument* and *Motorola.*

2.7.4 Transnational strategy: centralizes some of the functions at an optimal global location while decentralizes others to achieve local responsiveness. It is the most suitable strategy when a company faces high pressures for cost reduction as well as high pressures for local responsiveness. Some companies following transnational strategy are *Unilever* and *Caterpillar*, the world's leading producer of heavy earth moving equipments.

It can be easily seen that a multidomestic strategy customizes product offerings and marketing in accordance with local responsiveness, which is lacking in a global strategy. In turn, global strategy benefits from the experience curve effect and from location economies which multidomestic strategy lacks. By contrast, an international strategy lacks local responsiveness, ability to benefit from location economies, and experience curve effects but is appropriate if a company has a valuable distinctive competency that indigenous competitors in foreign market lack. That is why transnational strategy is considered to be the most suitable strategy for most of the markets but is the most difficult to implement among the four operational strategies due to high pressures of cost reductions and local responsiveness. However, it allows customization of product offerings and marketing in accordance with local culture, and to benefit from experience curve effects, from location economies and global learning. Companies that compete in the international environment face two types of pressures:

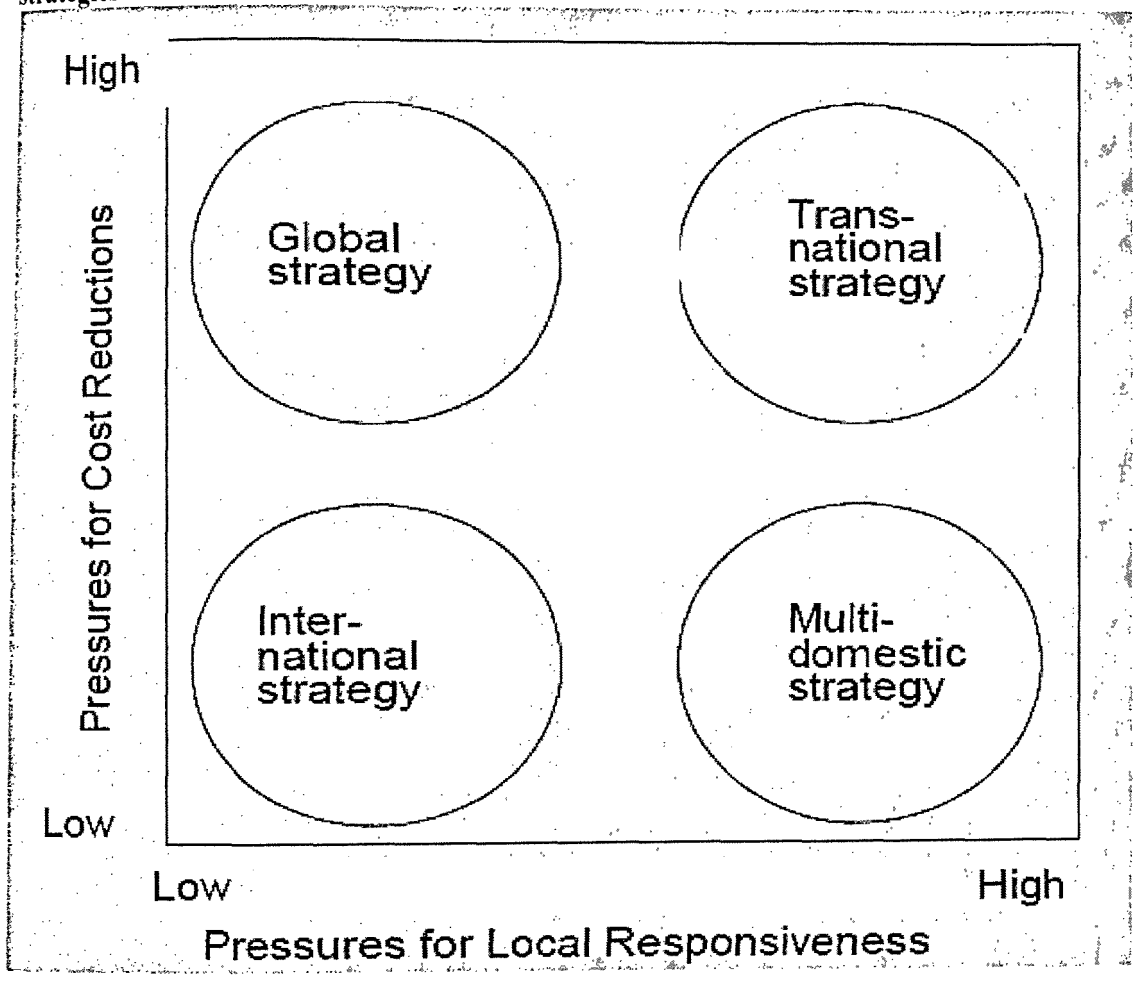
The first is the pressure for cost reduction, in response to which a company tries to minimize its unit costs. In order to achieve this goal the company has to base its production activities at the most favorable lowcost location in the world. It may also have to offer a standardized product to the global market in order to benefit from the experience curve. Pressures for cost reduction can be particularly intense in industries producing commodity-type products, where meaningful differentiation on nonprime factors is difficult, and price is the main competitive weapon. Products that serve universal needs tend to fall into this category such as bulk chemicals, petroleum, steel and sugar.

The second is the pressure for local responsiveness. A company needs to differentiate its product offering and marketing strategy from country to country in order to accommodate the diverse demands arising from national differences in consumer's tastes and preferences, business practices, distribution channels, competitive conditions, and governmental policies. Pressures for local responsiveness can be particularly intense in industries such as automobile, food and furniture.

The relation between the pressures for local responsiveness and pressures of cost reductions create the four basic strategies depicted in **Figure 4**. The X-axis represents the pressures for local responsiveness and the Y-axis represents the pressures for cost reductions. From figure 1 it can be seen that International strategy is applicable in a market where the pressure for both local responsiveness and cost reduction are low. Multidomestic strategy is applicable in a market where the pressure for local responsiveness is high whereas the pressures for cost reductions is low. Global strategy is applicable in a market where pressures for cost reductions are high

whereas local responsiveness is low. Transnational strategy is applicable in a market where the pressures of both cost reduction and local responsiveness are high.

Figure 4: Pressures of cost reductions and local responsiveness on the global operation strategies



Source: Author Estimated Research on published Journals

In other words, a company pursuing transnational strategy tries to achieve both low cost and advantages of differentiation at the same time. **Table 17** gives a summary of the advantages and disadvantages of the four basic global operation strategies.

As a company changes from a multidomestic to an international, global or transnational strategy, it requires a more complex structure and control system to coordinate the value creation activities associated with that strategy. Therefore, the need for coordination and the bureaucratic costs increase. The coordination required is lower for a multidomestic strategy as compared to that for an international strategy, which in turn is lower than that for a global strategy, which in turn is lower than that for a transnational strategy.

For a multidomestic strategy, the responsibility and authority can be decentralized to national units. The need for complex integrating mechanism is low in this case and the organizational culture is not important.

For an internationational strategy, responsibility and authority are organized in such a way that the core competencies are centralized and other competencies are decentralized to the national units. The entire operation is grouped into an international division structure. The need for complex integrating mechanism is medium and the organizational culture quite important.

For a global strategy, the responsibility and authority is centralized at an optimal global location and the operation is grouped into a global productgroup structure. The need for complex integrating mechanism is high and the organizational culture important.

For a transnational strategy, the responsibility and authority is simultaneously centralized and decentralized and the operation is grouped into a global matrix structure. The need for complex integrating mechanism is very high and the organizational culture very important.

Table 17: Advantages and disadvantages of global operation strategies

Strategy	Description	Advantages	Disadvantages
Multi-domestic	• Establishes semiautonomous units in each country • Customizes products to local market	• Ability to customize product offerings and marketing in accordance with local needs • Presence of local responsiveness	• Inability to realize location economies • Failure to exploit experience-curve effects • Failure to transfer distinctive competencies to foreign markets
Inter-national	• R&D and marketing centralized at home • Other functions decentralized to national units	• Transfer of distinctive competencies to foreign markets	• Lack of local responsiveness in key functions • Inability to realize location economies • Failure to exploit experience-curve effects
Global	• Value creation functions centralized at an optimal global location	• Ability to exploit experience-curve effects • Ability to exploit location economies	• Lack of local responsiveness
Trans-national	• Some functions centralized at an optimal global location • Other functions are decentralized	• Ability to exploit experience-curve effects • Ability to exploit location economies • Ability to customize product offerings and marketing in accordance with local needs • Reaping benefits of global learning	• Difficulties in implementation because of complexity and size of organiza-tional problems

Source: Author Estimated Research on published Journals

2.8 Globalization of Industries

Nowadays, in the age of globalisation, many companies consider entering different markets all over the world. There are two broad issues of relevance for companies in foreign market entry decisions. The first is the motivation for firms to enter a foreign market (Madhok, 1997). Companies go global to access markets beyond their home base and to access lower cost structures. Furthermore, a company can expand its activities in order to avoid changing domestic conditions or to exploit global presence (Foley, 1999). Dunning (1992) identifies four motives for expanding foreign businesses:

1. Resource seeking
2. Market seeking
3. Efficiency seeking
4. Strategic assets or capability seeking.

However, the reasons for internationalisation may vary from company to company and from industry to industry. The second issue of relevance is the means by which firms choose to participate in the particular product-market also known as the mode of market entry (Madhok, 1997). Sharma and Erramilli (2004) define an entry mode as "a structural agreement that allows a firm to implement its product-market strategy in a host country either by carrying out only the marketing operations (for example via export modes), or both production and marketing operations there by itself or in partnership with others (contractual modes, joint ventures, and wholly owned operations)". The decision to choose an accurate market entry mode is one of the most critical strategic decisions for a company as it may affect future resolutions and operations. When an entry mode is selected it is hard to change it to another since each mode entails a

certain level of resource commitment. Every change would mean a loss of time and money (Root, 1994). Therefore, careful planning is required before expanding into another market.

2.9 Overview Market Entry Mode Selection Models

Today, international entry modes represent the third most researched field in international management (Canabal & White, 2008). A considerable number of different theories from the market entry research path have been used in the literature to explain how companies make their decision on how to enter a foreign market. Following Andersen (1997) the four most important contributions to explain entry modes are the following:

1. Entry mode as a chain of establishment
2. The transaction cost approach
3. The eclectic framework
4. The organisational capability perspective

In the following paragraph, the different frameworks for studying foreign entry modes will be described. For the purpose of this study, Andersen's selection (1997) will be adjusted by replacing the organisational capability perspective by the hierarchical model of market entry modes as the study does not analyse entry mode decisions depending on the deployment and the development of firm capacities.

2.9.1 Entry Mode as a Chain of Establishment

One of the earliest schools of thought regarding the different frameworks for the entry mode selection is the one developed by Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977, 1990) also known as the Uppsala Model, U-Model, or process model of

internationalisation. They adopted a view of the internationalisation activities of the firm that sees the process as a dynamic and incremental one which is done in small steps. Johanson and Wiedersheim-Paul (1975) declared that a firm follows the following stages in the development of the foreign activities:

Stage 1 No regular export activities

Stage 2 Export via independent representatives (agents)

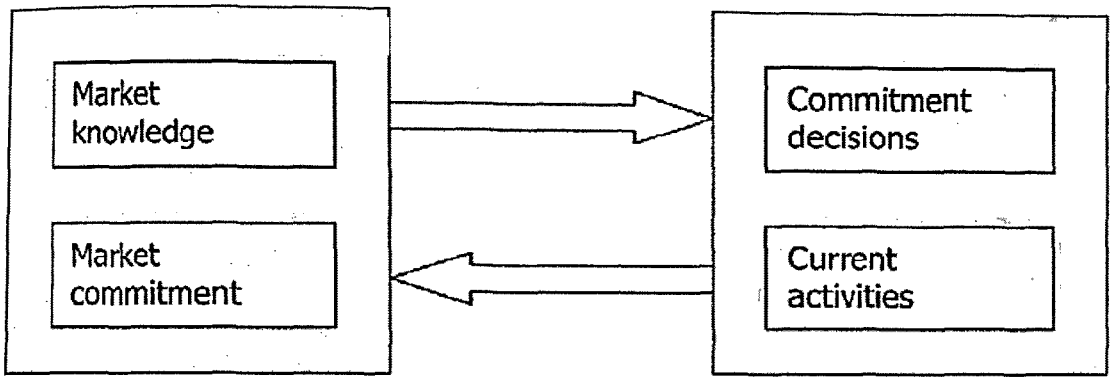
Stage 3 Establishment of an overseas sales subsidiary

Stage 4 Overseas production / manufacturing units

A firm normally starts exporting to a country via an agent, later establishes a sales subsidiary, and eventually, begins to produce in the host country. It is empirically proved that the bigger the psychic distance between the home and the host country the longer take the relative steps of the process (Johanson & Wiedersheim-Paul, 1975). In this context, the psychic distance is the sum of factors preventing the information flow from and to the market. Such factors could be differences in language, in culture, and in business practices.

The model distinguishes between so called state aspects and change aspects. The state aspects consist of market commitment (amount of resources committed and the degree of commitment) and market knowledge (general knowledge and market-specific knowledge) whereas the change aspects comprise resource commitment decisions as well as the performance of current business activities (see figure 5). However, both aspects influence each other since a decision for market commitment depends on a company's market knowledge and commitment.

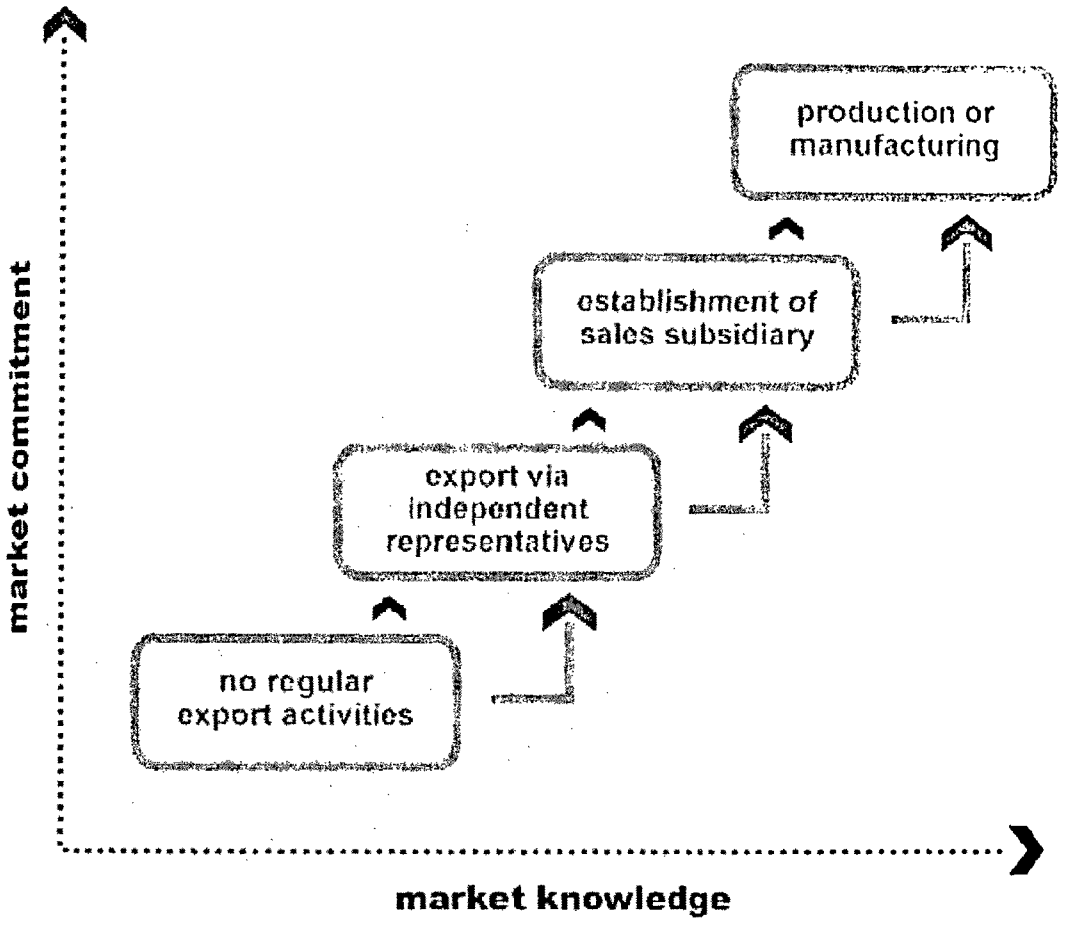
Figure 5 - The Basic Mechanism of Internationalisation - State and Change Aspects



Source: Johanson and Vahlne (1977)

For example, a company is not in possession of sufficient market knowledge of the relative market in which it wants to expand its operations in. Therefore, the risk for the company is too high and, as a consequence, the market commitment is accordingly low. In such a situation, a company should better service the market through an agent or a distributor in order to keep the market risk low and to gain adequate market knowledge / intelligence (experiential knowledge). At the time enough market knowledge is acquired, the company's willingness to invest more resources in that market increases. Thus, the market commitment of the company enhances, which consequently leads to a change of the stage in the process (see figure 6).

Figure 6 - **Market Entry as a Chain of Establishment**



Source: Proven models

To conclude, the described model is basically a learning-based model since it implies that investment uncertainty can only be reduced by gaining market knowledge. This in turn can only be achieved through activities in the market (Forsgren & Johanson, 1992).

Limitations

In the model described above, no co-operative modes of market entry were included in the establishment chain. The main focus was put on export and on wholly owned subsidiaries whereas the possibilities of contractual agreements and joint ventures were not taken into consideration. Therefore, this entry mode theory has been further developed by researchers, such as Brooke (1986) and Young et al. (1989). Furthermore, the stage model was criticised by Root (1994) as being deterministic. The company moves from one stage to the other without being able to make strategic choices regarding appropriate modes of entry. Another point which gained criticism is that the model is only based on one explanatory variable (experiential knowledge), which is not sufficient to explain why a company selects a certain entry mode (Andersen, 1997). Important strategic as well as economic factors, such as market size and the potential sales abroad, are not considered. As a consequence of these critics, this model does not dominate in existing literature.

2.9.2 Transaction Cost Approach (TCA)

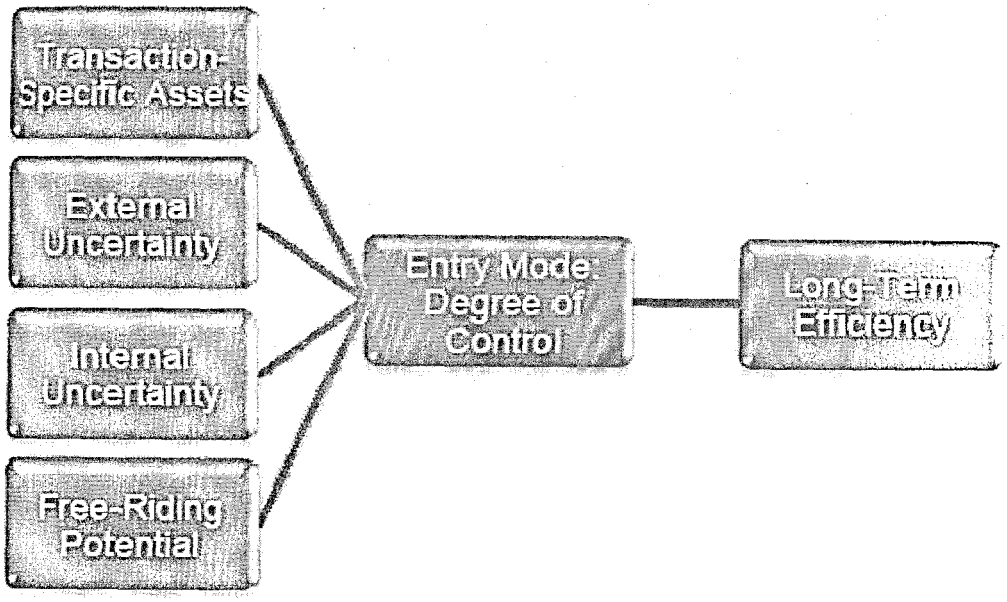
When looking at the period from 1980 to 2006, the transaction cost approach (TCA) was the most commonly analysed theory in entry mode studies (Canabal & White, 2008). This model was proposed by Anderson and Gatignon (1986) and was widely extended by other researchers, such as Hill et al. (1990), Klein et al. (1990), and Erramilli and Rao (1993). A transaction is defined as "when a good or service is transferred across a technologically separable interface",

and it features three characteristics: frequency, uncertainty, and asset specificity (Williamson, 1991). The TCA states that when a company selects the suitable entry mode it always has to make a trade-off between control and the cost of resource commitment, often under conditions of considerable risk and uncertainty. The control factor is closely related with the integration factor as it gives a firm the possibility to direct operations. Additionally, this theory combining different factors, such as industrial organisation, organisation theory, and contract law, is used to measure the trade-offs when making a vertical integration decision (Anderson & Gatignon, 1986). The whole model is based on the assumption that the foreign market to be entered has at least enough potential that the firm can cover the overhead costs of a high-control entry mode. If this cannot be assured, entry modes requiring a high level of control are not worth considering (Williamson, 1979). Nevertheless, if break even can be reached, the entrant has a choice to make which ensures sustainability for the company. In order to reach the long-term efficiency, four constructs that determine the optimal degree of control have to be considered:

1. Transaction-Specific Assets: Investments (physical and human) that are specialised to one or a few users or uses
2. External Uncertainty: The unpredictability of the entrant's external environment
3. Internal Uncertainty: The entrant's inability to determine its agentls performance by observing output measures
4. Free-Riding Potential: Agent's ability to receive benefits without bearing the associated costs

These four constructs should be positively related with the entrant's degree of control in order to reach the long-term efficiency (see figure 7).

Figure 7 : **A Transaction Cost Framework for Analysing the Efficiency of Entry Modes**



Source: Anderson and Gatignon (1986)

According to Erramilli and Rao (1993), the transaction cost approach has been modified by other researchers which included non-transaction cost benefits. These benefits vary from increase of control or integration, such as co-ordination of strategies in multinational corporations (Hill et al., 1990), to extend market power (Teece, 1981), and to obtain a larger share of the foreign enterprise's profit (Anderson & Gatignon, 1986). In short, the basic rational behind TCA is that firms try to create business structures that will minimise costs and inefficiencies associated with entering and operating in foreign markets.

Limitations

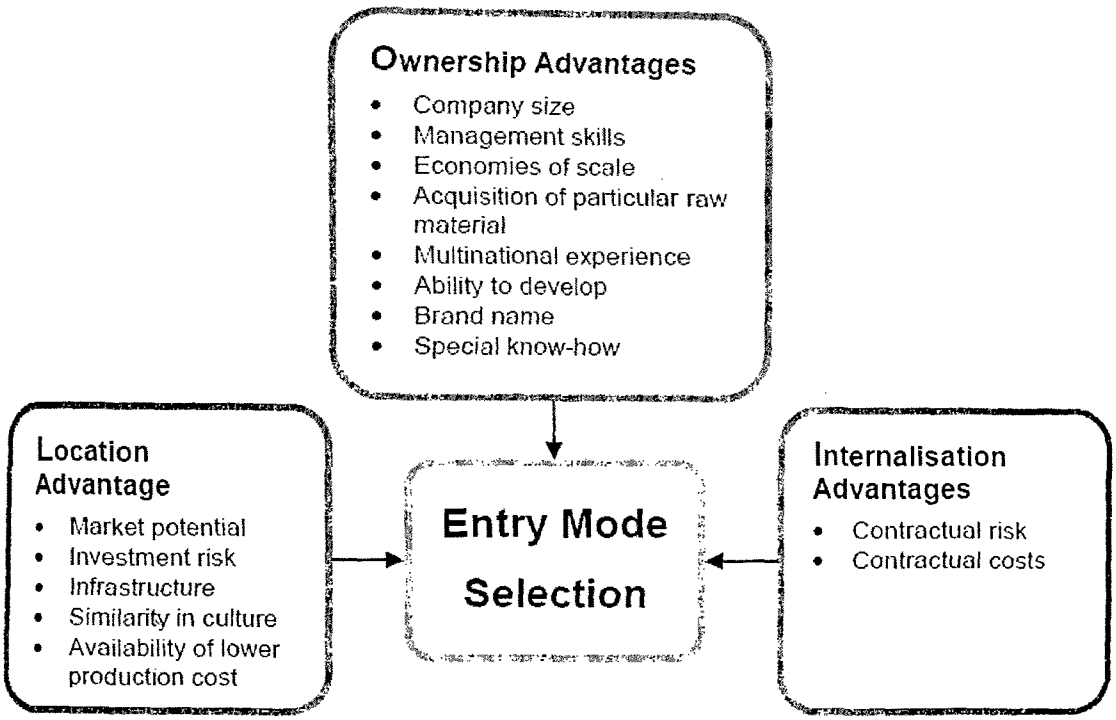
Even though the transaction cost approach is the most researched entry mode model, it could not escape from several criticisms. Andersen (1997) and Decker & Zhao (2004a) stated that the

transaction costs themselves are ambiguous to measure and to define. Furthermore, Anderson and Gatignon (1986) mentioned that the TCA neglects government regulations, which generally define the feasible set of entry modes, and production costs. Moreover, it excludes nontransaction benefits. According to Hollensen (1997), the theory also neglects internal transaction cost in order to avoid any friction within the company. Finally, the TCA model is only a static one which does not look at why a company would change the entry mode.

2.9.3 The Eclectic Framework

The eclectic framework represents a multi-theoretical approach for making the choice of market entry mode including international trade theory, resource-based theory, and transaction cost theory as the basic theories (Andersen, 1997). The eclectic paradigm allows creating new dependent factors predicting entry modes since the term eclectic can be defined as the following: the selection of individual elements from a variety of sources, systems, or styles. In this section, the focus will be put on the eclectic model introduced by Dunning (1977) which is also known as the ownership, location, and internalisation (OLI) model. By including firm and market specific factors influencing control, return, risk, and resources criteria, Dunning (1977, 1980, and 1988) developed a framework to explain the choice among the different entry modes. He continued to further develop the theory in publications in 1988, 1995, 1998, and 2000. According to the OLI model, entry mode decisions are determined by the composition of three sets of advantages as perceived by the relative enterprise: ownership advantages of a firm, location advantages of a market, and internalisation advantages of integrating transactions within the firm (see figure 8).

Figure 8: **Ownership, Location, and Internalisation Advantages Model**



Source: Author

Ownership advantages (O) are defined as firm specific assets and skills. These assets can include special know-how, company size, management skills, multinational experience, and many more. According to Brothers et al. (1996), ownership aspects need to have a unique and sustainable component in order to provide the firm with a competitive advantage in the entry mode selection. Furthermore, Hirsch (1976) stated that if a company wants to export in a market where other companies are already operating in the same industry, the enterprise entering the market needs to possess additional ownership advantages sufficient to cover the costs of servicing an unfamiliar or distant environment. *Location advantages* (L) represent the attractiveness of the specific country. According to Root (1994), this can be characterised in terms of its market potential and investment risk. Furthermore, the attractiveness of a country can increase due to natural

resources, tax regulations, favourable legal or political policies, and many more (Dunning, 1980). The last part of the OLI model, the *internalisation advantages* (I) are concerned with the costs caused by choosing hierarchical modes of operation (joint ventures or wholly owned subsidiary) over an external mode (exporting or contractual agreements) (Dunning, 1988, 1993). When a company internalises its knowledge, it tries to avoid risks that can occur when it externalises it, such as loss of knowledge or high control costs. Without the advantages of internalisation much of the foreign direct investments (FDI) in a country would be replaced by the international transaction of resources on a contractual basis (Dunning, 1980). It is empirically proved that the more a company possesses of ownership, location, and internalisation advantages, the higher is the possibility that an enterprise pursues an entry mode strategy that ensures a high level of control (Decker & Zhao, 2004a).

To summarize, the OLI model states that the ownership advantages identify which company will operate in a certain foreign market. On the other hand, the location advantages explain whether the firm will enter the market by exports (trade) or by local production (non-trade; joint ventures or wholly owned subsidiary). Finally, the internalisation advantages answer the question whether to internalise the ownership endowments or to externalise them (Dunning, 1980).

Limitations

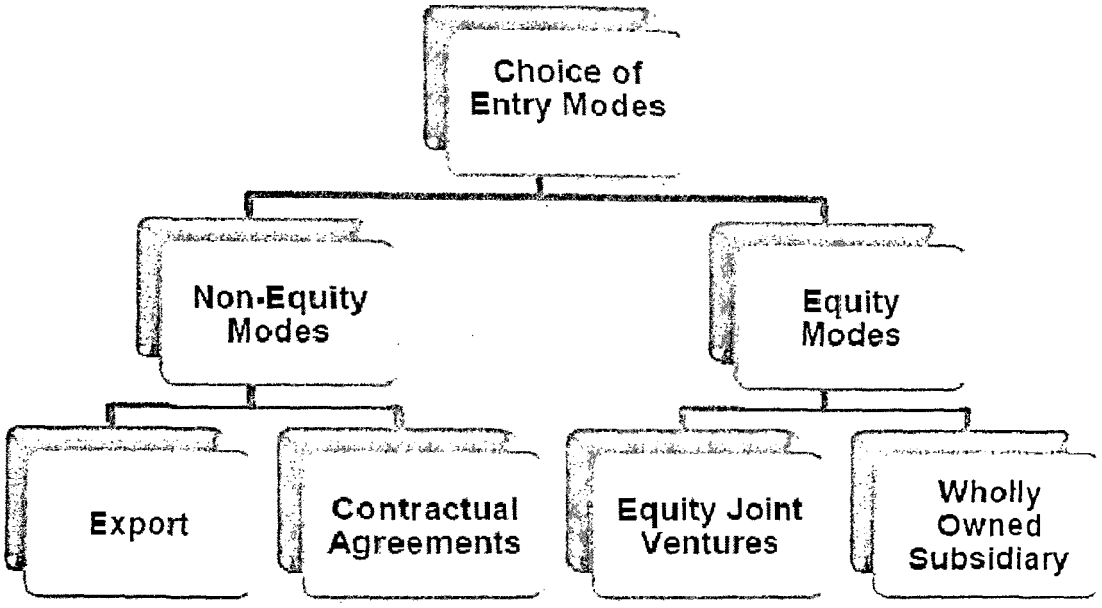
The OLI model and the transaction cost model have something in common; both models are only static ones whereas the Uppsala model is seen as a dynamic model. According to Decker and Zhao (2004a), the OLI model neglects important strategic factors when explaining the decision of companies. Furthermore, Andersen (1997) perceives that the application of the OLI model

could be difficult. He states that the use of several factors is likely to create problems when analyzing and interpreting the effects of interrelationships among the determinant factors.

2.9.4 Hierarchical Model of Market Entry Modes

One of the more recent entry mode theories is the hierarchical model of market entry modes (Pan & Tse, 2000). Guided by the theories mentioned above, the model assumes that managers, when making the choice of which market entry mode to choose, consider all the modes of entry at the same time instead of one after the other. Moreover, their rational analytical decision making process also looks at all the decisive factors at the same point of time instead of considering certain factors at different stages. Therefore, the hierarchical model divides the decision process of the market entry mode into two levels of the hierarchy. Within the first level, managers have to decide whether they would like to engage in a non-equity mode (export or contractual agreement) or in an equity mode (joint venture or wholly owned subsidiary) of market entry. Within this level, macro-level factors play a significant role in order to make the decision. Factors, such as prioritised location, host country risk, risk orientation, power distance, extent of interaction between host and home country, industry factors, and many more, have to be carefully analysed. After having made the decision in the first level, the second level of the hierarchy can be approached where managers have to decide which specific mode of entry within equity or nonequity they want to further consider (see figure 9). According to Pan and Tse (2000), the factors considered at the first level of the hierarchy may not continue to exert the same level of influence on the choice of entry mode. Instead, within the second level managers focus more on microlevel factors, such as specific contract terms, human resources issues, distribution channel, and others.

Figure 9: **A Hierarchical Model of Choice of Entry Modes**



Source: Pan and Tse (2000)

To conclude, the hierarchical model of choice of entry modes is seen as an attractive way of making decision on how to enter a certain market. It transforms a complex decision process into a step-by-step approach and consequently becomes a more manageable one (Pan & Tse, 2000). Furthermore, this approach is appropriate for the selection of market entry modes as it analyses the decision in two steps. It is empirically proved that within each of these steps other factors are relevant for the decision (Anderson & Gatignon, 1988). For example circumstances that are suitable for a wholly owned subsidiary dramatically differ from those that call for direct export as the resource commitment varies tremendously.

Limitations

Also the hierarchical model of market entry modes belongs to the group of static models since it

does not include how and why a company changes entry modes. Furthermore, according to Garrido et al. (2005), the model does not look at the motivation of a firm going global when choosing the accurate entry mode. Another limitation stressed by Cui et al. (2007) is that it is not certain whether this model will be applicable for companies from developing countries, such as India and China, which are now emerging as important players. In order to analyse this limitation, further research needs to be conducted.

2.10 Mode of entry as a component of a market entry strategy

Overview

Companies expanding their operations to international markets employ five different modes to enter the foreign market:

- exporting,
- licensing,
- franchising,
- strategic alliance or joint venture, and
- setting up of a wholly owned subsidiary.

Strategic alliance and joint venture has been considered together because strategic alliance is a contract in the beginning, which if successful, usually leads to a joint venture.

The optimal choice of the mode of entry depends on the company. Each entails a different level and type of risk and control. **Figure 10** shows the various modes of entry into a foreign market and the risks involved with each. Typically, a company starts with the low-risk/low-control option and then advances to higher levels of risk and control as it gains experience and

builds confidence. The various modes of entry are discussed in the following sections 2.10.2 through 2.10.7.

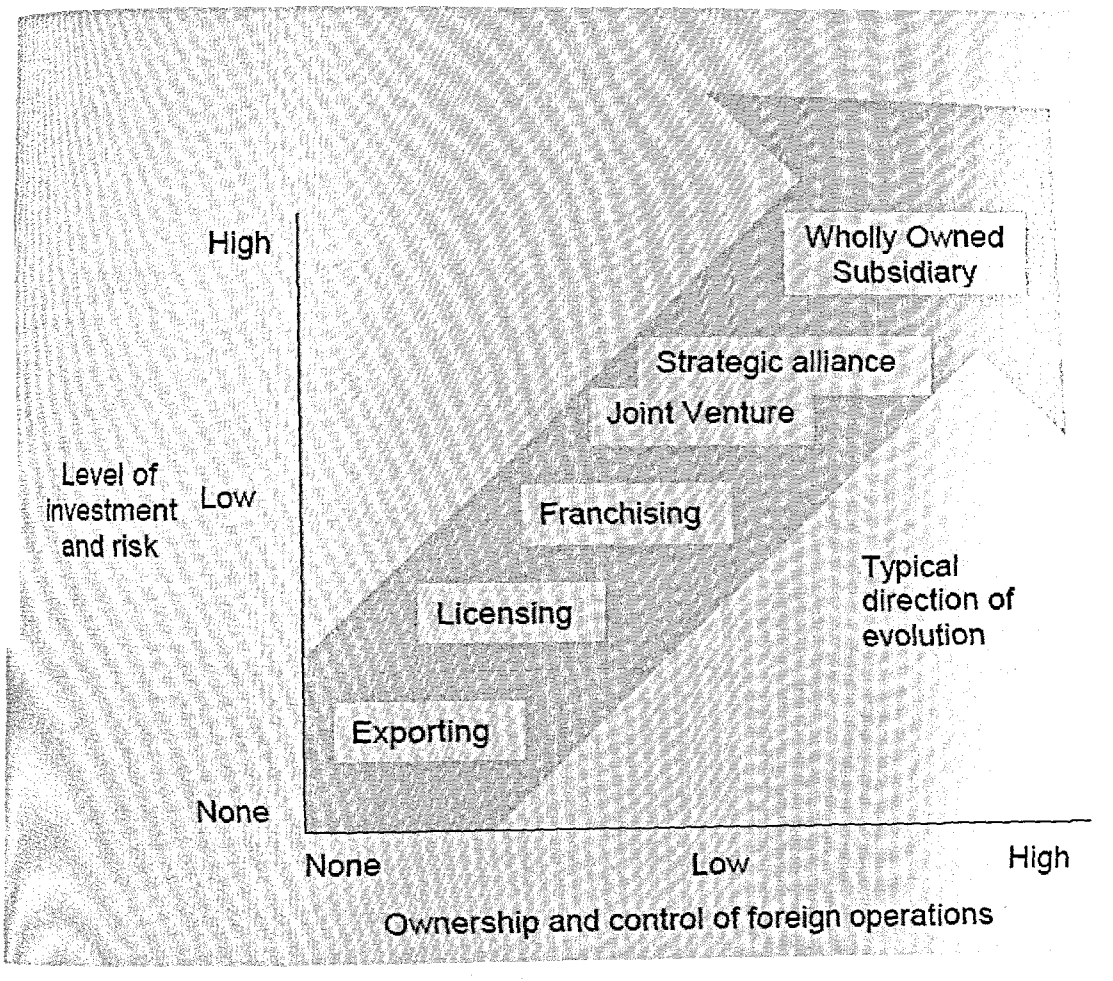
2.10.1 Exporting

Exporting is the transfer of goods or services across national boundaries. Most companies begin their expansion into the international arena by exporting into a foreign market and then move to the other modes of entry. Exporting is the most traditional and well established form of operating in foreign markets. It can be defined as the transfer of physical goods or services from a company to a foreign market, with or without an agent, in exchange for the value of the goods or services in monetary terms. Exporting is probably the simplest and most common way to expand into a foreign country. Therefore, Johanson and Wiedersheim-Paul (1975) and Johanson Vahlne (1977, 1990) stated that an international expansion usually starts with an exporting strategy. According to Hill (2006), especially manufacturing firms follow the idea mentioned above since this industry is highly dependent on resources.

Exporting methods include direct or indirect export. In *direct exporting*, the company sells its products or services directly to the end users, distributors, or sales agents. Through customer feedbacks, the company gets valuable information about customer wants and needs (Lymbersky, 2008). *Indirect exporting* means that the company uses a middleman (a third party) based in the company's home market, to do the exporting. This middleman can be a trading house, a broker, or an export management company which coordinates the exporting activity on the company's behalf and assumes the risk (Foley, 1999). When exporting goods or services in a foreign market, it is important that the company also considers the different government policies, marketing

concerns, and distribution issues of the host country. Exporting has several advantages. First, the company entering a foreign market can maintain production facilities at home and transport the goods or services abroad. In this way, the company can avoid the substantial cost which it would incur if it were to establish production facilities in the host country. Second, the company benefits from the economies of scale and from its global sales volume. Hence, exporting enables a company to benefit from the experience-curve, cost economies and from location economies. Third, exporting does not require a very substantial presence abroad. Some examples of companies that have used exporting as a mode of entry are *Sony* in the global television market, *Matsushita* in the video cassette recorder market, and several Japanese companies in the United States auto market. On the other hand, exporting has several disadvantages. First, exporting from the home country may not be profitable if lower cost production facilities could be established in the host country. Second, exporting could become uneconomical if the transportation costs associated with exporting are high. However, this problem could be overcome by manufacturing bulk products on regional basis. Third, tariff barriers which can be imposed by the government of the country, and regulations which can be imposed by the regulatory authorities of the country to which the company is exporting, could make this mode of entry quite risky. Fourth, there is no guarantee that the local agent to whom the company delegates marketing activities will perform in the best interest of the company. Finally, problems arising due to cultural difference and currency exchange can be difficult to handle from a distance.

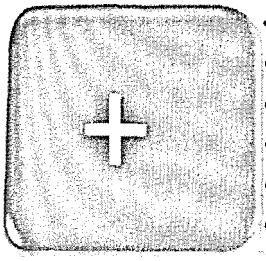
Figure 10: **Modes of entry into foreign markets and the level of risk**



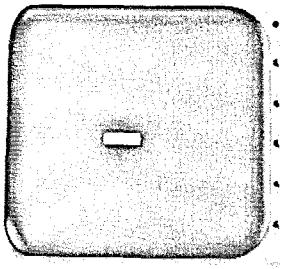
Conditions Favouring this Mode

- The sales potential in the target country is limited
- Only little product adaptations are required
- The distribution channels are situated close to the plants
- High production cost in the target country
- Liberal import policies of host country

Advantages and Disadvantages of Exporting



- Reduction of potential risk of operating overseas
- Avoidance of local establishment costs
- Gain of market, customer, and distribution system knowledge
- Economies of scale for the home country production facilities
- No transfer of internal knowledge
- Quick market entry



- Lack of control
- High transportation cost from home to host country
- Trade barriers and tariffs
- Host country may require other labelling and quality standards
- Efficiency loss if production is cheaper in host country
- Limited access to information of host country

2.10.2 Contractual Agreements

When entering a market with a contractual agreement, a company has an agreement with another party that enables them to use the firm's specific advantage. Under contractual agreements, this study identifies two different entry modes: licensing and franchising. By *licensing* the licensor (the firm) grants permission to the licensee (other firm) to use intellectual property rights, such as patents, trademarks, or technology, for a specified period and fee in return (Lymbersky, 2008). *Franchising* is a specialised form of licensing involving one company (the franchisor) that lets another company or individual (the franchisee) the right to use its firm specific assets. Franchising is similar to licensing but it gives the franchisor more control over the franchisee than the licensor over the licensee (Hammarlund et al., 2007). According to Hill (2006), licensing is pursued primarily by manufacturing firms whereas franchising is employed primarily by service firms.

2.10.2.1 Licensing

Licensing is an arrangement by which the licensor or the international company gives the right to the licensee or the national company to use one or more of the following:

(i) Patent rights,

(ii) Trademark rights,

(iii) Copyrights, or

(iv) Product or process know how

in a particular foreign market in exchange for certain performance and payment from the licensee. In exchange for the rights received, the licensee usually agrees

(i) To produce the products covered by the rights,

(ii) To market these products in an assigned territory, and

(iii) To pay the licensor some amount related to the sales volume of such

product in the form of royalty.

The advantages of licensing are as follows. First, financial commitment can be kept low as the licensor company does not have to bear the development costs and risks associated in establishing itself in a foreign market. Hence, it is the best option for a company which lacks capital for overseas establishment or wants to avoid costs associated with research and development, launch of new products, tariff and transport, and to benefit from local production where national suppliers are favored. Also it could be one of the best modes of entry into a foreign market where a company is unwilling to invest substantial financial resources owing to country risk. Second, it is often the quickest and the easiest way to enter a foreign market because some governments favor licensing. Thus, licensing may gain the approval of the government much quicker than any other mode of entry. Further, due to government policies in

some countries licensing may be the only possible mode of entry. Third, through licensing a company can immediately gain local knowledge. Last but not the least, it enables a company to keep the management commitment to the lowest.

However, licensing has its disadvantages too. First, it does not give a company tight control over manufacturing and marketing in a foreign country. This makes it impossible to realize experience-curve cost economies and location economies. Second, competing in a global market place may make it necessary for a company to coordinate the worldwide strategy but licensing severely limits a company's ability to coordinate strategies in this way. Third, there is a risk associated with licensing technological know-how to foreign companies as technological know-how afterwards forms the basis of competitive advantage for many companies. For example, *RCA* once licensed its color television technology to a number of Japanese companies. Soon the Japanese companies assimilated *RCA's* technology and used it to enter the U.S. market. Now the Japanese have a bigger share of the U.S. market than the *RCA* brand. However, this risk can be reduced by entering into a cross licensing agreement with a foreign company.

In a cross-licensing agreement, a company licenses some of its valuable intangible property to a foreign company, but in addition to a royalty payment, the company might also requests the foreign company to license some of its valuable know-how to this company. For example, *Amgen*, a biotechnology firm of the United States licensed to *Kirin*, a Japanese pharmaceutical company to sell one of its key drugs called Nuprogene in the Japanese market. In return *Kirin* not only has to pay the royalty but has also licensed to *Amgen* to sell some of its products in the United States of America. Fourth, problems could occur if licensee does not respond to change in

the market or does not help to develop the market for the licensor. Fifth, a licensee poses a potential threat of becoming a competitor when the licensing agreement runs out.

2.10.2.2 Franchising

Franchising is an agreement in which the franchiser sells the rights to use its brand name to the franchisee in exchange for a lump-sum payment and a share of the franchisee's profit. Franchising is employed chiefly by services and marketing companies, while licensing is employed chiefly by manufacturing companies. Examples of companies that use franchising as a mode of entry are *McDonalds*, *Kentucky Fried Chicken*, *Hilton hotels* and *Dynorod pipe* in blocking services.

The advantages of franchising are similar to that of licensing. First, the franchiser does not have to bear the development costs or the risks associated with expansion into a foreign market. Hence, it is an attractive mode of entry for companies that wish to expand quickly with low capital investment. Second, the franchiser benefits from the local market knowledge, capital and participation of the management of the franchisee. Third, the franchiser can have a certain degree of control over the franchisee.

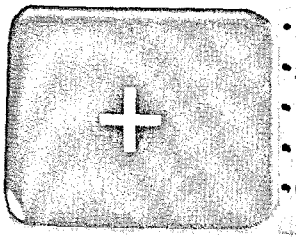
Franchising too has its disadvantages. The first and the most significant disadvantage of franchising is the difficulty of quality control. The crux of franchising lies in the message that a company's brand name conveys about its quality. For example, a traveler booking into *Hilton* International hotel in Hong Kong expects the same quality of room, food and service as he would receive in *Hilton* New York. This is because the brand name conveys consistency in the quality

of the products or services. Second, franchising could inhibit the ability of a company to achieve global strategic co-ordination.

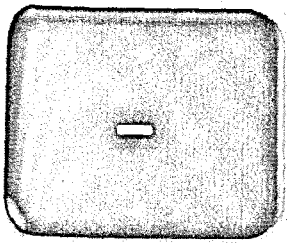
Conditions Favouring this Mode

- The host country creates high import and investment barriers
- The sales potential of the target country is low
- Between host and home country exist a large cultural distance
- Licensee/franchisee lacks ability to become a competitor

Advantages and Disadvantages of Contractual Agreements



- Cost efficient and low risk entry mode
- Avoidance of local establishment costs
- Can help entering a market where FDI and exporting is not allowed
- Lincensee/franchisee is in possession of local market knowledge
- Quick market entry



- Lack of control over marketing, strategic, and manufacturing processes
- No use of experience curve
- Spill-over of knowledge of licensor/franchisor
- Hard to control product/service quality
- Licensee/franchisee may become competitor

2.10.3 Strategic Alliances and Joint Ventures

Strategic alliances and joint ventures are discussed together because strategic alliances are a weaker form of joint venture. A strategic alliance can be defined as an agreement between two companies in order to combine their value chain activities for the purpose of competitive advantage. In most cases, strategic alliances involve competitors. The objectives of strategic

alliances are technological swaps, research and development exchanges, distribution relationships, marketing relationships, manufacturer- supplier relationships and cross licensing. On the other hand, a joint venture can be defined as a venture between an international company and a national company in which the international company has enough equity stake to have voice in the management but not enough to completely dominate the venture. The equity share of the international company can vary from 10% to 90%, but generally it is between 25% to 75%.51 However the most typical form of venture is 50/50 in which each party takes 50% ownership stake. Also the ownership stake is shared by the team of managers from both the parent companies. For example, the joint venture between *Fuji* and *Xerox* to produce photocopiers.52 However, in some joint venture the equity split could be in the form of 51/49 percent, allowing the company with the majority share holding to have a tighter control. The basis of a joint venture is to benefit from the complementary competitive advantages of the two companies. Hence, the difference between the strategic alliance and joint venture is that the former is a contractual agreement, for example to share technology or to cooperate on a research and development project without the creation of a separate legal entity, as in the case of a joint venture.

Strategic alliances and joint ventures have numerous advantages. First, they give greater return from equity participation than other modes of entry. Second, they enable greater control over production, marketing and operations. Third, they reduce political and economic risks as a result of the involvement of the native partner. Fourth, they are the best mode of entry where foreign ownership is not permitted. Fifth, they could be the quickest mode of entry. Sixth, an

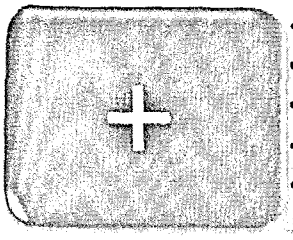
international company has direct participation in the foreign market and thus it can understand the international market better and take sounder decisions for the future.

The disadvantages of strategic alliances and joint ventures are as follows. First, there is a high risk of losing control over technology to a venture partner. Second, differences in aims and objective of participating companies can result in tensions and disagreements over the strategies to be adopted. Third, there could be an inequality in burden sharing. Fourth, they could involve a more substantial commitment of financial and management resources than anticipated. Fifth, they do not always permit a company to benefit from experience curve effects.

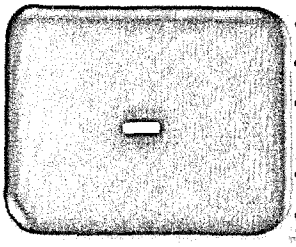
Conditions Favoring this Mode

- Between host and home country exists a large cultural distance
- The host country market has a high sales potential
- Host country government restricts foreign ownership and creates import barriers
- Local company can provide skills, resources, distribution network, brand name

Advantages and Disadvantages of Joint Ventures



- Combination of resources of two companies
- Ownership restriction and cultural distance can be overcome
- Shared cost and risk
- Use of country information, network, and market knowledge
- Potential for learning from local partner



- Risk to lose technology knowledge
- Conflicts between joint venture partners
- Difficulties in involving partners from different backgrounds with different goals and capabilities
- Spill-over of knowledge of the partner
- Local partner could become a competitor

2.10.4 Wholly owned subsidiary

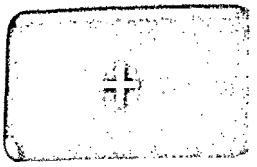
A wholly owned subsidiary is a mode of entry in which the parent company has 100% ownership of the subsidiary's stock. A wholly owned subsidiary can be set up either by acquisition or by establishing a completely new entity.

The advantages of a wholly owned subsidiary are as follows. First, a company whose competitive advantage is based on technological competency does not need to fear loss of control over it. Second, it enables a company to benefit from global strategic coordination. Third, it enables a company to benefit from location economies and from experience curve effects. However, wholly owned subsidiaries have disadvantages too. First, they are a very costly mode of entry into a foreign market. This is because it requires large capital investment and management resources. Second, it means operating a company without local market knowledge and contacts of a local company. Third, the risk associated is very high compared to the other modes of entry.

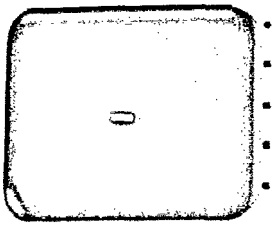
Conditions Favoring this Mode

- Host country government creates import barriers
- Between host and home country exists a small cultural distance
- The host country market has a high sales potential
- The political situation of the host country is stable

Advantages and Disadvantages of Wholly Owned Subsidiaries



- High control over foreign activity
- Minimization of spill-over of knowledge
- Location and experience curve of economies can be realised



- Highest risk of all the other entry modes
- Requires high resource and commitment
- Cultural differences
- Lack of local market knowledge
- Long set-up time

2.11 Summary of mode of entry

Table 18 provides a summary of the description and the most important advantages and disadvantages of the different modes of entry into a foreign market.

2.12 Criteria for selection of a mode of entry

According to Terpstra and Sarathy, the mode of entry of a company depends on the following:

- Goal of the company regarding the amount of international business desired, geographical coverage, time span of foreign involvement intended.
- Company size in terms of sales and assets.
- Product line and nature of a company's product; that is, whether the product is for industrial or consumer use, high or low priced, its technological content, etc.
- Trade barriers and regulations in the country concerned.
- Competition in the foreign market.

Some of the above mentioned factors are external to a company and some internal. So the selection of a mode of entry by a company depends upon the external and internal criteria of the company. The external and internal criteria influencing the mode of entry of a company are described in detail as follows.

2.12.1 External criteria

The external criteria that influence the choice of a mode of entry by a company can be broadly classified under the following: 58

- Country characteristics
- Government restrictions and trade barriers
- Product characteristics

*2.12.1.1 **Country characteristics.*** There are numerous country characteristics such as demography, geography, economy, basic resources, infrastructure, society and culture, level of education, technology, customer buying behavior, purchasing power, etc., that a company may consider in deciding its mode of entry. Some of these factors are stable and some are unstable. Moreover, the importance of each of these factors varies from company to company depending on the nature of the company itself, but also its products or services. Some of the key factors are country size and market growth, political and environmental risk, economic and market infrastructure, and society and culture.

- If the size of the country and market is large then it is better for a company to establish a wholly owned subsidiary, majority owned joint venture or a sales organization. On the other hand if a country is small, it may be served through licensing or exporting agreements.

Table 18: **Description, Advantages and Disadvantages of the modes of entry into a foreign market**

Mode	Description	Advantages	Disadvantages
Exporting	Transfer of goods or services across national boundaries	- Ability to realize location and experience-curve economies - Avoids the cost of establishing manufacturing operations in the host country - Low risk	- High transport costs - Unpredictability of trade barriers - Problems with local marketing agents
Licensing	Foreign licensee buys the rights to produce a company's product in the licensee's country for a negotiated fee	- Low costs of development of foreign markets and risk - Quick growth possible	- Difficult to realize location and experience-curve economies & to engage in global strategic coordination - Difficult to have control over technology
Franchising	Selling to franchisee limited rights to use its brand name and business model in return for a lump-sum payment and a share of the franchisee's profits, often in the services and trade sectors	- Low costs of development of foreign markets and risk - Quick growth possible	- Difficult to engage in global strategic coordination - Difficult to control quality
Strategic alliance/ Joint Venture	Sharing of ownership stake and operating control by both parent companies	- Access to local partner's knowledge - Shared development cost and risk - Easier political acceptability - Facilitate the transfer of complementary skills	- Difficult to engage in global strategic coordination and to realize location and experience-curve economies - Risk of giving away technological know-how and market access to alliance partner for a small return
Wholly owned subsidiary	Parent company owns 100 percent of the subsidiary's stock	- Protection of technology - Ability to engage in global strategic coordination and to realize location and experience-curve economies	- High costs and risks - Divergent corporate cultures and priorities

- In a politically and environmentally unstable country, a company should opt for a mode of entry, such as exporting, that demands minimum commitment of resources.
- In a country with less developed economic and market infrastructure a company is likely to encounter substantial difficulties and development costs in establishing its own production, distribution or sales facilities.
- If a country has similar societal and cultural values, then the needs and preferences of the customers are more or less the same and the company can choose any mode of entry depending on the above conditions.

2.12.1.2 Government regulations and trade barriers. In some countries, government regulations restrict certain modes of entry for foreign companies especially in strategic industries such as telecommunications, computers and information technology. However, as markets worldwide are becoming more interdependent and integrated, several governments have removed or reduced restrictions on ownership. For example, Coca-Cola, which had to leave the Indian market in 1977 owing to restrictions regarding majority ownership, could re-enter the country when such restriction was lifted after a few years. Trade barriers such as tariffs, quotas, customs, or product regulation also influence market entry strategy. Trade barriers can be broadly classified into direct and indirect trade barriers. Examples of direct trade barriers are tariffs and quotas, which restrict the import of foreign goods. Hence direct trade barriers influence any decision regarding local production or assembly operations. Examples of indirect trade barriers are product regulation, preference for local suppliers, customs, and certification formalities. Such kinds of trade barriers encourage establishment of contractual agreements such as a strategic alliance or joint venture with a local company. The local partner helps in

developing local contacts, negotiating sales, and establishing distribution channels, as well as in diffusing the foreign image.

2.12.1.3 ***Product characteristics.*** The physical characteristics of the product or service such as its weight to value ratio, perishability, composition and process are important in determining the location of production. For example, in the case of a company producing products with low weight to value ratio such as expensive watches, especially where there are significant production economies of scale, the preference will be for direct exporting.

On the other hand, for products such as soft drinks and beer, a company may look for establishing licensing agreements, or invest in local bottling units or production facilities especially for distant markets in order to avoid substantial shipping costs. Also, in products and services which incorporate propriety assets such as technology, brand name and/or image, a company should be reluctant to establish a joint venture especially where it is likely to lose control over production quality or distribution, or has to share propriety information or technology. Contractual agreements such as licensing and franchising are best established where the right of the licensee, franchisee, or local partner to utilize the proprietary asset such as technology, trade mark or corporate name is clearly established, and there is adequate provision for quality control and monitoring of operations.

2.13.2 Internal criteria

The internal criteria that influence the choice of mode of entry by a company are as follows:

- Objectives of the company
- Country selection strategy
- Resources
- Experience and expertise
- Flexibility
- Risk
- Degree of penetration
- Level of control

2.13.2.1 Objective of the company - Companies which have limited objectives for entering a new market favor a mode of entry, such as exporting or licensing as these require less financial resources and management attention. On the other hand, companies that want to be proactive and aggressive in the new market to increase their market share favor a mode of entry such as a strategic alliances, joint venture or setting up of a wholly owned subsidiary *Country selection*

2.13.2.2 Strategy - Companies can follow country selection strategy either based on speed or sequence. If the country selection strategy of a company is based on speed then it desires to enter a country rapidly to take advantage of the emerging market opportunity. For example, licensing, franchising and acquiring existing companies. If the country selection strategy of a company is based on sequence, then the company begins with a mode of entry with minimal commitment such as exporting and gradually shifts to licensing, then to joint venture and then towards establishing its own subsidiary.

2.13.2.3 Resources - The choice of a mode of entry depends upon the financial and the managerial resources a company has or intends to commit to the new foreign market. It will be

best for a company that wants to keep its financial and managerial resource commitment low to follow the exporting or licensing mode of entry. However, modes that entail low financial and managerial resource commitment may not foster quick growth in the foreign market and may also result in loss of significant opportunities. On the other hand mode of entry such as joint venture demands high level of financial and managerial resources but it is an equitable way of sharing risk, financial exposure, cost of establishing a distribution network and hiring local personnel.

2.13.2.4 Flexibility - Contractual arrangements with other firms or substantial equity investment in production, warehousing, or sales facilities in foreign market are typically the least flexible and most difficult to change in the short run. Licensing and other contractual agreements limit the firm's ability to adapt or change strategy during their duration and need to be evaluated carefully, especially where market conditions are changing rapidly. Similarly, wholly owned production or distribution networks in foreign markets may be costly and difficult to divest.

2.13.2.5 Risk - The choice of a mode of entry is also influenced by the ability of a company to withstand risk associated with each mode. Figure 11 showing the level of investment and risk associated with each mode of entry indicates that the degree of risk increases in the order of exporting, licensing, franchising, strategic alliances and joint venture, and wholly owned subsidiaries. It also depends on the extent to which a company is prepared to give out its know-how, core competency and competitive advantages.

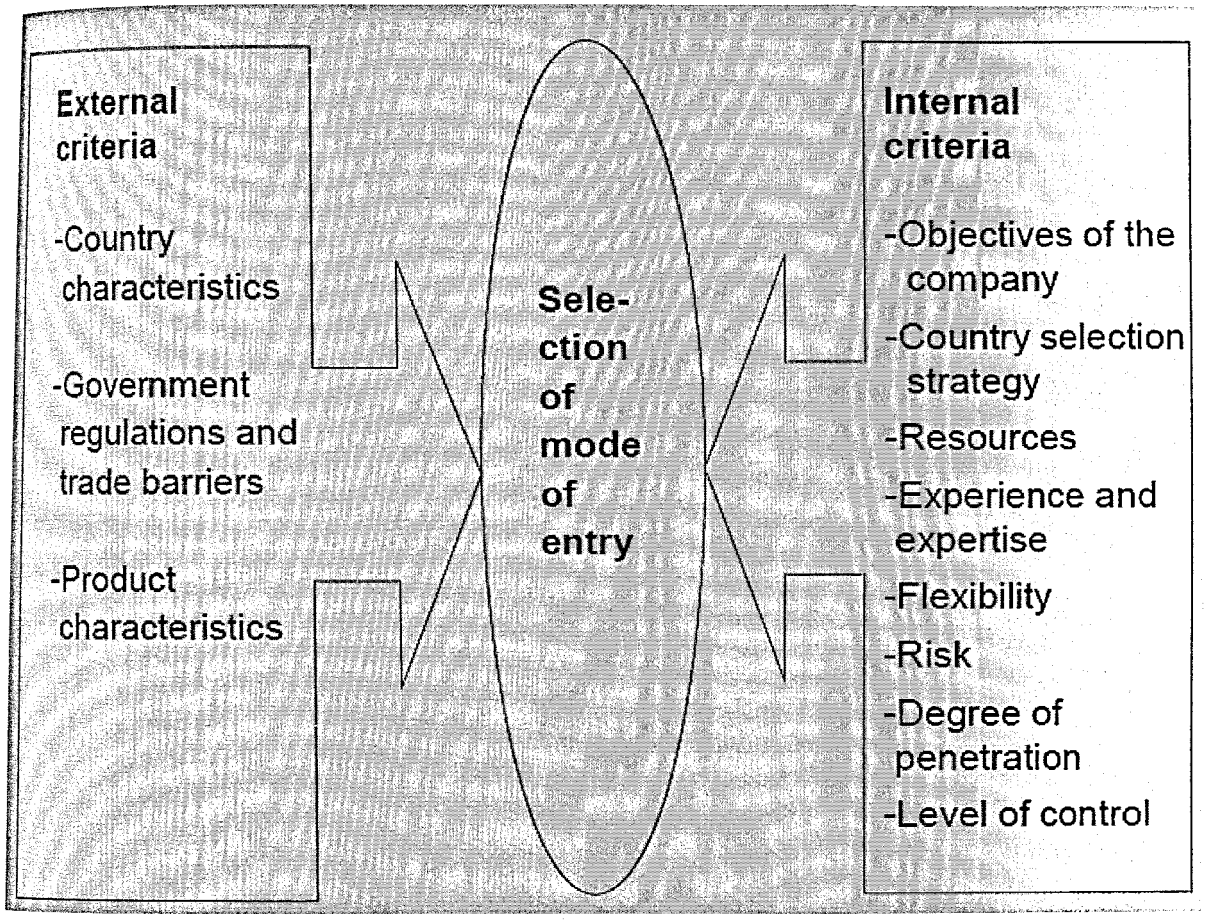
2.13.2.6 Degree of penetration - Degree of penetration by a company means the extent to which a company wants to be involved in a market, that is, for short term or long term and the extent to which it desires local responsiveness. This influences the channel of distribution the company

adapts. Deep penetration normally requires a permanent presence within the country concerned. In such a case setting up of a wholly owned subsidiary will be the best followed by strategic alliance and joint venture.

2.13.2.7 **Level of control** - The selection of a mode of entry is also influenced by the level of control the management of the company requires over the operations in the foreign market. Mode of entry with minimal resource commitment such as exporting and licensing provides very little control or no control over the development of the foreign market or even the way the products or services are marketed in the foreign market. The products may be under or overpriced resulting in the loss of sales or potential profit. Joint venture also limits the degree of management control over operations in foreign countries and can be a source of considerable conflict where the goals and objectives of partners diverge. Wholly owned subsidiaries provide the most control but entail substantial commitment of resources.

2.13.2.8 **Experience and expertise** - The experience and expertise a company gains from other foreign operations helps to identify the effectiveness of a particular mode of entry. Though there is no single way to deal with a particular situation, often insights from past experience can be applied to make a good decision. For instance, the entry mode and its consequence in another foreign market earlier can be used as a lesson to avoid similar mistakes and to reap benefits.

Figure 11: **Summarizes the criteria that influence the selection of a mode of entry by a company.**



2.14 Process of market entry

Figure 14 shows the process of market entry for a nationally active company that enters a foreign market for the first time and that of an internationally active company that expands its operation to yet another country.

The process of market entry contains a sequence of steps starting from the time when a company desires to enter a foreign market to the time it establishes its operation in the new market.

Considering the case of a nationally active company that enters a foreign market for the first time, the steps in the process of market entry will be as follows.

Step 1: The first step is the decision to explore the possibility of entering a foreign market.

Step 2: The second step is to carry out a thorough market research of the selected country and to develop a global operation strategy. The market research is to provide information about a wide set of factors pertaining to the new market. The factors generally considered for research in the new market are geography, demography, economy, political and legal set-up, technology and educational level, society and culture, basic resources, infrastructure network, government rules, regulations and trade barriers in the industry concerned to the company, production, sales and usage indicators, competition in the market, purchasing power of customers, consumer behavior, customer buying behavior, availability of substitute products, potential partners, distributors and agents. Depending upon the nature of the company's products and services, different factors could be of different importance. For example, factors such as geography and demography may hardly be of any importance for some companies while for some other companies it might be one of the determining factors for their success in the foreign market.

Step 3: As the company is going international for the first time, it has to develop a global operation strategy. The company may explicitly or implicitly choose one of the four global operations strategies discussed in section 5 depending on the pressures for local responsiveness and cost reductions, and on the amount of coordination and bureaucratic costs involved.

Step 4: The fourth step is the selection of the most appropriate mode of entry. As discussed in section 6 of this chapter, the various modes of entry into foreign market are: exporting, licensing, franchising, strategic alliance or joint venture, and setting up of a wholly owned subsidiary. Each mode of entry has advantages and disadvantages, which are discussed earlier in this chapter in

section 6. Also the level of investment and risk, and the level of ownership and control of foreign operations vary from one mode of entry to the other as shown in figure II-15. As stated in section 6, typically a company starts with the low risk/low-control option and then advances to higher level of risk and control as it gains experience and builds confidence in the new market.

Step 5: The fifth step is to adapt the corporate strategy in the event of any new development in terms of strategic business/es, target market position/s, or new investment/s as a result of the new foreign operation. However, a company may not need to adapt its corporate strategy once again if the newly developed strategic business or target market position or investment opportunity risen from the new foreign operation is already incorporated in the corporate strategy.

Step 6: The sixth step is to develop the business strategy for the new country market or to adapt the business strategy or strategies of the concerned product group or groups that the company intends to offer in the foreign market.

Step 7: The last step in the process of market entry is the decision to go or not to go in the foreign market. A company may finally decide not to enter a foreign market if its strategies eventually do not seem to be feasible, or if it senses major hurdles for operation due to change in the economy, government, regulatory authority, or industry performance of the new country market, or if the company lacks financial or personnel resources. Coming to the second case, where the company is already internationally active but is just expanding its operation to one more country, it can be seen that the process as well as the decisions are much easier though they may not be simpler. The first step is the same as in the former case; that is the decision by the company to explore the possibility of entering a new foreign market. The second step is to carry out a thorough market research of the selected country. The third step is the selection of an appropriate mode of entry. The fourth step is to develop the business strategy for the new

country market and the last step is the decision by the company to go or not to go into the new foreign market.

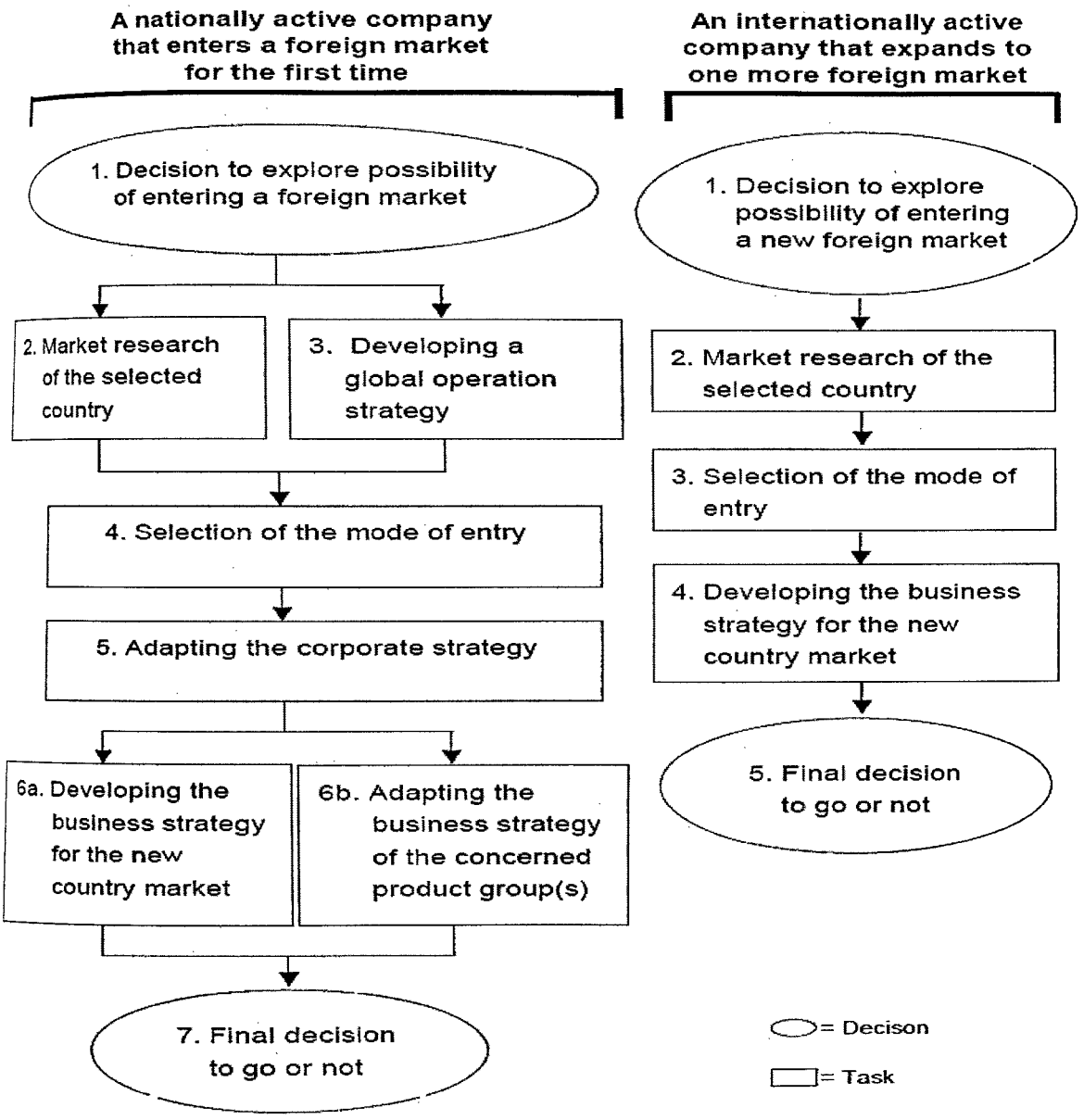
2.14.1. Criteria for a good Market Entry Strategy

The literature review and the discussions in the earlier sections 2, 3 and 5 suggest that a company can be said to follow a good market entry strategy if it respects the following criteria. First, if the market entry strategy of the company is based on the strengths that arise from its competitive advantages in its offers and resources, as discussed in section. Second, if the market entry strategy leads to the choice of a good industry segment. Third, if it avoids direct competition as described by portfolio techniques. Fourth, if the market entry strategy leads to the implementation of a clear generic strategy as described in Porter's three basic or generic competitive strategies. Last but not the least, if the market entry strategy of the company leads to the choice of a structure and control system that allows its global operation strategy to operate efficiently, which is depicted in figure No 12.

In nutshell, the market entry strategy of a company can be classified as good if it is:

- based on company's strengths,
- chooses a good industry segment,
- avoids direct competition,
- follows a clear generic strategy, and
- chooses a structure and control system that allows its global operation strategy to operate efficiently.

Figure 12: Process of Market Entry



2.15 Overview of present study determinants

Numerous research studies published in the past four decades on export marketing have shown that a large part of this research is concerned with finding the determinants of expanding export

activities (Zou and Stan,1998). According to Clark(2004), most of this research have been cited, reviewed, assessed, and synthesized in Bilkey (1978), Cavusgil and Nevin(1981a), Reid(1981), Cavusgil(1984a), Aaby and Slater(1989), Madsen(1989), Chetty and Hamilton(1993), and Leonidou and Katsikeas(1996). In addition, she found that some of the earlier and notable contributions came from British scholars such as Tookey,1964; Hunt, Froggatt, and Hovell, 1967; Simmonds and Smith, 1968; and Cunningham and Spiegel, 1971. The plethora of studies has not only provided valuable insights into the dynamics of the exporting firms but also identified many internal and external factors that have influenced firm behavior and performance in export markets (Katsikeas, Piercy and Ioannidis, 1996)

2.15.1. Internal Determinants of Export Marketing Behavior

Nguyen (2000) found that many studies (e.g.,Tookey,1964; Simpson,1973; Tesar, 1975; Reith, 1976; Withey,1980; Cavusgil and Nevin,1981a; Yaprak,1985;Burton and Schlegelmilch,1987; Christensen, Rocha, and Gertner,1987; Hook and Czinkota, 1988; Keng and Juian,1988;Calof 1993) have attempted to explain the differences between exporters and non-exporters. However, the bulk of this research has been undertaken within the context of current exporting firms, with non-exporters used only for comparison purposes (Leonidou, 1994).

Hook and Czinkota (1988) found that, while non-exporters placed greater emphasis on problems associated with initiation of export activity (such as difficulties in raising the initial investment, tariff and non-tariff barriers, and lack of information about exporting), in the case of exporters, problems mainly concerned operational issues (such as too much red tape, transport difficulties, and ill-trained personnel). The research also revealed that smaller firms tended to

perceive certain impediments (i.e., lack of information, lack of foreign contacts, etc.) as being more severe compared with larger firms.

A study by Keng and Juian(1988) arrived at similar conclusions. Namely, it appeared that non-exporters' perceived anxiety about exporting related to management inertia. This was demonstrated, for example, by their preoccupation with the domestic market and the perception that their products were not marketable overseas; whereas exporters' problems were primarily external or market-based in nature(e.g. difficulties in matching foreign competitors' prices, promoting products, and establishing distribution overseas).

Researching the relationship between international orientation and export success, Dichtl, Koeglmayr, and Muller (1990) found that, while non-exporters were more concerned with market development costs, price-related problems most concerned current exporters (both occasional and systematic). Irrespective of the firm's export status, however, all participating firms of the study stressed the existing competitive situation as a serious problem in exporting.

In addition, Barker and Kaynak (1992) found that lack of foreign contacts, high initial investment, trade barriers, lack of information about exporting, and insufficient personnel, were the most important impediments for non exporters. On the other hand, too much red tape, trade barriers, transportation difficulties, the absence of export incentives, and lack of trained personnel for export operations were the most important barriers encountered by exporters. The research studies on the difference between non-exporters and exporters represented one approach aimed at identifying what motivates some firms to engage in exporting.

They also bring to light distinguishing characteristics of firms, which export from those, which do not (Malekzadeh and Rabino,1986).

Further review and analysis of the relevant empirical studies and the theoretical literature on exporting revealed the correlation between four sets of firm-related constructs and export marketing activity of individual firms(Cavusgil,1976) . These constructs focus on (1) differential firm advantages;(2) decision-maker international orientation; (3) commitment of resources for undertaking export activity; and (4) perceived attractiveness of export marketing.

2.15.1.1 Differential Firm Advantages

Alderson(1957) introduced the concept of differential advantage into the marketing literature. "Differential advantage, according to Alderson, is important in competition because it gives a firm an edge over others in the field". Moreover, Clark(2004) found that those firms, which participate in export marketing, appear to possess some differential advantage which non-exporting firm lack. she defined differential advantage as the difference between a firm's capacity to supply products and market demand for its output. She further found that these advantages are derived from the natural nature of the firm's products, markets, technological orientation and resources. Differential firm advantages in export marketing literature indicate the unique advantages that an individual firm possesses over other firms. A number of studies have sought to describe a set of characteristics that seemed to assist a firm's involvement and subsequent performance in exporting(e.g.,Groke and Keidle,1967; 1970;Bilkey and Tesar,1979; Kirpalani & MacIntosh,1980; Aaby and Slater,1989; Karafakioglu & Harcar,1990; Katsikeas, Piercy and Ioannidis, 1996; Baldauf, Cravens. and Wagner,2000; Leonidou, Katsikeas &

Samiee,2002). According to the above reviewed literature, differential firm advantages appear to be attributable to either one or a combination of the firm's technological intensiveness, product-related advantages, and size. Clark(2004) found that these advantages, by themselves, are not sufficient to induce firms to enter into or to be excellent at export marketing. However, she further found that these advantages are important in preparing firms and in motivating management to enter into export marketing

2.15.1.1.1 Technological Intensiveness

The level of technological superiority, in general, has also been mentioned as a source of differential firm advantage for export marketing. Studies have shown a significant relationship between the intensity of technological effort exerted by an industry and the proportion of its output that is exported(Tesar, 1975; Cavusgil,1980; Cavusgil and Nevin,1981a; McGuinness & Little, 1981; Joynt,1982;Reid,1982; Cavusgil,1984a;Cavusgil,1984b;Suzman & Wortzel,1984; Cooper and Kleinschmidt,1985; Daniels and Robles,1985; Beamish and Munro,1987;Christensen et al.1987;Lefebvre, Lefebvre & Bourgault,1988; Aaby and Slater,1989; Madsen,1989; Ross,1989; Sriram, et al.,1989;Mechling, Pearce, and Busbin,1995; Moini, 1995; Wagner,1995). The mentioned studies show that firms with better than average export performance have higher levels of technological intensity. Findings of Aaby and Slater(1989) indicated that perceived technological strengths were positively related to propensity to export. Yet, Nassimbeni(2001)argued that attempts to link various aspects of technological innovation(product/process technological superiority, advanced technology, number of patents owned, etc.) to export performance have yielded contradictory results. Mechling et Beamish and Munro (1986) argued that because product-related advantages cannot

easily be copied by a competitor(s), it is an approach that can potentially lead to export positional advantage, development, and success. Closely related to product advantages are products with unique qualities, referred to in the literature as a major export stimulus(Johnston and Czinkota, 1982: Tesar and Tarleton, 1982; Kaynak and Kothari,1984; Kaynak and Kuan,1993).

However, empirical evidence on the influence of product advantage or uniqueness on export performance does not converge(Atuahene-Gima,1995). For example, Louter, Ouwerkerk, and Bakker(1991) in a study of exporting in Holland found that both product quality and uniqueness are negatively related to export profitability. On the contrary, Kleinschmidt and Cooper(1988) determined that product uniqueness or relative advantage is a significant factor in export success. Other empirical studies have also shown that successful exporters generally seek unique product attributes (Kacker,1975; Christensen et al.1987; Karafakioglu & Harcar,1990). For instance, in a survey of Turkish firms, more than 75 percent of firms were willing to export if they at least thought that they had a competitive product(Karafakioglu & Harcar,1990). Similarly, Namiki(1988) found that computer firms that use innovative strategies (technological superiority of products and new product development) were more successful in export markets than those following market differentiation and product orientation strategies.

Cavusgil (1993) and his colleagues have consistently found that when a firm is aware of its products' superiority, it is more likely to export it(Cavusgil & Nevin,1981;Cavusgil,1984b; Cavusgil & Naor,1987). In most market ventures good product quality, service, design, as well as, good product marketing help to increase success in export marketing(Tookey,1964; Cunningham and Spigel,1971; Mayer and Flynn,1973; Edmunds and Khoury,1986). Although

product adaptation was not previously mentioned, several studies have shown that product adaptation takes on a greater importance when firms begin to look abroad (Kirpalani and MacIntosh,1980;Cavusgil and Zou,1994). Product adaptation is defined in terms of the degree to which the firm's actual and augmented product elements are adapted for export markets to accommodate differences in environmental forces, consumer behavior, usage patterns, and competitive situations (Leonidou et al.2002). With regard to other indicators, most studies have indicated that product adaptation has a positive relationship with export performance. A study of American exporters by Cavusgil and Zou(1994) indicated that export performance is influenced by the degree of product adaptation. Similarly, Kaynak and Kuan's (1993) investigation revealed that high performers must adapt their products to the export market and offer wider product lines. In addition, Koh's (1991) investigation of American exporters also found that they modify their domestic product line for the export market in order to achieve a higher (perceived) profitability level than those exporters who use the same domestic product line for export markets. According to Shoham(1996), the adaptation of a number of product lines improves sales and profits margins(Lages,2000).

Despite the importance of price, Rao (1984) believes that academic research on pricing issues in marketing has been modest at best(Gaul and Lutz,1994) . In fact, Cavusgil and Nevin(1981b), Baalbaki & Malhotra(1993), Myers and Cavusgil(1996) have suggested that, as with distribution, price has received little attention in international marketing.Myers and Cavusgil(1996) have also pointed out the impact of export pricing strategies on export performance is a neglected area of research.

Leonidou's et al. (2002) examination of pricing related decisions and their potential influence on a firm's export performance attempted to fill this research gap, however, the results of their examination were mixed. Their study involved the investigation of six pricing-related areas: pricing method, pricing strategy, terms of the sale, credit policy, currency strategy, and price adaptation. The examination of the pricing method, for example, was confined to the use of a market-based pricing approach. Christensen et al.(1987) argue that the adoption of such an approach ensures changes in overseas market conditions, competitive situations, and environmental forces and increases the likelihood of export development and success. Another issue, at both the international and exporting levels that has received even less attention than price and distribution, is price adaptation/standardization. Exporters, for example, have stated that price is that part of the marketing mix that requires the most adaptation for exporting (Weinrauch and Rao, 1974). The effect of price adjustment on export performance has been widely researched. Export prices may be adjusted for a number of reasons: economic, political legal, price controls, or other environmental forces. This diversity of foreign market pricing determinants makes price adaptation necessary for firms to survive and remain competitive in host markets (Louter et al. 1991). The results of the price adjustment studies confirmed a strong positive link between this variable and both overall and individual export performance (Zou and Stan, 1998; Leonidou et al. 2002). Zou et al.'s(1997) investigation found a positive relationship between price standardization and export performance; and the interviews conducted by Das (1994), across industrial and consumer Indian exporters, also indicated that overall price adaptation influences export intensity. The results of a research study on pricing strategy indicated that the adoption of a price penetration strategy was positively associated with all aspects of performance except those related to profitability(Albaum,

Strandskov, & Duerr,1997). Also, Bilkey's(1987) investigation of American exporters indicated that export profitability increases(for industrial consumer and intermediate firms), as product prices are higher in foreign markets. Beyond price, the terms of the sale are also an important factor in international business because they detail the contractual responsibilities in export transactions. If the price quotation minimizes the liabilities and responsibilities of international customers, the terms of the sale can act as a powerful competitive tool (Koh and Robicheaux, 1988). However, the terms of the sale were not found to influence export performance in the studies that examined this variable.

A competitive credit policy was hypothesized by several studies to be conducive to successful exporting because it can enhance profits by generating a larger and better-satisfied customer base (Evangelista,1994). Similarly, Shoham's(1996) investigation advances a positive relationship between price and credit terms and export profit margins and profit growth. Thus, there is a positive relationship between credit policies and profit-based export performances. In contrast, Neale and Shipley (1985) studied the credit arrangements of exporters from the US and the UK in both industrial and consumer markets. They found that UK exporters were more likely to use a variety of credit sources and offer more generous credit terms to buyers as part of their overall marketing strategy than were US exporters. Also, they found that across their entire sample of firms, credit policies were relatively undefined and inconsistent. Such policies appear to be an underdeveloped and poorly analyzed strategic tool for exporting firms.

Furthermore, the currency strategy pursued by some firms in export transactions, i.e., whether products are priced in the exporter's home currency, its customer's currency, or a third currency

has attracted limited research interest. Available findings do not support the contention that the use of a foreign currency can have a positive financial effect on export performance. However, currency strategy was found to enhance export intensity as well as certain other performance measures denoting involvement in export markets. These results are consistent with Piercy(1981) and Samiee and Anckar(1998), who concluded that foreign currencies were used much more often by active exporters(compared to reactive exporters).

2.15.1.1.3 Firm's size

From existing research found that a further advantage facilitating export involvement and expansion may be company's size. While several variables are thought to impact export behavior, none has received as much research focus as that of firm's size(e.g.,Miesenbock,1988;Ortiz Buonafina,1990; Calof,1994; Wagner,1995). In most studies, firm's size has been regarded as a source of differential firm advantages affecting export activities. While Kaynak and Kuan(1993) argue that there is little consistency in the measurement of firm's size, Nguyen(2000) asserted that firm's size may be the single most important factor for determining the likelihood that a firm will export; and Wagner(1995) argued that the probability a firm is an exporter increases with firm's size.

Other researchers also found a positive relationship between firm's size and a firm's decision to export (Tookey,1964; Reid, 1982; Kaynak, 1985; Burton & Schlegelmilch,1987). On the whole, those empirical findings show that the larger the firm, the easier it is for it to start exporting. A larger company may find it easier to devote human and financial resources and productive capacity to exporting.

From existing research found that the most common hypothesis among many researchers (e.g., Tookey,1964; Hirsch & Lev,1971; Hirsch & Adar,1974; Daniels and Goyburo,1976; McConnell, 1979; Cavusgil and Nevin,1981a; McGuinness and Little,1981; Granier,1982;Gronhaug and Lorenzen,1982;Reid, 1982; Walters, 1985; Yaprak, 1985; Christensen et al.1987) are that larger companies have size-related advantages that enable them to more effectively engage in export. Further, Auquier(1980) who analyzed French firms, Hirsch and Adar(1974) who discussed Danish, Dutch, and Israeli firms; and Ito and Pucik(1993) who discussed Japanese firms all reported that increased size leads to increased exports because larger firms tend to have greater capabilities to search the world for new business opportunities.

However, the converse may not be true, according to Abdel-Malek(1978) found no empirical support for the hypothesis that managers of small firms were less inclined to be export-oriented than managers of larger firms. She also found that there exists a great degree of similarity with respect to managerial export-orientation, as well as, the actual export involvement of small and large firms. Perkett (1964), Snavely, Weiner, and Ulbrich(1964),Pinney (1968), Sinai (1970),Doyle and Schommer (1976),Bilkey and Tesar (1977),McGuinness and Little (1981), Diamantopoulos and Inglis (1988),and Moon and Lee(1990)". All concluded that there was no meaningful relationship between the size of the firm and managerial export-orientation. Other studies have attempted to link the size of the firm with various export aspects such as intensity, differences in export activities, and annual sales. Bonaccorsi(1992) summarized the major findings of five studies based on an extensive review of existint literature(Reid,1982;Bilkey,1987;Miesenbock,1988;Aaby and Slater,1989;

Germunden,1991),with all authors concluding that the empirical findings on the relationship between firm's size and export intensity are mixed or conflicting. Tookey(1964), Czinkota and Johnston (1983), and O'Rourke (1985) argue that export intensity (international sales/total sales) is positively correlated with firm's size. Although this appears quite plausible, support for the proposition has been less than convincing (Dean, Menguc, & Myers, 2000). Cooper and Kleinschmidt (1985) established a negative relationship between size and export intensity; while there are findings of other investigators who could not reach definite conclusions as to the relevance of firm's size. Balcome's (1986) study, for example, addressed the size of the firm and export intensity, finding no discernible relationship between size and intensity. Calof (1993), based on those results, concluded that "...in general, the Canadian-based manufacturing firm seeking to develop exports as a large part of its total sales business need not be constrained by company size." Furthermore, additional studies that have investigated the use of firm's size to identify the differences in activities of small and large firms have also produced mixed results. Czinkota and Johnston(1985) and Reid(1987) found size to make no difference in terms of exporting activities, needs, or attitudes. On the other hand, Culpan (1989) and Nakos, Brouthers, and Brouthers (1998) found that firm's size dictates differences in terms of export performance and information needs. Whereas, O'Rourke (1985) identified the existence of different exporting practices, attitudes, and problems for different size firms.

In other relevant literature, there appears to be a limited number of studies that examine the relationship between firm's size and export performance, as measured by annual sales. However, in terms of the effect of firm's size as measured by annual sales, the relationship has been shown

to be fairly straightforward. Kaynak and Kuan(1993),Naidu and Prasad(1994) and Wagner(1995) found that firm's size measured by annual sales had a strong positive impact on export sales. However, Cooper and Kleinschmidt (1985) found that firm's size when measured by annual sales is negatively correlated with its export growth. Various studies have found that firm's size, as measured by annual sales, to be either negatively or positively correlated with export growth. In a more recent review, Wolff and Pett (2000) have suggested that the results across these various studies might be conflicting or confusing because there is an important dynamic, which is related to firm's size, that might be at work. This important dynamic is the way in which small firms carry out export activities. Moreover, small firms, because they lack the broad resource base that is generally associated with larger firms, may be able to compensate for their size by their focused use of a narrow but critical set of skills. In light of these mixed findings, Cavusgil (1984b) suggested that it may be more appropriate to view size as a concomitant characteristic (associated with export activity) rather than a causative factor. Since large size usually implies greater availability, the true relationship, it seems, is not between size and export activity, but it is between various advantages, which accrue from larger size, and export behavior. In this sense, firm's size serves as a proxy for various advantages associated with size. Greater availability of physical, financial, and managerial resources are examples. While the size per se will not be a barrier for the smaller firm, several disadvantages may exist: an absence of trained middle managers, preoccupation with day-to-day operating problems, little time for long-term planning, in addition to limited financial resources. To the extent that these implicit assumptions are valid, a firm's size is still an appropriate proxy variable that can be used as a partial predictor of the firm's likelihood of exporting (Pak, 1991).

2.15.1.2 Top Management International Orientation

Perlmutter(1969) originally proposedthat top management's orientation is important in shaping a firm's international involvement. Nguyen(2000) found that the term "international orientation" was introduced by Wiedersheim-Paul, Olson, and Welch(1978) and the term has been interchangeably used with "export orientation" (Abel-Malek,1978), "foreign market orientation"(Reid,1981),"foreign orientation"(Dichtl, Leibold, & Koeglmayer,1984), and "global orientation"(Cateora and Keaveney, 1987). She further found that international orientation was regarded by Weidersheim Paul et al. (1978) as "a measure of the (decision maker's) international outlook, i.e., to what extent he perceives and considers what is happening outside his own country as interesting". March and Simon(1958) argue that due to a large behavioral component, strategic choices reflect the idiosyncrasies of decision-makers. From a behavioral perspective, the characteristics and attitudes of the top managers, or decision-makers, have been shown to have an effect on firms' performance(Crick and Jones,2000).

Miesenbock(1988); Shane Kolvereid, and Westhead(1993) have claimed that the decision maker's capacity to perceive and interpret signals from the market and the competitive environment has a fundamental bearing on the decision of whether or not to export (Nassimbeni, 2001) . Perceptions and expectations not only reflect actual situations, but also underlying attitudes(Katona, Strumpel, and Zahn,1971).

Management's specific attitudes toward exporting are another factor distinguishing between exporting and non-exporting firms (Cavusgil and Nevin, 1981a; Dichtl et al. 1990). "To succeed internationally, it appears that the senior managers may not only need an "international

orientation' to effectively identify and exploit a wider range of market opportunities, but also an attitude that may be described by various other characteristics" (Nguyen,2000).For instance, study found in some studies (i.e.,Cavusgil,1982;Barrett and Wilkinson, 1985) firms with greater international involvement were staffed with more cosmopolitan, multilingual and educated managerial personnel. Study further found that management's orientation towards exporting could be viewed as resulting from the background characteristics of the managers. In addition, she found that a number of studies (e.g.,Cavusgil,1983;Reid, 1983; Ortiz-Buonafina,1985;Axinn, 1988; Leonidou, Katsikeas, & Piercy,1998) revealed that the background of the individual (e.g.,age, type and level of education, proficiency of foreign language, international experience, and extent of foreign travel) is likely associated with the firm's participation in exporting. Clark(2004) found, in an exploratory study by Mayer and Flynn(1973),that the key elements of major decisions among a small sample of Canadian firms doing business abroad were largely made by top managers who were immigrants with foreign language experience, and a university education. According to her, these individual antecedents are likely to be associated with the exporting decision-maker's existing stock of knowledge, their attitudes, and effective preferences concerning foreign markets. "Weaver and Pak (1990) found that when compared to non-exporters, higher percentages of exporters have experiences in foreign living and foreign travel, and skills in foreign language".

2.15.1.2.1 Higher level of education

Higher level of education attained by managers has been suggested as a factor affecting export decisions. A college/university education is an important factor in export involvement (Cavusgil

and Naor,1987), but that education need not be in business(Czinkota and Ursic,1991) Furthermore, some scholars have hypothesized that better educated decision makers are more likely to be open-minded, interested in foreign affairs, more "cosmopolitan," and more willing to deal with foreigners than less educated managers(McConnell,1979;Garnier,1982; Reid,1983; Axinn,1988) Others have claimed that higher-level education is vital for success in overseas operations, since it enhances management knowledge and capabilities(Schlegelmilch,1986). As a managerial factor, high-level education has received particular empirical attention in the extant literature. Several studies have established a positive relationship between the educational level of the manager and the export propensity of the firm (Mayer and Flynn,1973; Simpson and Kujawa,1974; Reid,1983;Axinn,1988). Similarly, other studies have concluded that managers of exporting firms are more educated than those in non-exporting organizations(Daniels and Goyburo,1976; Garnier,1982; Schlegelmilch,1986; Cheong and Chong,1988; Keng and Jiuan,1988; Dichtl et al.,1990; Holzmuller and Kasper,1990).

2.15.1.2.2 Foreign travel

According several researchers(e.g.,Simmonds and Smith(1968), Garnier(1982),Wood(1982), Angelmar and Pras(1984), Dichtl et al.(1984), Kaynak and Kothari(1984), and Karafakioglu (1986) found foreign travel to be a significant variable related to export activity. By traveling abroad, managers are more likely to learn about foreign business practices, meet prospective customers, and identify market opportunities(Da Roche, Christensen, and da Cunha,1990). As a result, the number and duration of trips abroad by a manager has been suggested as one of the variables distinguishing exporting firms from their non-exporting counterparts. "Based on the initial export involvement as an innovation, Simmonds and Smith (1968) found that decision-

makers who innovated by initiating exporting tend to be widely traveled and show a lack of concern about conducting business across national boundaries". Also, Schlegelmilch and Ross(1987) confirmed a positive relationship of foreign travel and a company's ability to initiate exports. Other studies have not only established a positive link between foreign travel and export expansion (Barrett and Wilkinson,1985), but have also shown that frequent travels to the export markets positively influence success in exporting(Tookey,1964; Cunningham and Spigel, 1971; Stening & McDougal,1975; Langston and Teas,1976; Khan, 1978; Tesar and Tarleton,1982).

2.15.1.2.3 Age

Age of the decision-maker is an equally important variable. Managerial age has been proposed as a predictor of differences between exporting and non-exporting firms, on the assumption that younger managers tend to be more internationally minded and cosmopolitan than older managers(McConnell,1979; Brooks and Rosson,1982; Ogram,1982; Dichtl et al.1990) .Moreover, younger managers were not only assumed to play a more active role in expanding export business (Jaffe et al.1988; Moon and Lee,1990), but they also tend to be more innovative and act as "change agents"(Burton and Schlegelmilch, 1987) For instance, one study concluded that young managers are more likely to influence export activity during the initial, rather than advanced stages of internationalization (Cavusgil, 1982).

Furthermore, it has been posited that the age of the decision- maker is inversely related to the percentage of corporate sales from abroad, on the grounds that the younger the manager the greater the potential to exploit export possibilities (Ursic and Czinkota, 1989) In contrast, it

has been suggested that firms with older managers tend to take fewer risks and be less willing to be innovative and expand internationally(Aaby and Slater,1989).

Although Kaynak and Kuan (1993) found that firms with older managers tended to have higher export performances, research conclusions on the age variable and export performance by other authors seem to diverge. For example, some studies have verified that there is a positive correlation between the age of the manager and export performance (Welch and Wiedersheim-Paul,1980; Abbas and Swiercz, 1991). However, the Kirpalani and MacIntosh(1980) and Uric and Czinkota(1984) studies confirmed a negative correlation of age and export performance, while the studies of Ong and Pearson(1982) and Reid(1982) failed to come up with any correlation between age and export performance.

2.15.1.2.4 Foreign language skills

The significance of the decision-maker's linguistic ability has generated considerable discussion among exporting researchers. Decision-makers who are proficient in one or more foreign languages are seen as more open to the global environment, and thus are more likely to engage in export activity than those who are not(Burton & Schlegelmilch,1987;Cavusgil and Naor,1987; Dichtl et al.1990; Czinkota and Uric, 1991). Moreover, managers who are able to speak foreign languages have been found to be more willing to conduct business with foreigners(Diamantopoulos and Inglis,1988;Dichtl et al.1990; Holzmuller and Kasper,1990).

Foreign language knowledge not only makes personal and business contact with foreigners possible but also makes it so that certain relationships of trust can develop; it can allow the

decision-maker to better understand the business practices of a foreign country, improve his or her abilities to successfully negotiate with foreigners (Enderwick and Akookie,1994), and facilitate effective planning and control in overseas markets(Cunningham and Spigel,1971; Schlegelmilch and Ross,1987; Uric and Czinkota,1989). Also, research has shown that firms, which lack foreign language skills are very likely to lose overseas business opportunities(Reeves,1990)

Therefore, firms that have decision-makers that speak foreign languages are expected to have higher export performance than firms that have monolingual managers(Turnbull and Welham, 1985; Dichtl et al.1990; Swift,1991; Kaynak and Kuan,1993; Enderwick and Akoorie,1994).Only one study failed to find differences between systematic and nonsystematic exporters based on their ability to understand foreign languages (Bourantas and Halikias, 1991)

2.15.1.2.5 Experiential knowledge

From existing research found that experiential knowledge of senior managers as evidenced by years of overseas business experience may have a more significant influence on eventual levels of company internationalization than objective(formally taught) knowledge and skills. Managerial experience abroad is defined as the amount of experience that a manager has accumulated in an international context. Roth (1992) posits that mere exposure to the international arena is not sufficient for development of a deep understanding. Rather, managers are more likely to develop a deeper understanding when they have been posted in other countries or are required to spend considerable time overseas than domestic managers who are only responsible for overseas functions. Professional experience of the managers, in terms of

previous occupations, technical expertise, or product knowledge, has been associated with exporting. This is particularly true when professional experience was attained in an international setting, through involvement, for example, in multinational corporations international organizations, or military service(Garnier,1982).

There have been a number of studies addressing managerial experience that tended to focus on whether or not managers of the firm had lived or worked abroad. Generally, the results of these studies showed that companies are more likely to export when managers have lived or worked abroad(e.g.,Bilkey,1978). Dichtl et al.(1990), for example, studied small-and medium-sized firms from Finland, Japan, India, South Korea, and West Germany to investigate determinants of export success. In their investigation, they used the amount of time spent abroad in the form of foreign assignments as a proxy to international orientation. Their results showed that firms with managers who had more international business experience were more successful exporters. These results were also consistent with Stuart and Abetti's (1990) findings that the entrepreneur's international business experience and the managerial level were the most significant factors affecting early performance of new export ventures. In another example,

Axinn (1988) identified a positive relationship between overseas business experience and export performance in a manufacturing context, which has been supported in subsequent studies (Schlegelmilch and Ross,1987; Uric and Czinkota,1989; Dichtl et al.1990; Edvarsson, Edvinsson, and Nystrom1993). In addition, the experience gained through a foreign assignment not only "...promotes higher levels of global orientation but also reduces concerns about psychic distance" (Nguyen, 2000, p.28). Psychic distance is that perceived cultural, political and

language differences, which tends to inhibit market expansion(Johanson and Wiedersheim-Paul,1975; Johanson and Vahlne,1977)

Several studies have also considered the impact of the top manager's business exposure to foreign markets on a firm's internationalization behavior(e.g., Simmonds and Smith,1968; Mayer and Flynn,1973; Simpson and Kujawa,1974; Brooks and Rosson,1982; Garnier,1982; Ogram,1982; Angelmar and Pras,1984; Karafakioglu,1986; Tung and Miller,1990). Tung and Miller (1990) have argued that international experience of top management is essential to the formulation and implementation of international strategies. Also, Almeida and Bloodgood (1996) found that managers' international experience was associated with the extent of internationalization of new ventures (Harveston, Kedia, and Davis,2000). In a similar vein, Fischer and Reuber(1996) studied the determinants of internationalization and found that top management team's level of international business experience is associated with how early a firm becomes engaged in internationalization. Clark.J(2004) found that managers with greater international business experience can be expected to have developed better international networks, product-market knowledge and skills to effectively enter and penetrate overseas markets. Also, she found that some researchers (i.e.,Wiedersheim-Paul et al.1978) have suggested that a high level of management quality and dynamism, as expressed in terms of business capabilities, technical skills,expertise, and planning orientation, is not only more common among exporting firms than non-exporting firms, but also they are the most important factors behind the firm's export market activity decision. Furthermore, not only internationally experienced managers be more likely to engage in exporting, but more than likely their

performance will also be better because they possess broader market knowledge than do inexperienced managers (Axinn, 1988; Dichtl et al. 1990).

2.15.1.3 Commitment of Resources to Undertaking Export Activity

Loustarinen (1979), Gundlach, Achrol, and Mentzer (1995), have described commitment as a multi-dimensional construct that is comprised of instrumental, psychological, attitudinal, and temporal components. Organizational commitment to export marketing, on the other hand, is defined in terms of the amount of the firm's time, personnel and top management resources that are devoted to export activities. Many researchers have asserted that interest and commitment among the top management level is a critical determinant in carrying out the export marketing function (e.g., Hunt et al.1967; Cunningham & Spigel,1971; Weinrauch & Rao,1974). In addition, other researchers strongly agree that commitment is essential for the success of the firm's process of internationalization (Johanson and Vahlne,1977; Norwell, Andrus, and Cogumalla,1995). Madsen(1994), for example, argues that top management commitment has been seen as critical to successful business performance in foreign markets, particularly during the early stages of internationalization (Leonidou et al.1998). Commitment to the market, even in the early stages of internationalization, is important because it relates to the activities of the firm that can restrict its freedom of action. It" represents a further dynamic force in the overall internationalization process" (Luostarinen & Welch, 1990), and "it is an essential ingredient for successful long-term relationships"(Gundlach et al.1995). Market commitment may also involve reciprocal or shared obligations and might not involve resources solely, but also attitudes, psychological obligations and intention of decision-makers and the relationship between firms(Lamb and Liesch,2002). The decision-maker's level of commitment

has been related to the decision to export, particularly since most tasks carried out in international business will be relatively new to the firm (Cavusgil and Nevin, 1981a). Because many tasks associated with export marketing are new to the firm, Clark.J(2004) found that involvement in export marketing requires additional financial and human resources. She also found that some of these tasks are:

- Gathering and assessing foreign market information,
- Hiring and training addition staff,
- Learning about export tasks such as documentation and export financing,
- Visiting foreign markets,
- Formulating basic policies toward export marketing,
- Producing and marketing planning in foreign markets.

The importance of `management commitment' has not only been recognized by many researchers (e.g., Simmonds and Smith, 1968; Meidan,1975; Keegan, 1984; Johnston and Czinkota, 1985; Aaby and Slater,1989; AMC/McKinsey,1993), but has also been considered extremely important for the success of the overall export strategy of a firm(Axinn,1988; Koh,1991; Cavusgil and Kirpalani,1993; Ogbuehi and Longfellow,1994). Clearly, if management does not believe in the importance of international sales, chances are that adequate support will not be provided and in turn, the internationalization drive will not succeed. Alternatively, if firm decision-makers strongly support the international activities of the firm, export performance should be enhanced (Dichtl et al.1990;Louter et al.1991). Katsikeas, Deng, and Wortzel(1997), for example, found that firms characterized by low levels of commitment to exporting paid less attention to the

maintenance of sound exporting capabilities. Furthermore, all studies on management commitment conclude that there is a positive relationship between management commitment and the propensity to export(Bilkey, and Tesar, 1979; Kirpalani and MacIntosh,1980; Gronhaug and Lorenzen,1982; Rosson and Ford,1982;Cavusgil,1984b; Bello and Barksdale,1986; Cavusgil, Sullivan and Bauerschmidt,1987; Welch and Luostarinen,1988).

Modification of marketing mix variables has also been addressed in terms of organizational commitment to export marketing. Many studies have looked into the need for modification of the marketing mix variables. For example, study found that over half of the exporters indicate a need for modifying marketing mix variables regarding pricing, channel of distribution, product, packaging, and promotion.

2.15.1.4 Perceived Attractiveness of Export Marketing

An additional factor, which also originates from the decision-makers in the organization, relates to their perception of how attractive exporting is for their firm. A number of researchers have argued that even the abstract idea of exporting must be attractive to its management before the firm will initiate exporting(Simpson, 1973). Furthermore, export related management perception such as perceived attractiveness in exporting is frequently cited as a determinant of export performance(Cavusgil,1984a & 1984b; Bauerschmidt et al.1985; Axinn,1988; Moon & Lee, 1990). Nguyen(2000) found that management's perception toward intra-firm and extra-firm environment - financial incentives, competition, market potential, distribution, delivery and service, government incentives, risk, and profit - appear to be one of the most important firm determinants of market entry mode choice, level of company internationalization, and/or

performance. Perceptions in this context relate to managers' level of awareness and concerns about external environmental influences, particularly international market opportunities and threats. Those firms in which managers perceive "international markets as an opportunity and a challenge rather than an undesirable burden" will be more likely to continue their efforts to internationalize (Abbas and Sweircz,1991).

Further, exporters not only perceive that international markets offer larger opportunities than domestic markets but they also tend to perceive distribution, service, domestic supply problems, and costs as lesser obstacles to export than non-exporters(Brady and Bearden,1979; McConnell,1979;Rabino,1980; Kaynak and Stevenson,1982; Rosson and Ford,1982; Cooper and Kleinschmidt, 1985;Bello and Barksdale,1986;Sullivan and Bauerschmidt,1987;Diamantopoulos and Inglis,1988; and Gottko and McMahon, 1988). In addition, some researchers indicate that management's predisposition to internationalization positively influences the firm to actually engage in exporting(Cavusgil and Nevin,1981a;Dichtl et al.1990)

It is reasonable to assume that many firms initiate exporting in anticipation of profit. In fact, previous research suggests that on the whole exporters perceive higher export profit potential (Simpson and Kujawa,1974; Daniels and Goyburo, 1976; McConnell,1979; Withey,1980; Cavusgil and Nevin, 1981a; Piercy, 1981; Ogram, 1982; Tesar and Tarleton,1982; Czinkota and Johnston, 1983; Cavusgil,1984b). Further, management's perception of profit from exporting has been identified as a significant motivator to initiating the process of exporting(Bilkey & Tesar,1977; Wiedersheism-Paul et al.1978; Bilkey,1982; Dichtl et al.,1984; Koh and Robicheau, 1988; and Koh,1991). Kedia and Chhokar(1986b) carry this even further

by suggesting that managerial attitudes regarding exporting profits go a long way toward determining the exporting performance of manufacturers. This is understandable in that those highly motivated toward export profitability are likely to devote more resources toward these efforts. In addition to profit, managerial perceptions of the risk of exporting and cost also appear to have an important bearing on the export behavior of the firm. Simpson & Kujawa(1974);Tesar & Tarleton(1982); and Kedia & Chhokar(1985)examined managerial perceptions of risk and they found that the perception of the risk of pursuing export marketing was important in determining the firm's export orientation. In fact, the studies of Bauerschmidt, Sullivan, and Gillespie (1985) and Axinn(1988) determined that negative perceptions about risk were substantial barriers to export. Researcher further found that expectations reflect the decision maker's present knowledge, as well as their perceptions of future events. She also found that some studies (e.g.Cavusgil et al.1979) have linked export-marketing activities to top management's expectations of the effects of exporting on business goals such as profits, growth, or development of markets. The results of the studies indicated that these managers were found to have a more positive expectation towards exporting (Hunt et al. 1967; Dichtl et al. 1984).

2.15.2 External Determinants of Export Marketing Behavior

The existence of internal determinants is a necessary, but not a sufficient condition to examine reasons for beginning to export. It is plausible that external determinants can also serve to identify why a firm makes the initial decision to export. The external environment is that part of the marketing system external to the firm. Hence, the environmental context is neither directly controlling nor directly controlled by the firm. The external environment generally affects organizations by making resources available or by withholding them. Studies related to export marketing behavior stress that some characteristics external to the firm play a part equally

important to internal ones in a firm's initial export decision. Firms that want to participate in exporting need to be sensitive to the following two broad types of environments: domestic market environment and foreign market environment. The environmental conditions of the domestic market and foreign market(s) can be either incentives for or obstacles in a firm's initial decision to export(Pak,1991).

2.15.2.1 Domestic Market Environment

Nguyen (2000) found that extensive domestic marketing experience may be an additional advantage, which facilitates the export start. Furthermore, she found that before its debut as an exporter, the firm may have to undergo domestic market expansion, that is, development into additional regions of its home market, in the process of acquiring useful experience for later export activity. In addition, home country specific factors such as local competition, government export assistance, and procedural/technical complexity could impact the export behavior of individual firms.

2.15.2.1.1. Competition in the domestic market

Competition in the domestic market includes factors such as competitive rivalry, size of markets, and diminishing growth opportunities. Hostile environments, such as intense competition, serve as a threat to small firm viability and performance(Covin and Slevin,1989). Some studies contend that increasing competition in the domestic market conveys a sense of need for the firm to minimize its vulnerability to the competitive threats through international diversification and to influence the dynamics of industry rivalry through international opportunism (Wiedersheim-Paul et al.1978; Piercy,1981; Kaynak & Kothari,1984). Intense

competition from domestic firms as well as foreign firms also lessens the growth opportunities in domestic markets. Accordingly, it might be expected that successful firms, which operate in intensely competitive environments, will gear their competitive efforts to the prevailing conditions by aggressively trying to gain or maintain a competitive advantage through exports. In a study of European Forest Products Industry, Sullivan and Bauerschmidt (1987), for example, found that diminishing domestic opportunities were important factors relating to high export initiation. Export activity is often conducted especially in response to environmental changes, such as declining and/or saturated demand in the home market (Czinkota & Uric, 1983; Kaynak et al. 1987).

Market size is also a key external factor in the export decision process. Rabino (1980), in a study of high-technology firms, identified large markets as one of the important barriers to exporting for small firms. He argues that the large U.S. market provides all the necessary demand for the small firm's product, thus weakening incentives to search for new markets. However, the small technology-based firms, in general, have become increasingly global in recent years because the volume of technological diffusion (Bettis and Hitt, 1995) in the domestic markets is no longer sufficient to support competitive levels of R&D spending (Kobrin, 1991).

Furthermore, in another study of high-technology firms, Roberts and Senturia (1996) found that firms that aggressively and proactively pursue overseas markets achieve higher degrees of export intensity. It seems that not only have sales and profit potential for technology-based firms been reduced in the domestic market, but also the excessive international

rivalry in this type of industry has made it indispensable for some firms to adopt international perspectives and strategies (Karagozglu and Lindell, 1998).

2.15.2.1.2 Government assistance programs

The growth of state trade initiatives and export assistance programs in the United States and india alone during the last decades has been staggering. As the largest producers of external information, states' as well as the U.S. federal government's role in providing local firms with information necessary to enhance their global competitiveness and performance is no longer taken for granted. Almost all developed and most developing countries have either strengthened their commitment to export marketing assistance programs or have developed full-fledged programs to enhance the export activityof firms located within their jurisdiction.

According to Kesper (2000), the mechanisms used for small business support in Indiainvolve institutional and regulatory reforms. Ntsika Enterprise Promotion Agency and Khula Finance Limited, for example, have been established to act as intermediaries to address small, medium and micro enterprises (SMMEs) constraints such as access to finance and information. In addition, India Department of Trade and Industry, not only provides assistance to partially compensate exporters for costs incurred in developing export markets for India products and services, but also other programs such as Primary Export Market Research, Sector Specific Assistance, Outward Selling Trade Missions, and Exporter Training Development are available under the Export Marketing and Investment Assistance scheme. Broadly, export marketing assistance programs refer to all public measures designed to assist firms' exporting activity,

ranging from counseling, tax incentives, and export financing to attending trade shows, and developing sales leads (Genctuck and Kotabe,2001). Kotabe and Czinkota (1992) have suggested that assistance usually comprises(1) export service programs, such as seminars for potential exporters, export counseling, how-to-export handbooks, and export financing, and (2) market development programs, such as dissemination of sales leads to local firms, participation in trade shows, preparation of market analysis, and export newsletters.

In the India, the export marketing assistance programs that are developed by some states may make sense because these programs are intended to assist and inform non-exporters. However, the few studies that are available do not provide clear guidance with respect to either the utility or the importance of export marketing programs (Kedia and Chhokar, 1986a). For instance, from his study of Georgia firms, Ogram (1982) found that more exporters than non-exporters had utilized support services offered by the Department of Commerce and other service organizations, such as banks and freight forwarders. Further, most of the non-exporters who were unaware of the Department of Commerce programs or other types of assistance did express interest in knowing about them. Although many non-exporters may have been interested in the assistance provided by the DGFT and Department of Commerce, some researchers reported that there was still some skepticism about the effectiveness of state export assistance because small firms tend to make limited use of government programs (Reid 1984; O'Rourke 1985; Samiee and Walter 1990). Tesar and Tarleton (1982), for example, replicated Tesar's(1975) original Wisconsin study with a new sample from Virginia and examined the factors influencing the initiation of export operations. The Virginia sample reconfirmed Tesar's (1975) finding that the U.S. Department of Commerce and the state

government's export expansion efforts had little, if any, impact on the initiation of export among non-exporters. In addition, Brady and Gill (1981) examined the attitudes of executives of small manufacturing firms in Alabama, Georgia, and Mississippi. They found that government assistance was the object of serious criticism. In particular, criticism was leveled against the assistance offered by the U.S. Department of Commerce (DOC) with both direct and indirect exporting methods. Exporters felt less dissatisfied than non-users with the DOC's help through direct methods than through indirect methods. Even the U.S. government seemed to be dissatisfied with the export promotion efforts of some of its agencies. In November 1991 testimony before the House Committee on Small Business Subcommittee on Exports, Tax Policy, and Special Problems, the Small Business Administration (SBA) reported that it had utilized part of its export promotion program to target companies that have never exported, or those it calls "incipient exporters." However, the General Accounting Office (GAO) found that the SBA had made no systematic attempt to identify the needs of "incipient exporters" or to determine which of their needs the SBA could best fulfill (US GAO,1992) . While it can be said that many of the studies are now dated and do not reflect changes and improvements in services that have occurred since the mid-1980s(Cavusgil,1990; Elvey,1990; Crick,1995), very little can be said conclusively about the effectiveness of export promotion (Seringhaus and Rosson,1990). Also, foreign exchange rate policy can either stimulate or hinder the initial decision to export. A favorable change in the currency exchange rate is desirable to encourage individual firms to initiate export activities (Pak, 1991). Varying the foreign exchange rate of domestic currency is often viewed to be one of the most powerful instruments of trade policy. The reasoning is that when the foreign exchange value of the currency declines, exports become less expensive and exporters receive more domestic currency for each unit of foreign currency

exchanged. From the viewpoint of U.S. export managers, a high value for the U.S. dollar relative to foreign currency is the most important barrier affecting international trade(Bauerschmidt et al.1985) Conversely, Europeanmanagers responded that a decline in the value of currency relative to foreign markets is an important incentive underlying export activity (Sullivan & Bauerschmidt, 1987).

2.15.2.1.3 Procedural/technical complexity

Procedural /technical complexity is also likely to affect export behavior. Clark.J(2004) found that procedural complexity could arise from many factors such as documentation, red tape, and shipping procedures. In addition, she found that the greater the complexity perceived by managers, the lower the percent of sales from export; or, the lower the perceived complexity of exporting, the greater the export performance of the firm. Nguyen also found that this proposition has been empirically supported by Axinn(1988) who identified a negative relationship between perceived complexity in paperwork and the percentage of sales a firm obtains by exporting. Also, "Yaprak(1985) revealed that too much red tape required by the government is cited as the most significant problem by large portions of exporters".

2.15.2.2 Foreign Market Environment

While there is consensus on the impact of the domestic conditions on the export behavior, it is also suggested that foreign market conditions be examined to understand the initial decision to export. When the factors in the foreign markets are perceived as obstacles, exporting does not take place. On the other hand, when they are perceived as providing opportunities, exporting is regarded as a way of obtaining profits. The factors in the foreign market that are relevant to

initial export decisions include the perceived competitiveness and size of market. These factors are important, as pointed out by Ross(1989), because in foreign markets major competitors are indigenous to the market and thus have the added advantage of probably being well known among distribution channel members and customers. Generally, intense competition in foreign markets from foreign firms or local firms is a major deterrent to an individual firm's export initiation. In contrast, "Madsen (1989) found that foreign markets with little competition and high growth offer more favorable market conditions and thus contribute to successful export performance" (Nguyen, 2000, p.37). Problems of competition and market size will be dependent upon the nature of the product. Thus for any single foreign market some firms may perceive growth opportunities and others may identify an adequate market potential to be unattainable. There are other factors related to the foreign market, which are largely related to the country to which exports are targeted. These factors include tariff and non-tariff barriers and physical and psychological distance. Government constraints may take the form of tariffs and non-tariffs.

Managerial perceptions of physical and psychological distance may also have some effect. Physical distance is "...the sum of factors preventing the flows of information from and to the market" (Johanson & Vahlne, 1977) Examples of psychological factors include differences in language, business practices, and in the level of economic development. While close proximity to foreign markets can be an incentive to initiate export involvement (Sullivan & Bauerschmidt,1987), psychological distance is regarded as a barrier to export initiation(Rabino,1980). As observed by Rabino, psychological distance usually stems from the

lack of exposure to other cultures. Pak(1991) found that the ignorance of other cultures and languages reduces looking "outward" for marketing opportunities overseas.

2.16 Export Decision Making Models

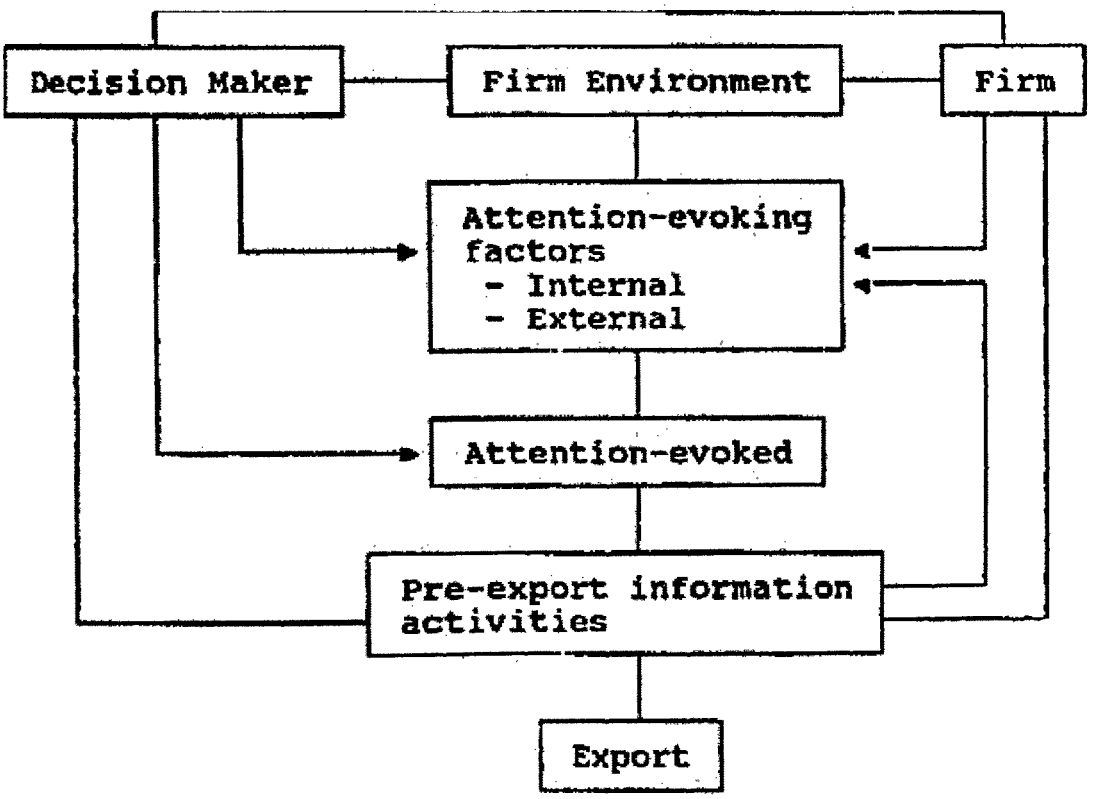
Export behavior is determined through a sequential process rather than by a one-shot decision. To date only a few studies have attempted to develop an export decision-making process model (Nguyen, 2000). These models are reviewed below.

2.16.1 A Pre-Export Behavior Model

Wiedersheim-Paul et al.(1978) model stressed the role of firm's pre-export activities in its export initiation. The model, which is shown in Figure 15, emphasized the interactions of four major groups of variables: attention-evoking factors, the decision maker's and the firm's characteristics, and the firm's environment. Attention evoking factors are those factors or influences, which cause an individual firm to consider exporting as a possible strategy. Decision maker characteristics include the decision maker's value system, work experience, and perception of risk and uncertainty associated with moving into exporting. Among several characteristics of a firm, four factors are selected as important characteristics that could have an effect on the pre-export activity: goals of the firm, type of product line, history of the firm, and degree of extra-regional expansion. Finally, the location of the firm in the domestic market is regarded as a single environmental factor. The location of the firm is important in the pre-export behavior of the firm because it is related to information flows as well as transport costs. "Basically, the model stresses the importance of the firm's history and the transmission of ideas from other firms in different stages of expansion"(Wiedersheim-Paul et al.1978,p.56). Wiedersheim-Paul et al.

model postulates the relevance of variables, such as degree of decision-maker's international orientation, history, perception of risk, and risk tolerance. Nguyen discovered that the complete lack of an indication as to how to operationalize these central components of the model needs to be overcome. In this sense, the model still needs to be tested empirically and the functional relations among the variables used need to be explained.

Figure 13: Pre-Export Behaviour Model

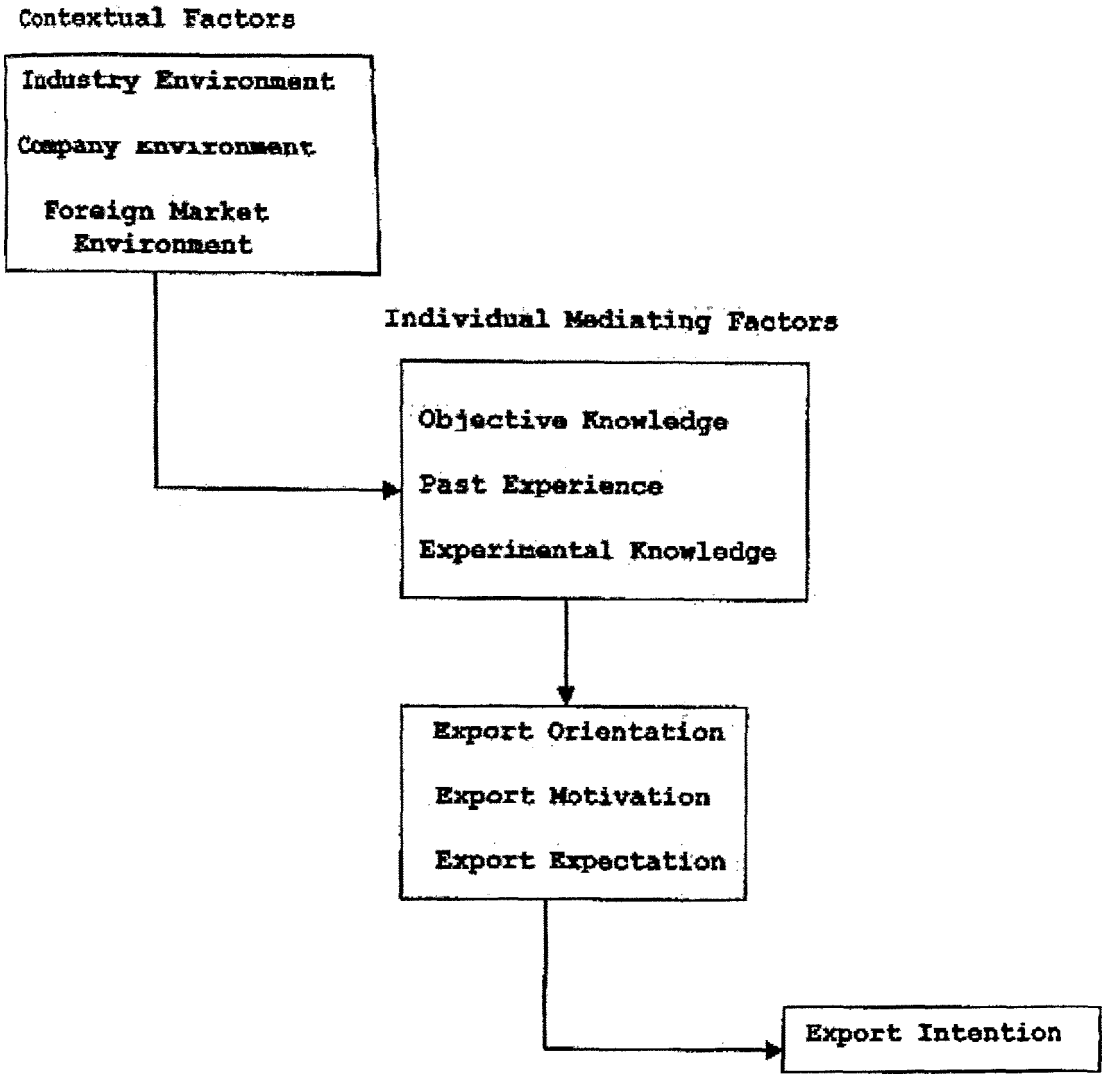


Source: Wiedersheim Paul(1978),"Pre-Export Activity: The First Step in Internationalization," Journal of International Business Studies, 9(1), 47-58

2.16.2 A Behavioral Approach to Export Decision Making

Reid's(1980) Export Decision-making Model focused on the role of the decision maker's characteristics. According Reid's export-related variables were categorized into three groups: (1) contextual factors such as the industry, company, and foreign market environment; (2) individual mediating factors, which consisted of two levels of variables: the first level consisted of the decision maker's past experiences, his objective and experimental knowledge; the second level consisted of the decision maker's export orientation, motivation to export, and export expectations; (3) the decision maker's intention to export, which served as the dependent variable. These variables and their interactions are presented in Figure16. Furthermore, Reid(1980) viewed the nature of the export decision as an innovation-adoption process. She also found that the model's emphasis lies on the final phase of the export decision, which simply systemizes the relevant factors from the angle of diffusion theory. Thereby, even at this conceptual level, the facet stressed by Reid (i.e., the interaction of firm and decision maker characteristics) did not come out properly Additionally, Nguyen found that Reid did not fully discuss the impact of the environmental factors (i.e.,industry, company, and foreign market environment) on the export decision. Nevertheless, Nguyen(2000) further found that Reid's(1980) study seems worthy of mention, because it provides a survey of the empirical research undertaken which relates the influence of decision maker characteristics to the decision to enter foreign markets. It also brings forth that the impact of export incentives to react in the desired way is a function of managerial knowledge, attitudes, and motivation.

Figure 14: Reid Export Behaviour Model



Source: Reid, Stan D.(1980), "A Behavioral Approach to Export Decision-Making," in Marketing in the 80's: Changes and Challenges, Richard P. Bagozzi et al., eds. Chicago: American Marketing Association, 265-268.

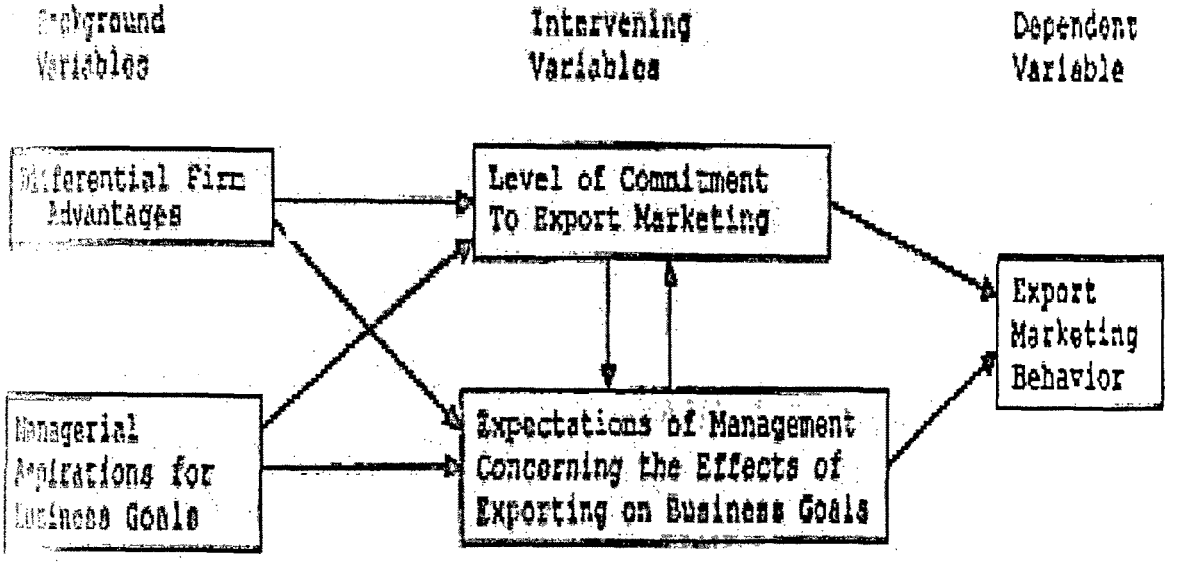
2.16.3 A Causal Model of Export Behavior

Cavusgil and Nevin, (1981a) proposed an export decision model, which included four major explanatory variables and their interactions. They created two groups of variables: "background

variables" such as differential firm advantages over competitors and managerial aspirations for business goals; second, "intervening variables" such as management expectation regarding the effects of exporting upon the firm's business performance and level of the firm's commitment to export marketing. The proposed causal model of export behavior is shown in Figure 17.

In this model, differential firm advantages were derived from the nature of the firm's products, markets, technological orientation, and resources. These unique advantages serve as "attention evokers," which were emphasized in the model of Wiedersheim-Paul et al. (1978) Managerial aspirations for business goals were identified as strength of managerial aspirations for various business goals, such as profits, growth, security of investment, and security of markets. Expectation of management about the effects of exporting on business goals was reflected by the decision maker's present knowledge, as well as their perceptions of future events. Level of organizational commitment to export marketing was identified as the final group of determinants. Cavusgil and Nevin (1981a) stressed that a general willingness among the decision makers to contribute adequate resources to export related activities is critical because many tasks in conducting the export marketing function involve a commitment of financial and managerial resource. Under the proposed causal relationships, both groups of "background variables" were supposed to affect the "intervening variables." Then, both groups of "intervening variables" were to interact directly with the dependent variable, export marketing behavior. Nguyen (2000) found that when Ross (1989) discussed the Cavusgil and Nevin model, he completely ignored environmental and market factors that may be critical to the firm's export behavior. However, the model remains a useful addition to the literature because it provided some insight into the internal determinants of the firm's export marketing behavior.

Figure 15: **A Causal Model of Export Behaviour**



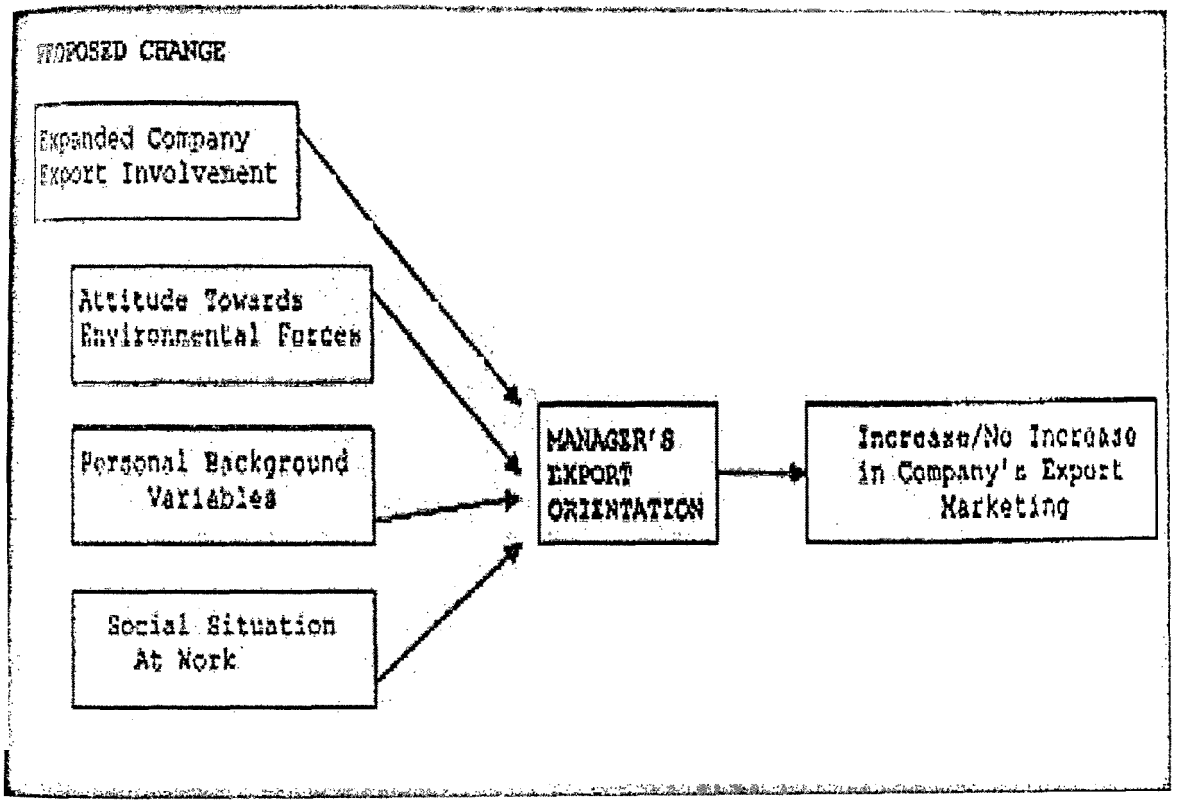
Source: Cavusgil and Nevin (1981a): Causal Model of Export Behaviour

2.16.4 An Export Orientation Model

Kolhede (1984) proposed an export orientation model in which the export orientation, or attitudes of the managers in small firms, play a role as an intervening variable in explaining these decision-makers' response to the proposed change of expanding their export marketing activity. Attitude, as defined by Rewoldt, Scott, and Warshaw (1977), is "the predisposition of the individual to evaluate some symbol or object or aspect of his world in a favorable or unfavorable manner." Whereas, Talaat Abdel-Malek (1978) defined "export orientation" as the degree to which management appears willing and feels able to mobilize resources to initiate or expand the firm's involvement in export markets. Export orientation is a particular instance of attitude (Kolhede,1984).

As depicted in Figure 18, the model not only shows the proposed change in attitude toward expanding the company's involvement in export marketing activity but also three causal elements (personal background variables, social situation at work, and attitude toward environment forces), which cause one's attitude toward change and the manager's (decision-maker's) response to either increase or not increase the company's export marketing. Personal background variables may include people's social experiences away from work, their biological processes, and other variables such as formal education, work experience, and foreign language proficiency. Social situation at work, which is another element, reflects the fact that a person is a member of a group rather than an isolated individual. Consequently, group patterns, codes and norms influence the attitudes of the individual. That is, a manager would presumably tend to assume a positive export orientation if the export orientation among colleagues in the firm were also positive. Further, environmental forces include: an inducement to the firm's expanded exporting (e.g., increased competitiveness of the firm's domestic target market), obstacles to the small firm's exporting (e.g., complexity of export documentation), and the level of the firm's possession of various resources that may be essential for exporting (e.g., financial capital and foreign market information sources). Nguyen(2000) found that a major shortcoming of Kolhede's model is that its only focus is the manager's export orientation, or attitude, to export marketing. While the model is a useful addition to the body of literature, it is not convenient for deriving the determinants of the firm's export performance.

Figure 16: Kolhede Export Orientation Model



Source: Kolhede (1984)

2.17 Chapter Summary

Both the theoretical and empirical literature on small business export marketing behavior was reviewed in this chapter. The literature on the firm's export behavior was discussed in two sections: literature related to the firm's internal determinants and literature related to the firm's external determinants and this was followed by a discussion of the export marketing models.

A major point of focus of the firm's internal dimension was that differential firm advantages indicated the unique advantages that an individual firm possesses over other firms, such as technological intensiveness, product-related advantages, and firm's size; to succeed internationally, it appears that the senior managers may not only need an international orientation," but also they may need various other characteristics, such as being highly educated, multilingual, well traveled, and lived overseas for a number of years. Clearly, "the export process is a function of management's commitment of resources and perceived attractiveness of export. Madsen(1994), for example, argues that top management commitment has been seen as critical to successful business performance in foreign markets, particularly during the early stages of internationalization. Whether a manager would be keen about exporting depended upon his perception about the risks and rewards related to export-related activity and his view of the firm's competitive position with respect to other firms.

The literature related to the firm's external determinants can also serve to identify why a firm makes the initial decision to export. The external environment generally affects organizations by making resources available or withholding them. Firms that want to participate in exporting need to be sensitive to the following two broad types of environments: domestic market environment

and foreign market environment. Extensive domestic marketing experience and home country specific factors such as local competition, government export assistance, and procedural/technical complexity could impact the export behavior of individual firms. In the export marketing model discussion, some similar and dissimilar viewpoints in each model are reviewed. The Pre-Export Behavior model of Wiedersheim-Paul, et al.(1978) emphasized the interaction of four major groups of variables: attention-evoking factors, the decision-maker's and the firm's characteristics, and the firm's environment. Reid's(1980) export decision-making model categorized export-related variables into three groups: (1) contextual factors, (2) individual mediating factors, and (3) the decision-maker's intention to export. In Cavusgil and Nevin(1981a) model, two groups of variables were created: "background variables" and "intervening variables." The Export Orientation model by Kolhede (1984) focused on the export orientation or attitudes of the managers in small firms and the role that attitude plays as an intervening variable in explaining whether or not to expand their export marketing activity .

The model used in this study was an adaptation of the model presented by various literature to build alternate model of export market entry decision making for the Indian small and medium sized selected industries. The model, as depicted in the next chapter, shows the general relationship between top management, organization,environment, attractiveness of exporting, organizational commitment to exporting, and the export decision dimensions.

CHAPTER 3:

RESEARCH METHODOLOGY

CHAPTER 3

3.0 RESEARCH METHODOLOGY

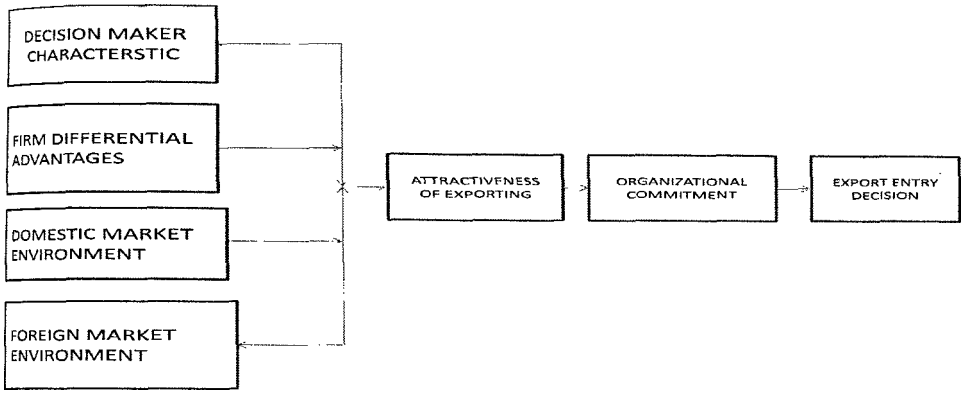
This chapter discusses a proposed model of the export market entry decision making of existing exporting firms. It also discusses a definition of export performance and the operationalization of independent variables and the dependent variable. This is followed by a discussion of a number of research hypotheses developed from the export market entry decision making model shown in this chapter. The research methods used in the study, the data collection, the measures of variables, and the statistical methods used are also discussed in this chapter.

3.1 Proposed Model

The determinants used in this study were an adaptation and derived from existing studies presented in reviewed literature. Also, the literature reviewed in the previous chapter suggests that the decision-makers positive attitude toward exporting is a primary determinant of a firm engaging in export market activity. Author proposed that the decision-makers perception, attitude, or expectation is considered a key variable in existing reviewed model, which is referred by Reid's (1980) model. Reid also suggested that although structural and contextual characteristics influence the potential for entering foreign markets, the decision-makers experience and motivation, are important determinants in export decision-making. That is, the ongoing export market entry decision is dependent upon management's perception of foreign markets, expectations concerning these markets, and perception of the firm's capability of entering these markets. Pak's (1991) export decision model of existing exporting firms integrated and extended the work of Wiedersheim-Paul et al.(1978) and Cavusgil and Nevin (1981a). The

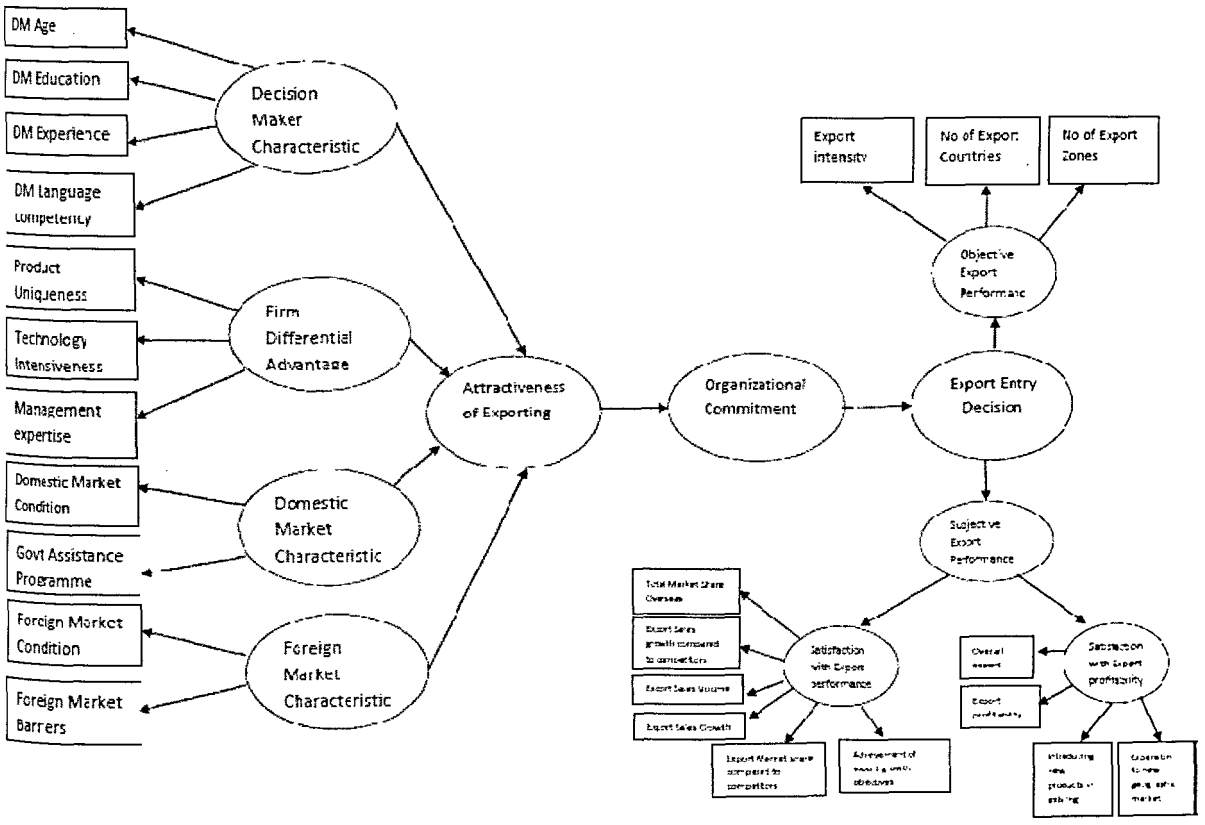
literature on export marketing behavior suggests several factors as likely determinants of the firm's ongoing export market entry decision. He also found that each factor could be categorized under a sequential process of export decision-making. As emphasized by behavioral approaches, the major determining point, which has had an impact on the export decision-making, is the decision-makers perception about the attractiveness of exporting. Existing literature found that the attractiveness of exporting is influenced by several background variables, such as decision-maker characteristics,(i.e. top management's international orientation), organizational characteristics, (i.e.,differential firm advantages), domestic market environment, and foreign market environment. This affected attractiveness of export marketing influences organizational commitment to exporting in which modification of marketing strategy is considered. The organizational commitment to export marketing finally, influences the ongoing export decision(Pak,1991). This export decision process is represented in Figure No 17. Figure No 18 depicts detail and the general relationship between top management, organization, environment, attractiveness of exporting organizational commitment to exporting and export dimensions, and specifies the principal components of each dimension. This model attempts to integrate internal and external factors in the export decision process of existing exporting firms. Special attention was given to external factors including external environments in domestic and foreign markets, which has been overlooked in previous studies

Figure 17: **Export Market Entry Decision Making Conceptual Model**



Source: Author Estimation

Figure 18: **Detail Conceptual model of Export Market Entry Decision Making.**



Source: Author Estimation

3.2 Export Market Entry Decision Making Performance Defined

Review of literature on export performance indicated that there is no consensus on export performance and how best it is to be measured. She also found that several researchers(e.g.,Tookey 1964; Cooper, Hartley and Harvey, 1970;Ayal,1982;Ross,1982) attempting to operationalize export performance have depended upon objective measures and excluded all possible subjective measures.

"When Tookey (1964) investigated the factors associated with success in exporting, he measured success or attainment in exporting in terms of the percentage of total sales going abroad" (Nguyen,2000, p.51). Hunt, Froggatt and Hovell(1967) used similar measures when. They assessed that the most widely used criteria to judge export performance were the proportion of a firm's total sales that was exported.

Ross(1982) formulated five criteria to guide the adoption of an operational measure for export performance. She found that Ross's measure should accomplish all of the following:

1. Represent the relative export performance of the firm as a percentage of market share;
2. Be seen as intuitively measurable and useful to management;
3. Be seen as useful to policy makers;
4. Be relatively easy to obtain; and
5. Facilitate comparison with past research.

Furthermore, Nguyen (2000) found that export sales included all direct sales made outside of national boundaries. She included in this definition of export sales are finished goods and component parts. Also, Clark found that indirect exports, or products sold to other firms for inclusion into their export products, were excluded. "Thus, export profitability was a measure of the profits derived from direct sales made outside of national boundaries. This definition of export sales used in this study is consistent with that proposed and used by Ross (1982) and Rogers (1987).

3.3 Operationalization of Independent Variables

Chapter II identified the groups of variables as potentially correlated to a firm's exporting activity, it was desirable to derive operational measures representing these items. The operational measures used to reflect each of the constructs in research model were divided into seven dimensions with multiple items representing some of the dimensions. A total of 14 variables were specified for the seven dimensions. The constructs are assumed to be measured by indicant variables. The observable indicators for each construct should be operationalized into multi-item scales as recommended by Peter (1979). Further, the seven dimensions of Pak's research model were based upon the following hypothesized dimensions:

3.3.1 Differential Firm Advantages

Differential firm advantages were composed of three constructs. According to study, the first of the three constructs dealt with technology intensiveness of the firm (TECH), which was operationally measured by the perception of technological advantage over other firms in the industry. She also found that the second construct dealt with product uniqueness (PROD), and

that the final construct was management expertise (MGT), which was designed to tap the possession of employees who have specific skills in export procedures and export marketing strategy(Nguyen,2000).

3.3.2 Top Management International Orientation

Study found that objective managerial characteristics were used to categorize this dimension. In this study, the top management international orientation dimension is specified as four constructs: age (AGE), level of education(EDU), frequency of foreign travel(TRAV), and foreign language competence (LANG)(Nguyen,2000).

3.3.3 Domestic Market Environment

Study further found that two variables, adverse domestic market conditions (DCOND) and government export assistance(ASST), were used to measure domestic market environment. She also found that items used for measuring this variable were derived from Abdel-Malek (1978) and modified to suit the purpose of this study. "Government export assistance is seen as a measure of helpfulness of government policy and programs in conducting export activities" (Nguyen,2000,p.54).

3.3.4 Foreign Market Environment

Furthermore, study also found that two constructs, foreign market conditions (FCOND) and market barriers (BARR) were used to measure the foreign market environment. Nguyen observed that the foreign market construct was designed to measure the competitive situation for

the firm's product in potential foreign markets and the construct for market barriers were designed to assess the constraints imposed in foreign markets(Nguyen,2000).

3.3.5 Attractiveness of Exporting

Study found that several researchers (e.g.,Cavusgil et al.,1979; Cavusgil and Naor,1987; and Axinn,1988) operationally defined the measure of attractiveness of exporting (ATTR). This construct measured the respondent's perception of how helpful exporting is for his/her firm.

3.3.6 Organizational Commitment to Export Market Entry decision making

In addition, Clark(2004) also found that the studies of Weinrauch and Rao(1974),Cavusgil and Nevin (1981a), and Cavusgil and Kaynak(1982) were used to operationally define organizational commitment(COMT) to export marketing. This construct was designed to assess the respondent's degree of willingness to modify marketing mix variables to take advantage of export opportunities. Specifically, the items included top management's willingness to make modification in product design, pricing, advertising, and etc.

The independent variables used in the regression analyses related to the managerial, firm differential advantage and environmental export performance determinants are instrumented as displayed in Table 19 while the export performance measurement is presented in the next section

Table 19 : Variable Measurement

Variable	Measurement	Related Measurement previously used
Decision Maker Characteristics(4 items)	The Manager assessed his/her own ability regarding 4 points on a 5 Point Likert scale:	
Age	assessed based on age group he belong; 1=less than 25, 5=55 or more	Pak, J.M.(1991), Nguyen H T(2000), czinkota and Ursic (1991) Lauranen (2000)
Education	last grade or year in school which he completes; 1= Primary, 5=Doctorates or higher	Saurez-Orrega and Alama Vera (2005)
Foreign Travel experience	how often normally travelled; 1= Never, 5=more than 10 times	Gray (1997),
Language skills	Number of foreign languages spoken; 1=not known, 5 =more than 6 foreign languages known	Theodosiou and Leonidou (2003), White et al (1998)
Firm Diffrential Advantage(3 items)	The extent to which the manager agreeds with 8 statements regarding export activity,according to his/her own assessment on a 5 point Likert scale:	
Product Uniqueness	Assessed based on Product quality, Longest waranty/service policy and custom designed for each client is among the highest in the industry; 1= Low Product Uniqueness, 5=High Product Uniqueness	Pak, J.M.(1991), Gray (1997), Katsikeas et al (1996) Suarex-Orrega and Alamo Vera (2005
Technological Intensiveness	Technology of our product is superior, Production technique/equipment used in manufacturing our product are among the most advanced in the industry; 1=Low intensiveness, 5=High technology intensiveness	Pak, J.M.(1991), Nguyen H T(2000), Gray (1997), Katsikeas et al (1996) Suarex-Orrega and Alamo Vera (2005
Management Expertise	Our managers are among the very best at developing marketing strategy and Our managers are among the most knowledgeable about the international export procedure; 1=low expertise, 5=High expertise	Pak, J.M.(1991), Nguyen H T(2000), Gray (1997), Katsikeas et al (1996) Suarex-Orrega and Alamo Vera (2005
Moderating Factors(2 items)		
Export Market Attractiveness	The extent to which the manager agreeds with 4 statements regarding export activity,according to his/her own assessment on a 5 point Likert scale: Assessed based on increased sales, Growth opportunities, Risk involved and Diversifying the potential markets; 1=Total disagreement, 5=Total agreement	Pak, J.M.(1991), Nguyen H T(2000), Gray (1997), Katsikeas et al (1996) Suarex-Orrega and Alamo Vera (2005
Organizational Commitment	The extent to which the manager agreeds with 7 statements regarding export activity,according to his/her own assessment on a 5 point Likert scale: Assessed based on separate Export Department, Strategic planning of the export activities, Research activities on the overseas markets,Research activities on the overseas markets, Regular export market visits, Our firm is likely to continue the current level of export sales and Our firm is likely to introduce new products into foreign market; 1=Total disagreement, 5=Total agreement	Katsikeas et al. (1996), Lado et al (2004)
Environmental Factors (2 items)		
Domestic Market Environmental Factors	The extent to which the manager agreeds with 5 statements regarding domestic market environment,according to his/her own assessment on a 5 point Likert scale:	
Domestic Govt export assitance	assessed based on Government export training programs have helped as export, Government agencies are able to supply the information necessary to identify and develop international markets, Government financial services have been helpful to firms involved in exporting and Government trade shows are helpful in developing foreign markets ; 1=Bad, 5=Very Good	Pak, J.M.(1991), Nguyen H T(2000), Katsikeas et al (1996)

Domestic market unfriendly/domestic government obstacles/domestic market saturation	Existing government regulations/restrictions are major obstacles for exporting, Existing documentation required by government is complicated and excessive;1=Bad, 5=Very Good	Katsikeas et al (1996)
Foreign Market Environmental Factors(2 items)	The extent to which the manager agreeds with 8 statements regarding domestic market environment,according to his/her own assessment on a 5 point Likert scale:	
Foreign market condition	Assessed based on Cultural environment in foreign markets, language speaking ability of an international customer, Political stability in foreign markets, Geographical distance from the Indian market and Multiple channels of distribution in foreign markets;1=Bad, 5=Very Good	Pak, J.M.(1991), Nguyen H T(2000), Theodosiou and Leonidou (2003), White et al (1998)
Foreign policy barriersforeign macro-environmental barriers/foreign market cultural barriers	Level of economic development in foreign markets, Foreign government exchange rate policy and Foreign government regulations and restrictions on imports (i.e., tariffs and non-tariffs barriers); 1=Bad, 5=Very Good	Theodosiou and Leonidou (2003), White et al (1998)

3.3.7 Export Market Entry Decision

Another issue of increasing interest in the international business literature, which has received to date, almost no research attention, is concerned with the possible influence of certain dimensions of export market entry decision making on other export performance dimensions. Katsikeas et al. (2000) state that while numerous studies used multiple measures of export performance, none explored trade-off interactions among different export performance dimensions and more specifically no effort has been made to examine the potential link between objective and subjective export performance modes of assessment. Later on, two studies investigating export market-oriented behaviour have observed that certain export performance indicators may act as antecedents to other export performance indicators: export efficiency performance is reported to have an impact on export sales performance, which in turn influences export profit performance (Cadogan, Sundqvist, Salminen, & Puumalainen, 2002) while export growth performance seemed to have an influence on export profit performance (Cadogan, Cui, & Li, 2003). Recent contributions call for further research on the potential relationship existing between different export performance dimensions/assessment modes (Diamantopoulos & Kakkos, 2007). Thus, in

order to contribute to the development of the international business literature, we respond to the previously mentioned calls for further research by investigating the potential relationship established between export performance assessed objectively and export performance measured subjectively. Following Evangelista (1994), the subjective measure of export performance (managerial satisfaction with export performance) is influenced by the objective export result. Moreover, the author states that any positive or negative deviations would point to a higher or lower satisfaction level, respectively.

Study found that the construct Export market entry decision (EXPT) was measured using the four-item scale developed by Reid(1983) and was modified to suit the purpose of this study by taking consideration of both objective export performance and subjective export performance. The items were developed to tap the firm's desire to enter new foreign markets, to continue export activities, to introduce new products, and to increase export sales.

Research on export market entry decision making performance has grown considerably during the past decades (Sousa et al., 2004). However, no uniform definition of export performance is provided by the literature (Cavusgil & Zou, 1994) other than while overall performance refers to the total outcomes from all firm's activities, including its domestic market (Papadopoulos & Martı´n Martı´n, 2010), export performance represents the outcome of a firm's activities in export markets (Katsikeas et al., 2000; Shoham, 1996). There is now extensive agreement that both overall performance and export performance, the construct analysed in this study, are multidimensional (Chiao, Yang, & Yu, 2006; Hult, Cavusgil, Deligonul, Kiyak, & Langerstro¨m, 2007; Hult et al., 2008; Knight, 2000; Sledge, 2007; Sousa, 2004; Thoumrungroje & Tansuhaj, 2007) and they are generally thought to consist of an economic dimension, which refers to financial indicators of performance, and a strategic one, meaning the extent to which the firm's objectives are achieved. Nevertheless, in spite of the development of several measurement scales

(Lages & Lages, 2004; Zou, Taylor & Osland, 1998), there is yet no full consensus on how to measure export performance (Katsikeas et al., 2000; Sousa, 2004).

On the other hand, international business scholars concur that the objective and subjective measures are complementary in nature and it is advisable to make use of both in an interrelated way in order to provide a more comprehensive picture of export performance (Cavusgil & Zou, 1994; Dimitratos et al., 2004; Katsikeas et al., 2000; Shoham, 1998; Shoham et al., 2002; Sousa, 2004; Wheeler et al., 2008). Precisely, this is the approach of this paper and part of the value added of the current research: to consider at the same time the two sides of the dependent variable export performance (the objective and the subjective ones), and demonstrate the connection among them.

As far as this study is concerned, from the objective perspective,wechose to rely on export intensity as well as the export market geographical coverage. Export intensity is, by far, the most common export performance measure in empirical research (Katsikeas et al., 2000; Lages & Lages, 2004; Leonidou, Katsikeas, & Samiee, 2002; Sousa, 2004) and it was measured as the ratio of exports to total sales in 2007. For assessing export market geographical coverage two distinct variables were used: the total number of export countries in which the firm is active and the number of export zones entered by the SME. The number of export countries/markets served by a firm shows its success in reaching the international community and has been another dominant measure of firm's export performance (Katsikeas et al., 2000; Samiee & Walters 1990; White et al., 1998). For measuring the latter variable, which shows the diversity of export coverage, seven major export zones have been considered: (a) the EuropeanUnion, (b) the rest of Europe, (c) North America (USA and Canada), (d) Latin America, (e) Africa, (f) Asia and (g) Australia and Oceania. A similar zone division pattern was previously utilised in another study of identifying exporting regions by companies by Lado et al. (2004). This measure is relevant for reflecting SMEs' export performance as it shows the diversity of export coverage, particularly

for the case of Indian smaller companies, as traditionally they tend to focus their major export efforts on one geographical zone, namely the Asia, America and European Union.

From a subjective point of view, decision maker satisfaction with export performance was analysed. For selecting the items included in this construct several scales of prior studies were considered (Albaum & Tse, 2001; Cadogan et al., 2002; Dhanaraj & Beamish, 2003; Lages & Montgomery, 2004; Shoham, 1998; Wilkinson & Brouthers, 2006; Zou et al., 1998). More precisely, respondents were asked to self-evaluate, on a five-point Likert scale (''very unsatisfied'' = 1; ''very satisfied'' = 5), their satisfaction with the following items: (i) Total Market share overseas, (ii) the export sales growth as compared to the competitors (local and international), (iii–iv) the export sales volume and growth, (v) the total market share overseas/in the main market/s as compared to competitors, (vi) the achievement of export objectives, (vii) overall export profitability, (viii) the introduction of new product in existing market, (ix) the profitability of the overseas activities and (x) the expansion to new geographical markets. As specified in the questionnaire, the concept of main export market/s referred to those foreign markets (1 as low –5 as maximum) which accounted for at least 25% of the firm's total export value. As shown in Figure 19 & 20, a path diagram of the full causal model summarizes export market entry model of export decision.

3.4 Research Hypotheses

Specific hypotheses based on the study model are derived from empirical findings and conceptual discussions in the export marketing literature.

3.4.1 Top Management International Orientation

There is a lack of agreement among scholars regarding what constitutes the managerial factor in determining exporting and what specific export dimensions are influenced by managers (Leonidou, Katsikeas, & Piercy, 1998). However, certain managerial characteristics such as those related to the international outlook of the decision maker as well as perceptions regarding export stimuli and barriers have generally been acknowledged as shedding light on export performance.

Manager's discernment, preferences, capabilities and errors significantly influence the course of action followed by a company and its results. His/her vision and integration skills are crucial for analysing firm's competitive arena and the trajectory of its future evolution (Zahra, Sapienza, & Davidsson, 2006). Moreover, as emphasised by the RBV, decision maker's skills and knowledge may be the most important asset for the SMEs' international activity, often acting as a substitute for the potential scarcity in resources specific to smaller firms (Boter & Holmquist, 1996; Hutchinson et al., 2006; Lautanen, 2000; Lloyd-Reason & Mughan, 2002; Manolova et al., 2002; Peng, 2001). The international outlook of the decision maker is related to characteristics such as previous international experience, foreign language skills, time spent abroad and his age.

Drawing on previous international experience managers are able to benefit from already existing international business networks, to develop knowledge of opportunities for expansion into new international markets, to employ certain routines from previous employments that facilitate the establishment and operation of new offices, to manage relationships and activities in new

environments, to improve the ability of dealing with foreign markets and customers (Czinkota & Ursic, 1991; Gray, 1997).

Pak(1991) discovered that there is a growing realization that the decision-maker's state of predisposition or attitude is an essential determinant of behavior in many contexts. According to Clark, J(2004) whether a firm goes into exporting intending to stay or merely as a temporal expedient depends entirely upon the decision-maker's attitude.

Moreover, Pak(1991) found that Wiedersheim-Paul and Olson(1978) suggested that a generalized attitude toward export activities might be a specific construct, which is important in distinguishing the decision-makers approach to foreign markets. Further, he found that Wiedersheim-Paul and Olson defined international orientation as the extent to which the decision-maker perceives and considers what is happening outside his own country as interesting.

Similarly, Clark, J(2004) found that a number of studies (e.g., Hunt et al., 1967;Cunningham and Spigel 1971; Reid, 1981; Cavusgil, 1984a; Dichtl et al., 1984) have indicated that objective managerial characteristics-- such as age, level and type of education, frequency of foreign travel, and ability to speak a foreign language -- are likely to be associated with the international orientation of the decision-maker. This study proposed that the international orientation of the decision-maker affects the decision-maker's perception of the attractiveness of export market entry decision making for his/her firm. Thus, a high international orientation will direct the decision-maker to a more favorable state of mind toward exporting and will make it likely that

information concerning export market entry decision activities is accepted more confidently. Within this context, the following hypothesis is proposed:

H1: The decision maker characteristics positively influences the attractiveness of export market entry decision making.

H1: Top management international orientation in terms of (H1.1) Age, (H1.2) Level of Education, (H1.3) Frequency of foreign travel, and (H1.4) Foreign language competence is related positively to the attractiveness of export market entry decision making.

3.4.2 Differential Firm Advantages

Drawing on the RBV insight, the organisational resource base determines firm's export performance. Several researchers (i.e.,Cavusgil and Nevin,1981) have examined the effect of the decision-maker's perception of the firm's differential advantages on the firm's export marketing decision. They found that these advantages primarily stem from the uniqueness of products, technology and resources, and include such things as competitively priced products, technologically superior products, and technological intensiveness of the firm's production.

Pak (1991) argued that at least four conditions must be satisfied by a firm in conducting export decision-making. These are:(1) availability of sufficient information;(2) the existence of a favorable attitude toward exporting;(3) the availability of the foreign entry possibility; and,(4) the possession of the economic means to support exporting as a means of entry. He further observed that the last two conditions are actually assessed by differential firm advantages

because they are related to resource-based strength, which can be used to obtain fundamental requirements of export marketing.

Several researchers (i.e.,Cavusgil and Nevin,1981a) have examined the effect of the decision-maker's perception of the firm's differential advantages on the firm's export marketing decision. They found that these advantages primarily stem from the uniqueness of products, technology and resources, and include such things as competitively priced products, technologically superior products, and technological intensiveness of the firm's production.

Author found that another source of differential firm advantage for successful marketing involves the quality of management. He also found that studies that examined the quality of management have generally compared the effectiveness or excellence of personnel in exporting and non-exporting firms in performing a variety of management and business functions. Pak further found that marketing mix strategic areas such as product planning, financial administration, production, and purchasing represent these functions. The following hypothesis can be made about the relationship between a firm's unique advantages and export market entry decision making performance.

H 2:The firm differential advantage positively influences the attractiveness of export market entry decision making.

H2.1: The relationship between differential advantage in technology intensiveness and attractiveness of export market entry decision making is positive.

H2.2: The relationship between differential advantage in product uniqueness and attractiveness of export market entry decision making is positive.

H2.3: The relationship between differential advantage in management expertise and attractiveness of export market entry decision making is positive.

3.4.3 Domestic Market Environment

Export performance may also be influenced by several environmental factors. Despite their relevance for export activity these factors have received rather limited research attention in the international business literature (Katsikeas et al., 2000; Zou & Stan, 1998) hence, revealing a pressing need for more empirical investigations on this topic. Provided the domestic market is limited in size, firms would benefit from operating on the larger international market (Aw, Chung, & Roberts, 2000). Prior studies suggest that vigorous competition on the domestic market (Namiki, 1988; Seyoum, 2004) together with maturing domestic markets, or limited home market opportunities (Namiki, 1988) may determine firms to focus their attention mainly on the overseas markets. Study found that the domestic market environment encourages or inhibits an individual firm to continue or expand export activity. Also, she found that exporting firms react to a changing domestic environment and can be expected to shift their relative emphasis in promoting foreign trade.

In Zeithaml & Valarie's (1984) study, Clark, J(2004) found that when environmental changes threatened the current stability of the firm, the manager strives to redefine the product and market context within which the firm operates, rather than merely choosing a strategy within a given environment. In the export marketing context, environmental changes in the domestic market conditions creates a need for international diversification with an expectation of new opportunities in foreign markets.

Pak (1991) found that adverse market conditions are attributed to the intense competition in the domestic market from domestic as well as foreign competitors. He further found that this competition results in demand decline and insufficient growth opportunities. Also, insufficient growth and increasing competition at home may motivate attempts to export.

In addition to adverse market conditions, it is recognized that government assistance influences exporting. Study found that some of the major deterrents for expansion of small and-medium sized Indian small and medium sized firms into the foreign markets have been the lack of information, foreign contacts, promotional facilities, knowledge of documentation and procedures and the resultant fear of the unknown. Thus, the development of some assistance programs could provide a motivational boost to decision-makers in small and medium-sized exporting firms.

In general, adverse domestic market conditions and government export assistance stimulate the decision-maker in existing exporting firms to continue export activities or to turn attention to new foreign markets. In this sense, the following hypotheses are presented.

H3: The domestic market environment factors positively influences export market entry decision making in the Export market.

H3.1: Adverse domestic market conditions are related positively to attractiveness of export market entry decision making.

H3.2: Export assistance provided by domestic government is related positively to attractiveness of export market entry decision making.

3.4.4 Foreign Market Environment

The overall market environment of a foreign country is an important factor that should be assessed before deciding to continue or expand export activities. For example, Pak(1991) found that a country burdened with economic problems might lack stability and become vulnerable to political radicalism. Pak further found that a burgeoning economy usually stimulate business activity and offer new opportunities. Thus, he found that a careful review of market environment in foreign countries is a prerequisite for a decision about ongoing export involvement. Additionally, Pak found that the drive to export could be aroused by the decision-maker's awareness of foreign market conditions. He discovered that the more favorable the conditions of foreign markets, the more likely the decision maker in existing exporting firms will be reinforced to consider exporting as an attractive step.

Moreover, Pak (1991) found that market barriers serve to erect significant obstacles to existing exporters. Also, he found that these barriers include tariff and nontariff trade barriers, cultural differences, currency restraints, poor infrastructure, and political uncertainty. On one hand, market barriers imposed by importing countries deter decision-makers in existing exporting firms from entering new foreign markets. On the other hand, if the decision-maker perceives fewer problems with market barriers, the firm is more likely to continue export activities and expand to new foreign markets.

Favorable market conditions and fewer perceived market barriers in foreign markets will induce the existing exporting firm to consider exporting as an attractive step contributing to the growth of the firm. Therefore it is hypothesized that:

H4: The Foreign market environment factors positively influences export market entry decision making in the Export market

H4.1: There is a positive relationship between favorable foreign market conditions and attractiveness of export market entry decision making.

H4.2: There is a positive relationship between market barriers in foreign markets and attractiveness of export market entry decision making.

H5: The level of export attractiveness, organizational commitment have a positive impact on export market entry decision making.

3.4.5 Attractiveness of Export Market Entry

Management's expectations about exporting reflect the decision-makers' present knowledge as well as their perceptions of future events. Clark, J(2004) found that the decision-maker's perceptions of how attractive exporting is for the firm affect the level of organizational commitment to export marketing.

Jain (1989) found that foreign markets associated with exporting are new to the firm and thus require some sort of strategic marketing modification in order to cater to the unique situation in each foreign market. Pak(1991) found that modification in marketing strategy may be related to altering market mix variables and hiring and training additional staff responsible for export operations. Study also found that it is predicted that the greater the expectations concerning the effects of exporting on firm goals such as profits, growth or development of markets, the more likely sufficient time and financial efforts will be allocated to modify marketing strategy.

The firm will be increasingly committed to the export related activities like modification of marketing strategy under conditions of increasing attractiveness of exporting regarding its contribution to the firm. This discussion suggest the following hypothesis:

H5.1: Attractiveness of exporting is related positively to organizational commitment to export market entry decision making.

3.4.6 Organizational Commitment to Export Marketing

The amount of time and other resources which management expends on export marketing defines the organizational commitment to export marketing. Clark, J(2004) found that many studies (e.g., Kirpalani and MacIntosh,1980;Rosson and Ford,1982; Cavusgil,1984b; Bello andBarksdale,1986) indicate that there is a positive relationship between organizational commitment to export marketing and the export decision. According to these studies, in firms where management is willing to explore international markets and to consider the feasibility of exporting, propensity to continue or expand exports is higher than in firms without the willingness to commit resources to export. Thus, it is expected that the commitment of managers in terms of resource allocation for exporting influence the export decision. The preceding discussion suggests the following final hypothesis:

H5.2: The relationship between the levels of organizational commitment to export marketing and export market entry decision making is positive.

3.5 Sample Design

3.5.1 Universe of study

The study is a cross sectional field study using data from a sample of Indian small and medium sized manufacturing firms (see Table 20). The CMIE, Crisil database, fundoodata.com and Indian-exporters.com constituents form the universe of the study. The reasoning for the selection of cross sectional method is because it involved a sample of manufacturing firms. Clark, J(2004) found a similar approach was followed in a number of studies(e.g., Bilkey and Tesar,1977; Cavusgil and Nevin,1981; Ross,1982; Kolhede, 1984; Bodur and Cavusgil, 1985; Rogers,1987; Pak,1991) dealing with the export behavior of firms. Moreover, she found that this approach had the advantage of allowing for the testing of theoretical relationships in a variety of settings.

In order to empirically test our model quantitative data was collected through an online web survey addressed to the decision maker in charge of the export activity in Indian SMEs. The structured questionnaire used for the survey, was first pre-tested by academics and four Indian SME export managers. In this way we assured its comprehensibility as well as verified which of the export performance determinants and measures highlighted by the international business literature were relevant in the specific context of this research. It is equally important mentioning that the interviews with the practitioners revealed a reticence of the respondents when asked to provide financial information regarding export performance in their companies. Thus, based on the constructive feedback received from the export managers interviewed, it was decided that in order to avoid high item non-response rates, only the least problematic performance variables were to be assessed objectively, namely export intensity and export market geographical

coverage while profitability, sales growth, market share and financial results related items were to be subjectively measured by the use of a satisfaction measurement scale.

Table 20: Universe of Study Sample

Sample Industries	Distribution of population of firms		Distribution of Responding firms	
	Frequency	**Percentage**	**Frequency**	**Percentage**
Food and beverage Products	65	6.60%	32	5.20%
Chemical and Allied Products	45	4.50%	40	6.50%
Machinery and Computer Equipment and Components	55	5.60%	27	4.40%
Electronic and Electrical Equipment and Components	45	4.60%	25	4.10%
Agricultural by-products	45	4.90%	30	4.90%
Automobile manufacturer	70	7.10%	50	8.20%
Personal care products	75	7.60%	51	8.30%
Paint products	45	4.90%	30	4.90%
Pharmaceutical products	75	7.60%	55	9.00%
Ferrous and non-ferrous materials	85	8.60%	60	9.80%
Leather manufacturer	50	5.10%	25	4.10%
Oil processing & coke	55	5.60%	25	4.10%

Paper & Rubber products	65	6.60%	35	5.70%
Crafts products	50	5.10%	20	3.20%
Textile products manufacturer	95	9.60%	57	9.30%
Cement	65	6.60%	42	6.80%
Total	**980**	**100%**	**609**	**100%**
Out of Business	28			
Incorrect address	17			
Incomplete/Unusable survey			24	
Adjusted survey Total	911			
Response Rate				**66.84%**

3.5.2 Unit of Analysis

Since this study investigated the export market decision making process of firms, with respect to their internal and external environments, the individual firm was selected as the unit of analysis. Author found that the sample unit was the individual manufacturing firms that were currently involved in export activities and those firms that have export potential. In this case, export potential are selected firms with products that have the possibility to be exported but these products may not be currently exported or considered to be major export products. According to author, this sample was filtered under three major condition and inturn seven sub-filtering condition applied to arrive genuine responses.

3.5.3 Sampling procedure

The study adopts the Non-probability, Snow-ball and deliberate sampling procedure. It follows a systematic and stratified and purposive procedure to determine the final sample. The universe of the study consisting of 980 firms of manufacturing divided into sixteen industries sectors is subject to primary scrutiny or investigation on the basis of seven conditions.

Conditions for scrutiny or investigation of universe of the study

1. Selecting manufacturing firms from list of universe
2. Selecting export oriented units from universe list
3. Firms that were subsidiaries or divisions of other firms were not included.
4. Government Organization that were not included.
5. Firms which are out of business and product consumed domestically were not included.
6. Respondents selected based on correct address
7. Sample respondents survey considered unusable or incomplete questionnaire were not included.

This study of 980 firms and 1576 respondents from selected manufacturing industries sectors lead to rejection of seven hundred eighty two responses from various sectors under seven conditions(Table no 21, 22, 23.). The purpose of such a rigid selection procedure was to generate a homogeneous sample and exclude any factors that may have confounded the relationships investigated.

Table 21: 1st Rejection criteria: samples manufacturing firm and export oriented

Sample Industries	Total companies	Selected Companies	Rejection Under condition		Accepted/Final Sample
			1	2	
Food and beverage Products	850	55	468	87	32
Chemical and Allied Products	1268	45	876	129	40
Machinery and Computer Equipment and Components	2029	50	1278	67	27
Electronic and Electrical Equipment and Components	860	45	597	85	25
Agricultural by-products	322	45	56	122	30
Automobile manufacturer	1042	70	679	32	45
Personal care products	502	75	326	12	51
Paint products	105	45	39	9	25
Pharmaceutical products	1187	75	765	178	45
Ferrous and non-ferrous materials	611	75	366	78	55
Leather manufacturer	196	50	36	78	25
Oil processing & coke	127	55	15	26	25
Paper & Rubber products	366	50	67	54	35
Crafts products	84	50	4	12	20
Textile products manufacturer	823	85	328	232	57
Cement	235	65	86	54	42
Total		980			609
Out of Business		28			

Incorrect address		17			
Incomplete/Unusable survey					24
Adjusted survey Total		911			

Source: Industry Survey Analysis

Condition for Rejection of Samples

1. SBU/Division of units

2.Govt Organization, Because of the relatively high degree of government ownership, control, and involvement in firms in this sector, the decision-making process does not follow the patter typical of firms owned and operated by private citizens

3. Out of business/Domestic consumption

Table 22: 2nd Rejection criteria: Samples Manufacturing firm and Export Oriented

Sample Industries	Total companies	Rejected Under condition			Accepted sample(Y)/Not Accepted(N) Companies
		1	**2**	**3**	
Advertising/Media	1053	**N**	**Y**	**Y**	N
Airlines/Aviation/Defence	128	**N**	**N**	**Y**	N
Automobile/Auto Ancillaries	1042	**Y**	**Y**	**Y**	Y
BFSI	1550				N
Capital Goods/Machines	283	**Y**	**Y**	**Y**	Y
Cement/Marble/Stone etc	235	**Y**	**Y**	**Y**	Y
Chemical	1268	**Y**	**Y**	**Y**	Y
Construction/Infrastructure	1661	**N**	**Y**	**Y**	N
Consulting	1352	**N**	**Y**	**Y**	N
Consumer Durables/Home Appliances	158	**Y**	**Y**	**Y**	Y
Courier / Logistics / Packaging / Transport	654	**Y**	**Y**	**Y**	Y

Electrical/Electronics	860	Y	Y	Y	Y
Engineering	2029	Y	Y	Y	Y
Entertainment	119	N	Y	Y	N
Environment	119	N	N	Y	N
Export/Import Houses	397	N	Y	Y	N
Food/FMCG/Agriculture	1136	Y	Y	Y	Y
Garment/Textile	823	Y	Y	Y	Y
Gems/Jewellery/Watches	208	Y	Y	Y	Y
Hospitality	899	N	Y	Y	N
Hospitals/Healthcare	896	Y	Y	Y	Y
Information Technology (IT)	3928	N	Y	Y	N
Institute/Training	3219	N	Y	Y	N
Iron & Steel	346	Y	Y	Y	Y
ITES - BPO/KPO/LPO/MT	514	N	Y	Y	N
Leather/Accessories	196	Y	Y	Y	Y
Mineral/Metal/Mining	265	Y	Y	Y	Y
Ministeries/Govt Bodies/Associations	832	N	N	Y	N
NGOs/ Trust/Charitable Institutions	438	N	N	Y	N
Office Automation/Stationary	125	Y	Y	Y	Y
Paper/Publishing/Printing	366	Y	Y	Y	Y
Petroleum/Oil/Gas/Refineries	177	Y	Y	Y	Y
Pharmaceuticals/Labs	1187	Y	Y	Y	Y
Power/Energy	351	N	Y	Y	N
Railways	11	N	N	Y	N
Retail	335	N	Y	Y	N
Security/Safety/Facility Management	189	N	Y	Y	N
Shipping/Marine	229	N	Y	Y	N
Telecommunication/Mobile	303	N	Y	Y	N
Travel/Tourism	301	N	Y	Y	N
Wood/Furniture/Fixtures/Fittings	84	Y	Y	Y	Y

Source: Industry Survey Analysis

3.5.4 Responded firms sample selection

1. Incorrect address

2. Unusable survey/incomplete questionnaire

Table 23: 3rd Rejection criteria: Samples Manufacturing firm and Export Oriented

Sample Industries	Selected Companies	Responded firms	Responses (individual)	Complete Response	Rejection Under condition	
					1	2
Food and beverage Products	55	32	96	54	14	28
Chemical and Allied Products	45	40	120	69	23	28
Machinery and Computer Equipment and Components	50	27	81	45	15	21
Electronic and Electrical Equipment and Components	45	25	75	39	28	8
Agricultural by-products	45	30	60	36	7	17
Automobile manufacturer	70	45	135	68	22	45
Personal care products	75	51	102	55	18	29
Paint products	45	25	75	34	9	32
Pharmaceutical products	75	45	135	78	26	31
Ferrous and non-ferrous materials	75	55	165	88	31	46
Leather manufacturer	50	25	50	26	5	19
Oil processing & coke	55	25	75	34	12	29
Paper & Rubber products	50	35	70	28	8	34
Crafts products	50	20	40	16	2	22
Textile products manufacturer	85	57	171	66	36	69
Cement	65	42	126	58	45	23

Total	980	609	1576	794		
Out of Business	28					
Incorrect address	17					
Incomplete/Unusable survey		24				
Adjusted survey Total	911					

Source: Industry Survey Analysis

3.5.5 Key Informant Approach

In collecting data for this study, the key informant approach was used. The key informant approach sought to obtain, from the perspective of the organization, an objective account of an observed organizational event or phenomena. The data was collected by directing questions and soliciting responses from the key person within the organization. Pennings(1979) found that it was methodologically sound to use a single key informant when most of the informants occupy senior executive or ownership positions within the focal organizations. He further argued that senior management, executives, and owners were the central boundary spanners in dealing with the external environment and were suitably qualified to speak for the organization.

3.5.6 Sample

In order to ensure that the industries dealt with have export potential and contain a large number of exporting firms, five India industries that represent a large share of exports were chosen. First, based on a report on India exports, mining, chemicals, industrial and electrical machinery, textiles, transport equipment, iron and sheet metal products, and foodstuffs were identified as the top exporting industries in India(fundoodata.com, on India, 2010).

The fundoodata.com includes details about lines of business, addresses, telephone and fax numbers, and, where possible, emails, websites, year established, number of employees, annual turnover, and etc. Moreover, the list of firms surveyed was determined from the listing of manufacturing firms in CMIE and Crisil database 2010. Fundoodata.com is a website consisting of more than 28,000 indian firms. It contains the names and positions of 37,000 senior executives and 29000 marketing heads that are members of exporters india.com, and other India provinces.

From the listing of 28949 local India companies 980 manufacturing firms were randomly selected for this study. The selection of each manufacturing firm was not only based upon the number of employees but also of those companies that were considered part of the top exporting industries. The response rate by respondents was 52.66% and response rate by firms 66.84%. Comparatively, the reported response rate is less than the response rates from similar studies in the U.S.A., for example, 23.6% by Czinkota in 1982, 30% by Johnston and Czinkota in 1982, 29.7% by Pak in 1991 and 34.5 % by Stolin in 2009.

3.5.7 Data Collection

Since the number of responses had to be relatively high, a structured questionnaire was selected for collecting the data. A questionnaire that was previously used in export behavior study on firms was employed. Author found that the survey instrument contained topics covering various aspects of export operations and managerial characteristics, level of managerial sophistication, information about the company, its products and markets, structural and operational elements, motives in exporting, information needs, obstacles, geographical market areas, and risk and profit expectations in export-marketing. Also, Clark. J found that the questionnaire addressed seven main areas.

The first area investigated the background of firm largely based on information through literature. The second area was the decision-maker's characteristics. Here study attempted to gather critical information to determine the age, education, language and experience about the decision-makers. Area three dealt with the export product offering of the firm. A difference in the physical product is distinguished, along with the firm's technology intensiveness and management expertise. Area four dealt with current export attractiveness based on motivational factors identified in literature and export perception of executives. Area five investigated management willingness to modify marketing mix variables to take advantages of export opportunities. Area six dealt with export decision process within the firm. And the seventh area dealt with groups external to the firm and their influences.

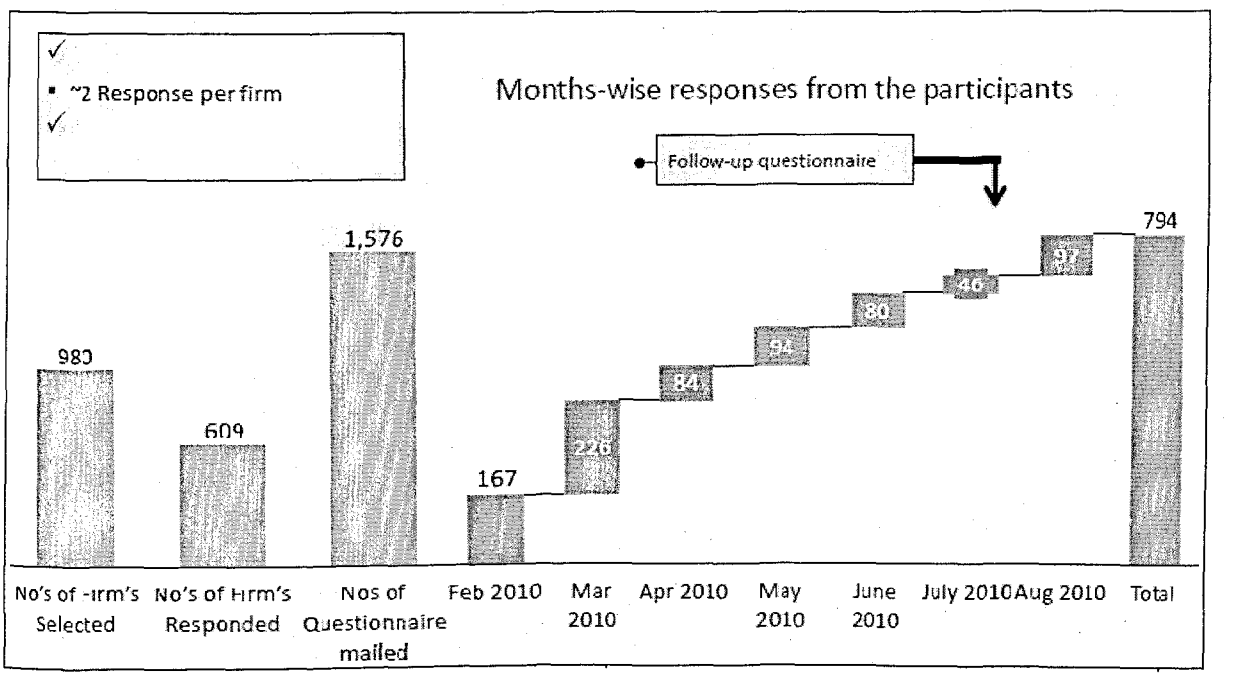
Author found that a mail survey offered the best method to assess the large scale of characteristics about the firms as well as the attitudes of the top managers toward exporting.

Initial questionnaires (see Appendix B) were mailed to 980 individual firms. Literature also found that to obtain a higher rate of response, the following guideline from Dillman's(1978). Total Design Method should be used:

- Web designed, Cover letters + questionnaire, addressed to the individual company directors, managers or other key informants instead of just the firm
- A summary of the results should be made available to those who request it.
- The confidentiality of the respondent will be thoroughly respected and maintained.
- Follow-up email message will be sent to selected non respondents.

Initiatives over the past 6 months have led Response rate Jump to ~50+% through Web Based Questionnaire driven approach shown in Figure 19.

Figure 19: Period-wise Response from Respondents.



Source: Questionnaire Result Analysis

3.5.8 Validity and Reliability of Research Instrument

Existing research data on firm's export market entry behaviour were used to construct multi-item scales prior to the use of the questionnaire. The use of multiple variables with multi-item scales and the reliance on their combination in multivariate techniques should also cause attention to be focused on a complementary issue--measurement error. According to Hair et al., measurement error is the degree to which the observed values are not representative of the "true" values. If the goal is to reduce measurement error, both reliability and validity of any measure must be addressed. Hair et al. (1998) describe the assessment of reliability as the degree of consistency between multiple measurements of a variable. Thus, the more commonly used measure of reliability is internal consistency. They further found that there is no simple item that is a perfect measure of a concept and that a series of diagnostic measures should be relied upon to assess internal consistency. First, Hair et al. have suggested that there are several measures that are related to each separate item, including the item-to-total correlation (the correlation of the item to the summated scale score) or the inter-item correlation(the correlation among items). "Rules of thumb suggest that the item-to-total correlations exceed 0.50 and that the inter-item correlations exceed 0.30" Hair et al.,1998, p.118). "The second type of diagnostic measurement suggested by Hair et al. (1998) to assess the consistency of the entire scale is with Cronbach's alpha, which is the most widely used measure" (p.118)

Study found that in assessing the reliability of models parameters construct's, multi-item scales, internal consistency was computed for each scale by calculating Cronbach's coefficient alpha. She also found that item-to-total correlations were used to delete unsuitable items (i.e.,item-to-total correlation less than 0.50) and purify the scales. Although Hair et al.(1998) have suggested

that a coefficient of 0.70 is a more commonly used threshold value for acceptable reliability and is suitable for most research purposes. Nunnally(1978) suggested that coefficients of 0.50 to 0.60 are satisfactory in the early stages of research. Research data purified scales (see Table 24) approached the standards suggested by both Hair et al.(1998) and Nunnally (1978) for satisfactory reliability estimates.

According to Hair et al.(1998), once the necessary levels of reliability are met, scale validity is the final assessment that must be made. Validity is the extent to which a scale or set of measures accurately represents the concept of interest. One widely accepted form of validity is the convergent validity. "Convergent validity assesses the degree to which two measures of the same concept are correlated" (Hair et al., 1998, p.118). Since many of the constructs were measured along multi-scales, author assessed convergent validity by factor analysis. The results were expected to provide evidence of convergent validity by having items measuring the same construct load heavily on the same factor.

Table 24 : Reliability analysis and Purified scale

Scale Name	Number of items	Items	Coefficient Alpha[a]
Decision-Maker Characteristics			
Age(AGE)	1	11	N/A
Education(EDU)	1	10	N/A
Foreign travel (TRAV)	1	9	N/A
Foreign language (LANG)	1	12	N/A
Differential Firm Advantages			
Product superiority (PROC) (include Tech intensiveness and Magmt expt)	5	13 a-f	0.7913
Management expertise (MGT)	2	13g,h	0.7927
Domestic Market Environment			
Government export assistance (ASST)	4	16 a,b,c,f	0.8115
Domestic government obstacles (GVOB)	2	16 d,e	0.6929
Domestic market unfriendly (DBAD)	4	19 a,e,f,c	0.6742
Domestic market saturation (SATU)	3	19 b,d,c	0.6602

Foreign Market Environment			
Foreign market cultural barriers (CULT)	2	17 a,b	0.6967
Foreign policy barriers (POLY)	3	17 c,d,e	0.7135
Foreign macro-environment Barriers(MARC)	3	17 f,g,h	0.6871
Foreign market conditions (FCOND)	6	20 a-f	0.7935
Attractiveness of Exporting			
Attractiveness of exporting (ATTR)	8	14 a-h	0.8720
Organizational Commitment to Export			
Market commitment (MCOMT)	6	15 b-g	0.8546
Product commitment(PCOMT)	5	15 a,c,h,i,j	0.8347
Export Decision			
Objective Export performance (OBJEXPERF)	3	18 a,b,c	0.8692
Subjective export performance (SUBEXPERF)	10	18 d-m	0.7948

N/A Coefficient of α not applicable

Source: Survey Results and questionnaire items

Another form of validity is discriminant validity. Discriminant validity is the degree to which two conceptually similar concepts are distinct. Hair et al. (1998) suggest that once again the empirical test is the correlation among measures but the correlation should be low, which demonstrates that the summated scale is sufficiently different from the other similar concept. In assessing discriminant validity, author also used factor analysis to test the underlying variables. To the extent that a measure did not highly correlate with another measure from which it should differ, discriminant validity was deemed to be present. Factor analysis will also be used in Chapter IV to test the reliability and validity of the data in this study.

3.6 Statistical Method

Like many social science research situations, the problem is essentially one of determining how and to what extent the independent variables will be related to the phenomena in question. Following data entry and screening, the data were analyzed using multivariate statistical

techniques. The multivariate techniques that were used to analyze the data and test the hypotheses will be:

(1) Factor-Analysis: Condense(summarize) information contained in a number of original variables into a smaller set of new, composite dimensions or factors--that is, to search for and define the fundamental dimensions assumed to underlie the original variables"(Hair et al.,1998, p.95). Factor analysis was also used to test the reliability and validity of the measurement scales. Reliability was tested using coefficient alpha and validity was determined by having items measuring the same construct load heavily on the same factor.

(2)Structural Equation Modelling(SEM): AMOS Applied to confirm the overall decision process model and test the relationship between the hypothesized variables in the model.

3.6.1 Factor Analysis

According to Hair et al.(1998), the general purpose of factor analysis is to find a way to condense(summarize) the formation contained in a number of original variables into a smaller set of new, composite dimensions or variates (factors) with a minimum loss of information--that is, to search for and define the fundamental constructs or dimensions assumed to underlie the original variables. Defining a smaller set of variables, or common factors, which expresses the covariation among variables, depends upon the assumption that observed variables are linear combinations of the underlying factors.

Moreover, Hair et al. (1998) found that factor analysis can identify the structure of relationships among either variables or respondents by examining either the correlations between the variables or the correlations between the respondents. The three steps utilized in the examination and interpretation of the final factor solution are (Hair et al., 1998): (1) the computation of a un-rotated factor matrix (2) the employment of a rotational method to achieve a simpler and theoretically more meaningful factor solution and (3) an assessment of the need to re-specify the factor model. "The initial un-rotated factor matrix is computed to assist in obtaining a preliminary indication of the number of factors to extract" (Hair et al., 1998, p.106). According to Hair et al. each column of numbers in the factor matrix represents a separate factor and the columns of numbers are the factor loadings for each variable on each factor. "Factor loadings indicate the degree of correspondence between the variable and the factor, with high loadings making the variable representative of the factor"(Hair et al., 1998, p.106)

Hair et al.(1998) found that an important tool in examining and interpreting factors is factor rotation. The term rotation means exactly what it implies. That is, the reference axes of the factors are turned about the origin until some other position has been reached. The objective of all methods of rotation is to simplify the rows and columns of the factor matrix to facilitate interpretation. The simplest case of rotation is an orthogonal rotation, in which the axes are maintained at 90 degrees. The three major orthogonal approaches are:

(1) QUARTIMAX, which has the ultimate goal to simplify the rows of a factor matrix EQUIMAX, an orthogonal approach that is a compromise between the QUARTIMAX and VARIMAX approaches, and (3) VARIMAX rotation, which simplifies the

columns of a factor matrix. Further, the VARIMAX method maximizes the sum of variances of required loadings of the factor matrix. VARIMAX seems to give a clearer separation of the factors. Kaiser's (1970, 1974) experiment indicated that the factor pattern obtained by VARIMAX rotation tends to be more invariant than that obtained by the QUARTIMAX method when different subsets of variables are analyzed. Furthermore, the VARIMAX method has proved very successful as an analytic approach to obtaining an orthogonal rotation of factors(Hair et al.,1998, p.110).

Therefore, VARIMAX and the associated eigenvalues are used to determine the variables and underlying constructs relevant to the study of export performance. The VARIMAX approach enabled the researcher to determine the relative importance of each factor in accounting for the variance associated with the set of variables being analyzed. The significance of the identified factors will be determined by examining those variables, which were heavily loaded on each factor.

Re-specification of a factor model is accomplished by returning to the extraction stage, extracting factors, and interpreting them again (Hair et al., 1998). In addition, to factor analysis being used to determine the validity and reliability of the scales used for gathering the data from Indian SME's firms, a major advantage of using factor analysis is that it enables the researcher to conduct a test of unidimensionality, which means each scale item is strongly associated with each other and represent a single concept.

3.6.2 Structural Equation modeling (AMOS)

The primary method of statistical analysis for testing the hypotheses of this study was structural equation modeling utilizing AMOS 16. According to Hair et al.(1998), AMOS has become almost synonymous with structural equation modeling and, as such, all structural equation modeling techniques are distinguished by two characteristics:(1) estimation of multiple and interrelated dependence relationships, and, (2) the ability to represent unobserved concepts in these relationships and account for measurement error in the estimation process. The purpose of the AMOS method is to estimate the unknown coefficients of a set of linear structural equations.

The estimation of the model parameters can be achieved by three statistical methods:(1) initial estimates(IE), (2) maximum likelihood estimates(MLE), and the unweighted least square estimates(ULS). Furthermore, all three methods give consistent estimates of parameters. She also found that this means that they are very close to the true parameter values in large samples, under the assumption that the model is correct.

In addition, the AMOS program also provides powerful instruments to assess the fit and the detection of lack of fit of the model. She further found that the following instruments could be used:

(1) Parameter estimates

(2) Standard errors (for MLE only)

(3) The coefficient of determination

(4) Overall goodness of fit measures

Study found that the first three quantities give reasonable estimates to assess the goodness of the model. Study further discovered that if any of these quantities has an unreasonable value it is an indication that the model is fundamentally wrong, and that it is not suitable for the data. Moreover, author adds that negative variances and correlations larger than one in magnitude are examples of a bad model. The overall goodness of fit may be judged by means of four measures

(1) Chi-square (X2),

(2) Goodness of fit index(GFI),

(3) Adjusted goodness of fit index (AGFI),

and (4) Root mean square residual(RMR).

Study discovered that X2 is regarded as a goodness of fit (or badness of fit) measure in the sense that large X2 values correspond to bad fit and small X2 values to good fit. Author points out that the GFI is a measure of the relative amount of variances and covariances jointly accounted for by the model. Study further found that the AGFI is a goodness of fit index that is adjusted for degrees of freedom. Both GFI and AGFI should be between zero and one. Finally, Clark, J(2004) points out that the RMR is used to compare the fit of two different models for the same data. But she also adds that the GFI can be used for the same purpose and the GFI can also be use to compare the fit of the models for different data.

CHAPTER 4:

ANALYSIS AND RESULTS

CHAPTER 4

4.0 ANALYSIS AND RESULTS

In this chapter the focus is on the analysis of the data and the empirical examination of the methodological objectives of this study. The operationalization of these dimensions was set forth in Chapter 4. The chapter is divided into three sections.

The analysis performed for this paper is comprised of four parts. Firstly, we utilised descriptive statistics for revealing a general profile of the exporting firms included in the sample. Measurement development is addressed in the second section, next, four factor analysis procedures were employed for checking construct dimensionality, also followed by descriptive statistics and correlations for the variables/constructs utilised in further analyses. Thirdly, Ordinary Least Square (OLS) regression analyses were used with the aim of testing the proposed hypotheses related to the export performance determinants. Finally, structural equation modelling (SEM) was employed to verify data analysis with regard to the research hypotheses, whether a positive relationship existed between the objective and subjective export performance modes of assessment.

4.1 Sample Characteristics

The India respondents in the sample were identified in terms of organizational and personal characteristics as shown in Table 25 through 27. The initial population consisted of 980 India manufacturing firms. After making adjustments for firms, which were out of business, for those, which were returned due to incorrect addresses, or incomplete and unusable questionnaires, 609

firms were surveyed. This study included usable responses from 609 firms. Of the responding firms (see Table 24), 5.2 percent were from food & beverage industry; 6.5 percent in chemicals and allied industry; 4.4 percent in machinery and Computer Equipment and Components industry; 4.1 percent in Electronic and Electrical Equipment and Components; 4.9 percent in Agricultural by-products industry; 8.2 percent in Automobile manufacturer;8.3 percent in Personal care products; 4.9 percent in Paint products;9 percent in Pharmaceutical products; 9.8% percent in Ferrous and non-ferrous materials;4.1 percent in Leather manufacturer; 4.1 percent in Oil processing & coke; 5.7 percent in Paper & Rubber products; 3.2 percent in Crafts products; 9.3 percent in Textile products manufacturer and 6.8 percent in Cement industries. Of the responding firms, 67.5 percent of the firms manufactured industrial products industrial products while the other 32.5 percent manufactured consumer products. Most of those responding firms had been in business for a relatively long period of time, with an average of 17.5 years. The firms also have an average of 11.4 years of exporting experience. The summary of these characteristics is presented in Table 27.

In terms of the size of the responding firms, the mean number of employees is 59.2 persons. About 14 percent of the firms had turnover (annual sales) below 3 million INR. About 84 percent of the firms had turnover between 3 million and 300 million INR, and 1.7 percent had an annual turnover in excess of 300 million INR (₹). Of the sample's total annual turnover, 20.7 percent were generated from markets outside India.

Table 25: **Profile of Firms Used in Analysis**

Sample Industries	Distribution of population of firms		Distribution of population of firms	
	Frequency	Percentage	Frequency	Percentage
Food and beverage Products	55	6%	32	5%
Chemical and Allied Products	45	5%	40	7%
Machinery and Computer Equipment and Components	50	5%	27	4%
Electronic and Electrical Equipment and Components	45	5%	25	4%
Transportation Equipment	50	5%	30	5%
Agricultural by-products	45	5%	30	5%
Automobile manufacturer	70	7%	45	7%
Personal care products	75	8%	51	8%
Paint products	45	5%	25	4%
Pharmaceutical products	75	8%	45	7%
Ferrous and non-ferrous materials	75	8%	55	9%
Leather manufacturer	50	5%	25	4%
Oil processing & coke	55	6%	25	4%
Paper & Rubber products	50	5%	35	6%
Telecommunication & Information technology	55	6%	37	6%
Crafts products	45	5%	20	3%
Textile products manufacturer	50	5%	40	7%
Cement	45	5%	22	4%
Hotel industry				

Other				
Total	980	100%	609	100%
Out of Business	76			
Incorrect address	171			
Incomplete/Unusable survey			124	
Adjusted survey Total	0		371	
Response Rate				62.24%

Source: Survey Result

Table 26: Summary of Organizational Characteristics

Characteristics	
Organizational Characteristics	
Mean Number of Employees	59.2
Average Firm Age	17.5 years
Average exporting experience	11.4 years
Export turnover(sales) to total turnover (percent)	20.7%
Principal Product	
Industrial Product	67.5%
Consumer Product	32.5%

Source: Survey Result

Total annual turnover (sales) is presented in Table 28. The average age of the respondents was 41years. About 8 percent have college diplomas, and moe than 85 percent have graduate university education. More than 34 percent of the respondents normally travel outside India more than one or two times a year, and 1.8 percent never travel outside India. About 86 percent of the respondents reported, they had foreign language competency. The summary of the respondents' personal characteristics is presented in Table 28.

Table 27: Total annual turnover(sales)

Categories	frequency	%
Under 10 %	27	4
11% to 20%	44	7
21% to 40%	129	21.1
41% to 60%	156	25.6
61% to 80%	196	32.1
81% to 100%	57	9.3
Total	609	

Table 28: Summary of Respondents' Personal Characteristics

Characteristics	Frequencies	Percentage
Average Age	41*	
Education		
Primary	0	0
Secondary	28	0.3%
Technical education	64	8.06%
Graduate University degree	626	78.85%
Master/Doctorates Other	76	9.57%
Foreign Travel		
Never	15	1.8%
1 to 2 times a year	276	34.7%
3 to 5 times a year	184	23.17%
6 to 10 times a year	265	33.37%
More than 10 times a year	54	6.8%
Foreign language competence		
Yes	683	86%
No	111	14%

Source: Survey Result

4.2 Measure Development

Following the approach of existing literature, the set of items for each scale was factor analyzed to ensure that these items explain their common underlying dimensions. Principal Component Analysis was utilized to extract factors from the analysis. The factors were based on an eigenvalue of one or greater. In interpreting factors, a decision was made regarding, which factor loadings were worth considering. Based on a rule of thumb that has been frequently used, variables with a factor loading greater than ±.30 were considered significant and thus were included in the analysis(Hair, Anderson, Tatham, & Black, 1998) In each case, the loadings of the varimax rotated factor matrix with Kaiser normalization are reported. The results of the factor analysis for variable constituting the dimension, firm's differential advantages, are presented in Table 29.

Two factors, or sub-variables, were initially identified. These factors each had an eigen value greater than 1.0, and together they accounted for 55 percent of the total variance. She identified three factors in her study. Each of these factors, management expertise; technology intensiveness; and product uniqueness, had an eigenvalue greater than 1.0, and together they accounted for eighty-seven percent of the total variance.

Table 29: **Factor Analysis Related to Firm's Differential Advantage**

Item[a]	**Product Superiority Factor 1**	**Technology Intensiveness Factor 2**	**Management Expertise Factor 3**
V13f	.798	.238	.123
V13e	.781	.267	.224
V13b	.241	.930	.260
V13a	.328	.821	.279
V13c	.621	.129	1.462E-02
V13g	6.881E-02	.135	.902
V13h	.146	.253	.888
Eigen value	3.165	3.892	1.312
Percentage of variance	39.367	20.456	36.394

a. Specified items may be found in the Questionnaire (Appendix B).

The results of the factor analysis for variable constituting the dimension, domestic market environmental factors are presented in Table 30.

Table 30 : Factor Analysis Related to Domestic Market Environment

Item[a]	**Government export assistance Factor 1**	**Domestic Market unfriendly Factor 2**	**Domestic government obstacles Factor 3**	**Domestic Market saturation Factor 4**
V20b	.832	.115	-.170	-4.070E-02
V20c	.830	-8.908E-02	-.103	-2.451E-02
V20a	.769	9.549E-02	-.107	-5.562E-02
V20f	.736	6.791E-02	6.158E-02	5.317E-02

V20d	-4.310E-03	-5.585E-02	.889	6.212E-02
V20e	-.256	1.232E-02	.817	-.127
V22f	.179	.795	2.535E-02	.198
V22e	-4.625E-02	.763	-.121	-4.579E-02
V22a	-1.375E-02	.749	1.723E-02	.125
V22c	-7.785E-03	.759	5.792E-02	.516
V22b	-6.511E-02	-1.138E-02	6.682E-02	.862
V22d	1.495E-02	.260	-.155	.770
Eigen-Value	2.919	2.439	1.378	1.053
Percent of Variance	24.325	20.324	11.481	8.778

a. Specified items may be found in the Questionnaire (Appendix B).

Four factors were extracted from study (1) domestic government export assistance, (2) domestic market unfriendly, (3) domestic government obstacles, and (4) domestic market saturation. The two factors found in Nguyen's (2000) study. Factor Analysis Related to Domestic Market Environment were(1) government export assistance and(2) domestic market conditions and they accounted for 51.5 percent of the variance.

The results of the factor analysis, for the other variables constituting the dimensions: foreign market environment, attractiveness of exporting, organizational commitment to export marketing, and export decision is presented in Table 31 through 34. The percentage of variance accounted for by the individual factors are also presented. It is important to note that the results in each of the Tables (except attractiveness of exporting) of Clark, J(2004) study were different from the results found in this study. In Nguyen's (2000) study the construct, foreign market environment, two factors were extracted, market barriers and foreign market conditions. Each factor had an eigenvalue greater than 1.0, and together they accounted for forty-five percent of the total variance. Other differences are that both the factor analysis related to organizational

commitment to export, and the analysis related to export decision had only one factor extracted. Also, in Table 28 of the factor analysis related to attractiveness of exporting in Clark, J(2004) study only one factor was extracted, which was the same as the result found in this study.

Table 31: Factor Analysis Related to Foreign Market Environment

Item[a]	**Foreign Market Condition Factor 1**	**Foreign Policy Barriers Factor 2**	**Foreign Macro-Environmental Barriers Factor 3**	**Foreign Market Cultural Barriers Factor 4**
V21f	.849	5.374E-02	-.140	5.543E-02
V21e	.785	-5.704E-02	-.120	.180
V21c	.743	.120	.104	.235
V21a	.707	8.047E-02	-2.968E-02	-8.670E-02
V21b	.698	-.119	.247	.195
V21d	.672	4.069E-02	-.102	-.325
V23c	-5.093E-03	.843	.114	-8.595E-02
V23d	7.941E-02	.828	.116	4.560E-02
V23e	3.329E-02	.742	8.541E-02	.233
V23g	-8.369E-02	-1.802E-02	.831	5.265E-02
V23h	7.107E-03	.189	.821	6.291E-02
V23f	-.215	.318	.790	.168
V23b	-8.685E-02	1.454E-02	9.927E-03	.801
V23a	.138	.296	.275	.739
Eigen-Value	2.199	1.757	1.399	1.106
Percent of Variance	29.852	14.695	22.992	17.902

a. Specified items may be found in the Questionnaire (Appendix B).

Table 32: **Factor Analysis Related to Attractiveness of Exporting**

Item[a]	**Attractiveness of exporting Factor 1**
V14b	.805
V14c	.768
V14e	.774
V14a	.734
V14h	.687
V14g	.592
V14d	.773
V14f	.701
Eigen value	4.285
Percent of Variance	63.567

a. Specified items may be found in the Questionnaire (Appendix B).

Table 33: Factor Analysis Related to Organizational Commitment to Export

Item[a]	**Organizational commitment in terms of marketing Factor 1**
V15f	.838
V15g	.808
V15e	.788
V15b	.608
V15d	.605
V15c	.653
V15i	0.684
V15h	.644
V15j	.535
V15a	.542
Eigen value	4.965
Percent of Variance	69.654

a. Specified items may be found in the Questionnaire (Appendix B).

Table 34: **Factor Analysis Related to Export Market Entry Decision**

Item[a]	**Satisfaction with export market position** Factor 1	**Satisfaction with export profitability and new market entry** Factor 2
V16a	0.856	0.22
V16b	0.846	0.26
V16c	0.771	0.24
V16d	0.762	0.29
V16e	0.729	0.21
V16f	0.728	0.26
V17a	0.23	0.86
V17b	0.14	0.821
V17c	0.16	0.674
V17d	0.19	0.578
Eigen value	5.514	1.252
Percent of Variance	40.856	26.798

a. Specified items may be found in the Questionnaire (Appendix B).

Convergent validity assesses the degree to which two measures of the same concept are correlated (Hair et al. 1998). Since many of the constructs were measured along multi-item scales, convergent validity was assessed by factor analysis. As indicated by the Tables, the set of items used to measure the same construct all loaded heavily on the first factor indicating high convergent validity. Discriminant validity, within groups, is the degree to which two conceptually similar concepts are distinct. Once again, the empirical test is the correlation within measures, but this time the summated scale is correlated with a similar, but conceptually distinct measure. Now, the correlation should be low, demonstrating that it is sufficiently different from the other similar concept (Hair et al. 1998). To the extent that a measure did not correlate highly with another measure from which it should differ, was deemed to be an indicator of discriminant

validity. Thus, scale items that loaded heavily on only one factor provide evidence of discriminant validity (Mulaik,1972).

Reliability is the extent to which a set of two or more indicators "share" in their measurement of a construct. The indicators of highly reliableconstructs are highly intercorrelated, indicating that they all are measuring the same latent construct (Hair et al. 1998). To assess the reliability of the multi-item scales internal consistency in this study, Cronbach's coefficient alpha was computed.

According to Nunnally (1978), coefficients of 0.50 to 0.60 are a satisfactory standard of reliability in the early stages of research, while coefficients of 0.70 and higher are highly satisfactory for most research purposes. In this study alpha coefficients approached the minimum standards suggested by Nunnally for satisfactory reliability estimates. The coefficients for the scales ranged from a low of 0.66 for the scale used to measure the foreign market cultural barriers to a high of 0.87 for the scale measuring export attractiveness. Only one coefficient was below 0.50 and 87% were in the highest scale factor range. Therefore, the internal consistency of the measures used in this study was considered to be satisfactory. The final number of items in each scale and the reliability estimates are reported in Table 25.

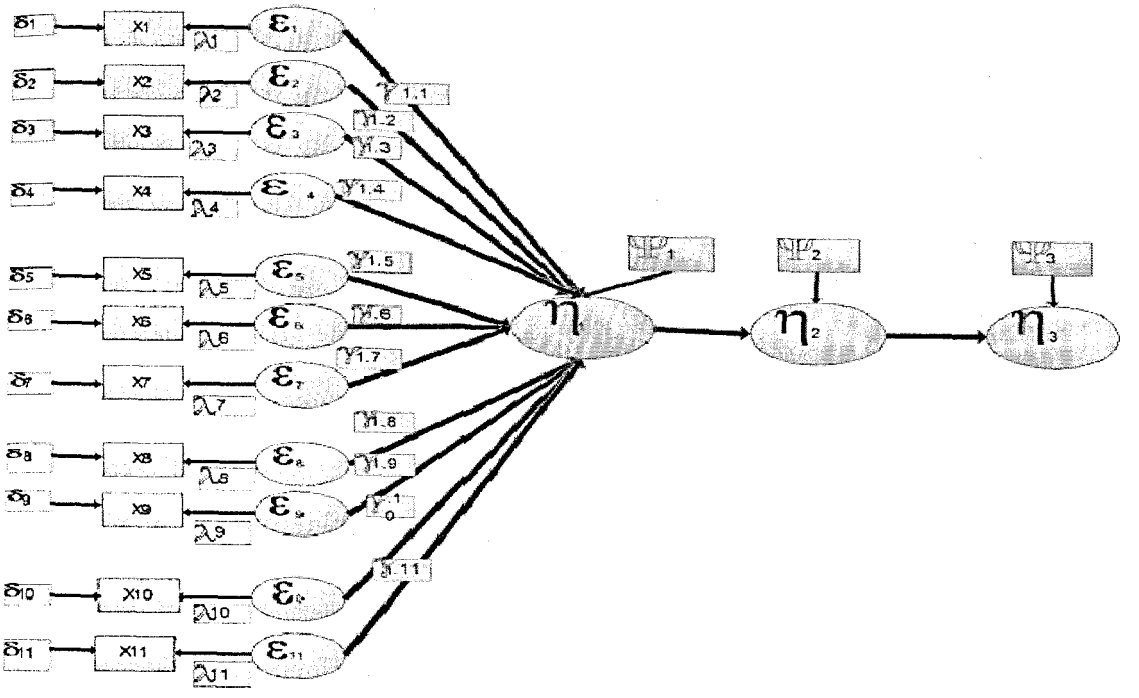
4.3 Results

This study, in its attempt to replicate the prior studies, used the methods of these studies, to test the hypotheses of the proposed model. The data were analyzed via AMOS 16 of Joreskog and Sorbom (2001). As mentioned in Chapter 3, AMOS 16 is a statistical program that not only assesses the measurement of variables but also estimates the unknown coefficients of the set of linear structural equations.

Purified scales did not converge in this study on India. The scales were re-analyzed and as discussed on the previous pages, yielded a model that is unique to this study and presented below. Since the all-variable model did not converge, the results would not be very reliable. For the selected model, travel, language, product superiority, management experience, domestic market saturation, cultural barrier, foreign policy barrier, and foreign market condition were selected as independent variables, because those variables showed significant correlations with export attractiveness.

As seen in Figure 20, Structural equation model, each of the three endogenous variables is measured by a single indicator ($\eta 1$ to $\eta 3$). Also, there were eleven latent (or unobserved) variables ($\epsilon 1$ to $\epsilon 11$) and each variable was measured with a single indicator from (X1 to X11), respectively.

Figure 20: Proposed Structural Equation Model



The chi-square index is regarded as a goodness of fit(or badness of fit) measure in the sense that small $\chi 2$ values correspond to good fit and large $\chi 2$ to bad fit. The chi-square index for both the data in this study ($\chi 2$ =96.165, p= 0.00 (p<.05) and the study in prior studies ($\chi 2$=178.56, p=000 (p<05) is significant, suggesting discrepancies between the data and the model. The results from this study are presented in Figure 27.

The goodness of fit (GFI) indices generated by the AMOS program suggest that a substantial amount of variance is accounted for by the model (GFI= 0.936) and the AGFI, which is the GFI adjusted for degrees of freedom, is 0.876. Both the GFI and AGFI are between zero and one. Joreskog and Sorbom (1998) suggest that a value approaching one is an indication that the data fit the whole model well. The root mean square residual (RMR) is relatively small (0.042). Next, as shown in Table 35, we provided descriptive statistics and correlations for the independent

variables/constructs used in this research. Most of the correlations were below .3 indicating no concern of multicollinearity. The variance inflation factor (VIF) was also used to assess multicollinearity between the independent variables. Large VIF values denote high multicollinearity. A common cut-off threshold for VIF values is above 5.3 (Hair, Black, Babin, Anderson, & Tatham, 2005). VIF scores in this study ranged between 1.09 and 1.42. Therefore, multicolliearity did not represent a problem in our database.

Table 35: Correlation between matrix of measures

		Y1	Y2	Y3	Y4	Y5	X1	X2	X3	X4	X5	X6	X7	X8	X9	X10	X11	X12	X13	X14
Y1	ATTR	1																		
Y2	MCOMT	0.391	1																	
Y3	PCOMT	0.13	0.633	1																
Y4	EXPT	0.307	0.363	0.159	1															
Y5	EXPTSAME	0.095	0.075	0.157	0.09	1														
X1	TRAV	0.044	0.191	0.059	0.259	0.067	1													
X2	LANG	0.248	0.099	0.093	0 019	0.091	0.055	1												
X3	PROC	0.368	0.352	0.028	0.135	0.149	0.052	0.032	1											
X4	MGT	0.314	0.331	0.195	0.328	0.121	0.285	0.043	0.341	1										
X5	SATU	0.244	0.059	0.123	0.188	-0.028	-0.091	0.037	0.103	0.041	1									
X6	CULT	0.285	0.218	0.087	0.073	0.058	-0.026	0.066	0.146	-0.006	0.125	1								
X7	POLY	0.068	0.177	0.256	0.268	-0.075	0.089	-0.052	0.103	0.27	-0.044	0.221	1							
X8	FCOND	0.293	0.32	0.162	0.441	-0.033	0.217	-0.108	0.226	0.243	0.377	-0.009	0.064	1						
X9	DBAD	0.153	0.078	0.002	0.207	0.051	0.038	-0.105	0.223	0.16	0.496	0.024	-0.015	0.405	1					
X10	AGE	0.006	-0.074	-0.029	-0.153	0.082	-0.142	0.135	-0.273	-0.083	0.078	-0.01	0.072	-0.163	-0.027	1				
X11	EDU	0.132	-0.001	0.024	0.128	-0.195	0.183	-0.07	-0.134	-0.008	0.003	-0.091	0.097	0.031	-0.02	-0.078	1			
X12	ASST	0.167	0.124	0.017	0.152	0.034	0.045	0.098	0.107	0.133	-0.042	0.157	0.029	0.079	0.082	-0.16	0.042	1		
X13	GVOB	-0.148	-0.181	-0.097	-0.124	-0.099	0.114	-0.072	-0.145	-0.096	-0.017	0.022	0.038	-0.163	-0.066	0.168	0.065	-0.241	1	
X14	MARC	0.017	0.063	0.03	-0.035	0.047	-0.095	-0.072	-0.024	-0.02	-0.154	0.292	0.303	-0.176	-0.172	0.137	-0.161	0.058	0.015	1

4.3.1 **Regression analysis Results**

The conceptual model (Fig. 1 & 2), was specified as a linear equation and estimated using (OLS) regression procedures, individually, for each of the five export performance indicators: export intensity (Regression Model 1), number of export countries (Regression Model 2), number of export zones (Regression Model 3), satisfaction with export market position (Regression Model

4) and satisfaction with export profitability and new market entry (Regression Model 5). The indicators used in Regression Models 4 and 5 namely satisfaction with export market position and satisfaction with export profitability and new market entry, have been previously attained by employing a factor analysis procedure. For all five regression procedures, we have used as independent variables all those variables presented in the literature review and included in the conceptual model, some of them being the result of a factor analysis procedure, as mentioned above. We have applied a stepwise method in order to better understand which determinants significantly contribute to each export performance measure considered, as displayed by Table 36.

The overall fit of all five regression models performed was statistically significant and they explained 18.1% (Regression Model 1), 13.4% (Regression Model 2), 26.8% (Regression Model 3), 9.6% (Regression Model 4) and 6.6% (Regression Model 5) respectively, of the total variance. Next, we proceed to test the proposed hypotheses. Related to the managerial determinants of export performance we proposed and tested hypotheses H1–H4. Based on the literature review, we predicted a positive relationship between decision maker characteristics and export entry decision making. Our results revealed indeed, all significant positive relationship between decision maker's characteristics with objective(significant positive relationships were observed with all three objective indicators of export performance: export intensity, number of export countries and export zones entered and subjective performance point of view, thus fully supporting hypothesis (H1.1-H1.4) from an study perspective. As predicted, the firm differential advantage positively influences the number of export intensity, export countries and export zones as well as manager's satisfaction with export market performance and satisfaction with export profitability and new market entry, thus fully supporting hypothesis (H2.1-H2.3) from an study

perspective. Study predicted a positive relationship between environment factors in terms of domestic/Foreign factors and export entry decision making. Our results revealed indeed, all significant positive relationship between domestic environment factors with all three objective indicators of export performance: export intensity, number of export countries and export zones entered and also subjective performance point of view, thus fully supporting hypothesis (H3.1-H3.2) from an study perspective. Whereas Foreign market condition H4.1, turned out to be positive relationship between both objective and subjective export performance. Contrary to our expectation, which was expected to be positively related to export performance, H4.2, turned out not to have a significant effect on neither the objective, nor the subjective modes of assessment of the dependent variable. Partial support is conferred to hypothesis (H4.1-H4.2), from an objective and subjective point of view as only one significant association, with a positive sign, was observed between foreign market condition and foreign market barriers.

Two more hypotheses were proposed in relation to the export market entry decision making determinants: H5.1–H5.2. Export market attractiveness and Organizational commitment to export market, which was expected to be positively related to export performance, H5.1-H5.2, turned out to have a strong positive significant effect from both objective and subjective modes of assessment of the dependent variable, as positive associations were observed with the satisfaction with export market position and satisfaction with export profitability and new market entry.

Table 36: Results for OLS stepwise regression analysis

Variables	Regression Model 1 Export intensity	Regression Model 2 Number of export countries	Regression Model 3 Number of export zones	Regression Model 4 Satisfaction with export market performance	Regression Model 5 Satisfaction with export profitability & new market entry
Decision maker's international experience	.289***(3..73)	.247***(3.18)	.211***(2.65)	.169**(2.20)	.171**(2.10)
Decision maker' Foreign languages skills	.236***(3.08)	.238***(3.05)	.219***(2.96)	.207***(2.51)	.167**(2.02)
Decision maker' time spent abroad	.246***(3.17)	.165**(2.25)	.183**(2.45)	.223***(2.85)	.172**(2.17)
Decision maker' Age	.217***(2.89)	.266***(3.41)	.255***(3.29)	.212**(2.67)	.161**(1.89)
Perceived export attractiveness & commitment	.313***(4.17)	.320***(4.05)	.356***(3.78)	.293***(3.87)	.343***(4.72)
Firm Differential adv product uniqueness	.163**(2.15)	.179***(2.32)	.192***(2.62)	.217***(3.07)	.212***(2.68)
Firm Differential adv Technology Intensiveness	.189***(2.28)	.234***(2.98)	.151**(2.07)	.254**(3.45)	.172***(2.18)
Firm Differential adv Management expertise	.276**(3.17)	.282** (3.45)	.209***(2.62)	.312***(4.08)	.196**(2.41)
Adverse domestic market condition	.160**(2.12)	.186**(2.32)	.164**(2.22)	.157**(2.12)	.149**(2.01)
Government assistance programme	.214**(2.72)	.256**(3.12)	.267***(3.29)	.287***(3.97)	.264**(3.92)
Foreign market condition	0.267**(2.85)	.221**(2.07)	.234**(2.28)	.281**(3.02)	.284**(3.22)
Foreign market barriers	-.157**('-2.06)	-.184**(-.249)	-.180**('-2.44)	'-.174**('-2.22)	'-.156**('-2.02)
Attractiveness of exporting	.278**(3.67)	.259**(2.98)	.272**(3.49)	.289***(3.73)	.295**(3.87)
Organizational commitment	.288**(3.70)	.276**(3.61)	.256**(3.45)	.275**(3.59)	.278**(2.98)
F statistics	9.010***	12.219***	9.836***	16.427***	6.123***
R2	0.204	0.146	0.298	0.102	0.079
Adjusted R2	0.181	0.134	0.268	0.096	0.066

** p<.05; ***P<.01.
Statistically significant standardised coefficients are displayed with t-statistics in parentheses.

Statistically significant standardised coefficients are displayed with t-statistics in parentheses.
** p < .05;*** p< .01.

Table 38: Correlations for the convergent validity for objective export performance

Construct	1	2	3	4
Objective export performance	1			
Export intensity	.687**	1		
Number of export countries	.815**	.292**	1	
Number of Export zones	.883**	.444**	.620**	1

** p<.01 (two-tailed)

Table 39: Correlations for the convergent validity for satisfaction with export performance

Construct	1	2	3	4	5	6	7
satisfaction with export performance	1						
Total market share overseas	.825**	1					
Export sales growth compared to competitors	.840**	.784***	1				
Export sales volume	.836**	.555***	.538***	1			
Export sale growth	.862***	.602***	.604***	.852***	1		
Export market share compared to competitors	.786***	.520***	.502***	.682***	.645***	1	
Achievement of growth objectives	.765***	.590***	.698***	.464***	.511***	.533***	1

*** p<.01 (two-tailed)

4.3.2 Structural Equation Modeling Results: Reliability and validity analysis

The relationship between the objective and subjective export performance measures was estimated with a structural equation model using Analysis of Moment Structures (AMOS) 7.0 as displayed in Fig. 21.

Construct reliability was examined by a composite reliability test (Fornell & Larcker, 1981). All the values of the construct reliability coefficients were above .70 (satisfaction with export market position = .907; satisfaction with export profitability and new market entry = .751; objective export performance = .745), thus, exceeding the recommended minimum level (Bagozzi & Yi, 1988; Hair et al., 2005).

Next, convergent and discriminant validity tests have also been conducted. For the scale related to objective export performance the convergent validity analysis is given by the correlation matrix as the construct has one component only. If the correlations between the items are significant, then convergent validity is satisfied for the construct analysed. Table 37 & 38 shows that correlations were significant for the construct at .01 significance level. For the subjective export performance scale, as it has two components, convergent validity was assessed by examining the correlation between them. As the correlation coefficient obtained is significant at .01 level, indicating that the components converge into a common construct, convergent validity

is achieved. We have also investigated the factor loadings and we observed that all items have strong and significant loadings on their respective construct, with standardized loadings greater than .50, thereby, providing evidence of convergent validity. Results of the Strctural equation modeling presented in table 39.

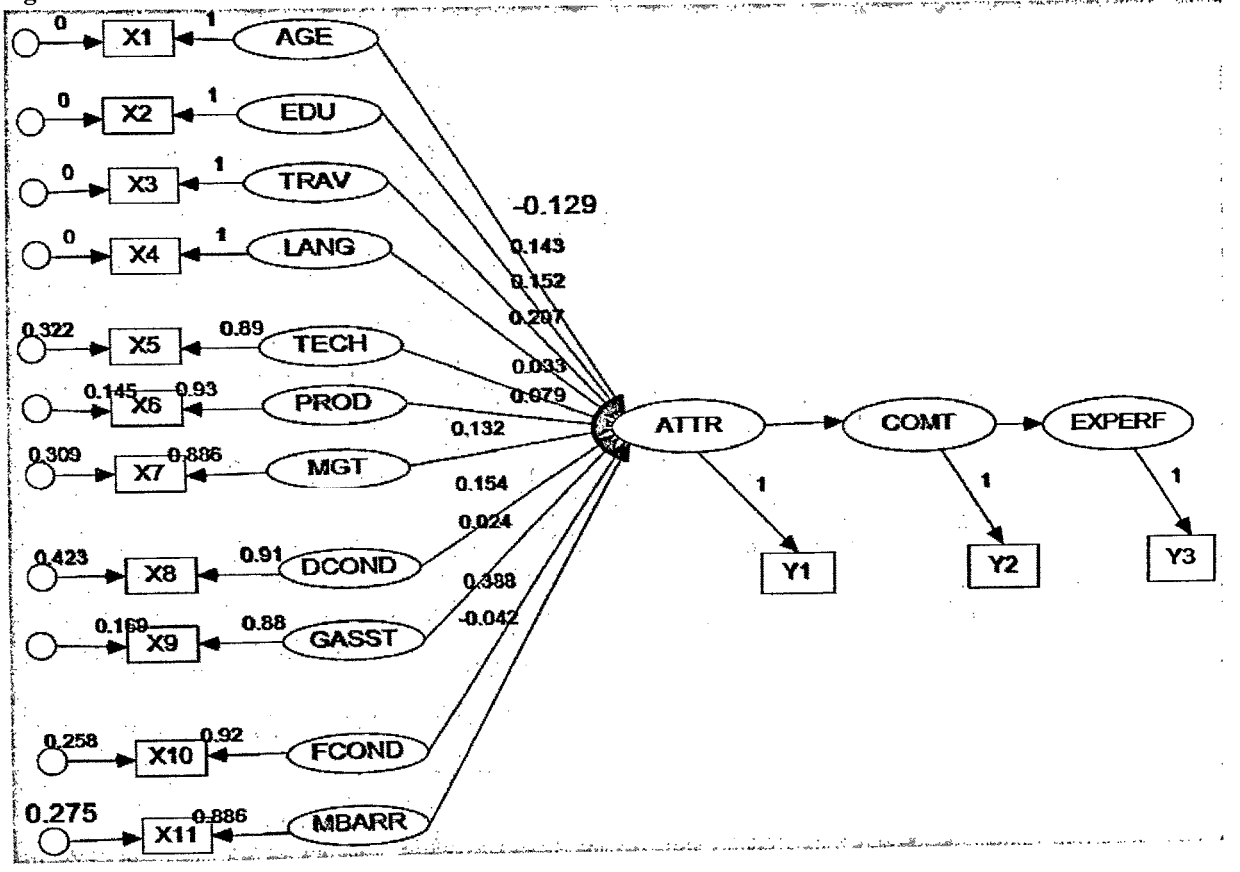
Table 39: Results for structural equation modeling.

Construct/ items	Standardised regression weights
Objective export performance = subjective export performance	.391***
Subjective export performance	
Satisfaction with export market position	.927***
satisfaction with export profitability and new market entry	.877***
Satisfaction with export market position	
Total market share overseas	.780***
Export Sales growth compared to competitors	.793***
Export Sales Volume	.814***
Export Sales Growth	.787***
Export Market share compared to competitors	.763***
Achievement of export growth objectives	.786***
satisfaction with export profitability and new market entry	
Overall export performance	.563***
Export profitability..	.690***
Profitability of Overseas market	.557***
Expansion to new geographic market	.798***
Objective export performance	
export intensity	0.503***
number of export countries	0.683***
number of export zones	0.393***

P<0.01***

Discriminant validity, on the other hand, was assessed as recommended by Burnkrant and Page (1982) and utilised by Tse, Sin, Yau, Lee, and Chow (2003), by comparing the goodness of fit of two measurement models for the two dimensions of the subjective export performance scale: one model is based upon a perfect correlation (constrained at 1) among the two components (restricted model Mr) and another model which does not consider this restriction (non-restricted model Mn). The non-restricted model should present a better fit as compared to the restricted one, in order to assume discriminant validity. The results clearly indicate the better fit of the non-restricted model (Mn: CFI = .941; RMSEA = .031) as compared to the restricted model (Mr: CFI = .959; RMSEA = .106), thus, illustrating that the subjective export performance scale fully satisfies the discriminate validity criterion. Detail Path Analysis for the Export Market Entry Decision Making Model presented in figure 22.

Figure 21: Selected Variable Model Path Diagram



Source: Author Estimation Analysis(AMOS Results)

ATTR - Attractiveness of exporting

COMT -Organizational commitment to export marketing

EXPT - Export decision

OBJPERF-Objective export performance

SUBJPERF-Subjective export performance

SATMARK-Satisfaction with export performance

SATPRENT-Satisfaction with export market profitability

Decision-Maker Characteristics

AGE - Age

EDU - Level of education

TRAV- Frequency of foreign travel

LANG - Foreign language competence

Differential Firm Advantages

TECH -Technology intensiveness

PROD - Product uniqueness

MGT - Management expertise

Domestic Market Environment

DCOND- Domestic market conditions

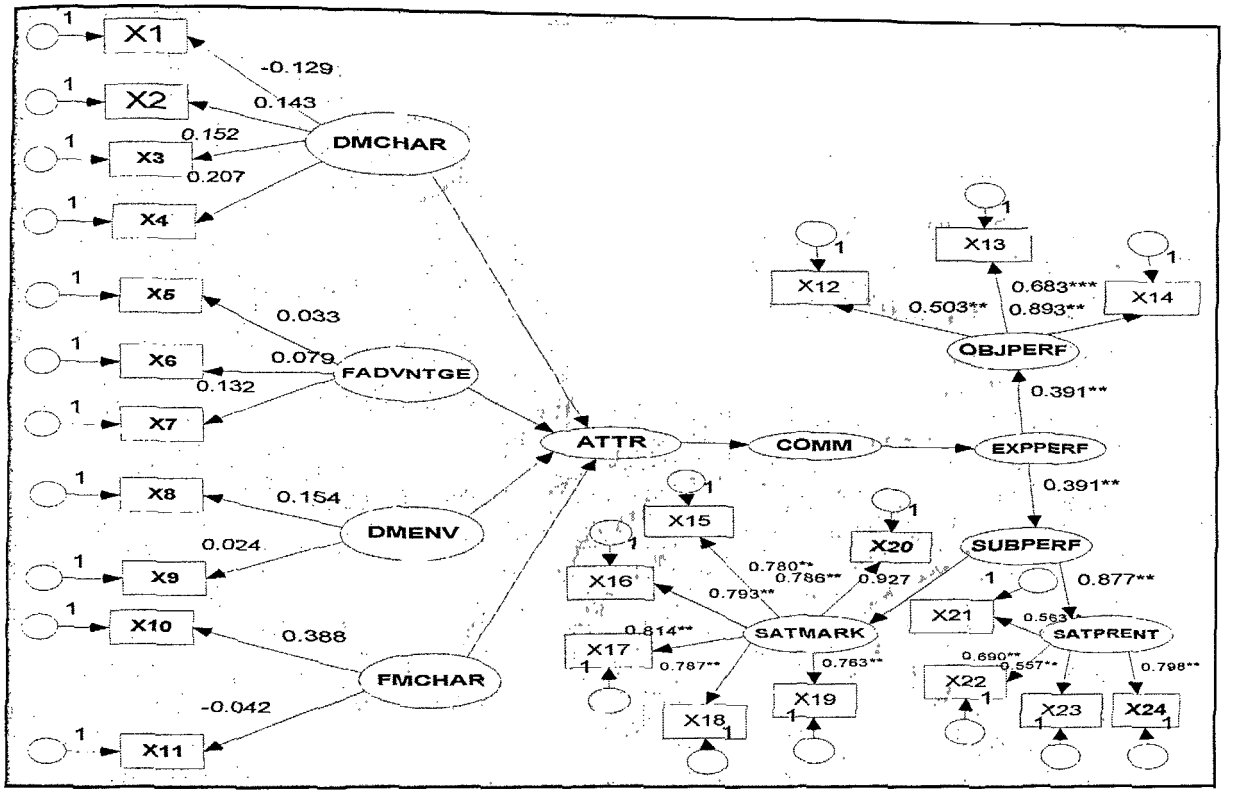
ASST- Government export assistance

Foreign Market Environment

FCOND- Foreign market conditions

BARR- Market barriers

Figure 22 : Detail Path Analysis for the Export Market Entry Decision Making Model



Source: Author Estimation Analysis(AMOS Results)

The AMOS estimates and t-values for the testing of the hypotheses are provided in Table 40. Note that the latent variable BARR listed in the Table is a combination of foreign policy barrier scale and cultural barrier scale.

Table 40: AMOS Estimates and T-Values

Parameter	Variable	AMOS estimate	T-Value	Results at 1% significant level (-- 2.58<t<+2.58)	Results at 5% significant level (-1.96<t<+1.96)	Hypothesis
$\gamma_{1.1}$	AGE	-0.129	-1.239	Supported	Supported	H1
$\gamma_{1.2}$	EDU	0.143	1.202	Supported	supported	

$\gamma_{1.3}$	TRAV	0.152	1.258	Supported	supported	
$\gamma_{1.4}$	LANG	0.207	1.425	Supported	supported	
$\gamma_{1.5}$	TECH	0.133	1.222	supported	Supported	H2
$\gamma_{1.6}$	PROD	0.179	1.350	Supported	Supported	
$\gamma_{1.7}$	MGT	0.132	1.219	Supported	supported	
$\gamma_{1.8}$	DCOND	0.154	1.322	Supported	supported	H3
$\gamma_{1.9}$	ASST	0.246	1.476	Supported	Supported	
$\gamma_{1.10}$	FCOND	0.288	1.560	supported	supported	H4
$\gamma_{1.11}$	BARR	0.042	-2.876	Not supported	Not supported	
$\beta_{2.1}$	ATTR	0.202	1.455	supported	supported	H5
$\beta_{2.2}$	COMT	0.255	1.489	supported	supported	

* Significant at $p < 0.10$
** Significant at $p < 0.05$

4.4 Testing of Hypothesis

Given the results obtained for the reliability and validity measures we proceeded to test H through a structural equation model. Although chi-square ($\chi 2 = 96.168$, d.f. = 49) is significant ($p < .01$), it is most probably sensitive to the sample size (Bagozzi & Yi, 1988). Therefore, other fit indexes were computed: $\chi 2$/d.f. = 1.963, comparative index fit (CFI) = .941, goodness of fit (GFI) = .913, Tucker–Lewis fit index (TLI) = .927, incremental fit index (IFI) = .955, root mean square error of approximation (RMSEA) = .031. Thus, the fit indexes obtained suggest a good fit

of the model to the data meeting the traditional cut-off points recommended by the literature with (CFI), (GFI), (TLI) and (IFI) values above .90 and (RMSEA) also presenting an adequate fit (Browne & Cudeck, 1993). The results provide support for H1-5 (path coefficient = .391; $p < .01$), denoting a strong positive influence of the objective export performance measure on the subjective one. The measures of goodness of fit of the model presented in table 41.

Table 41 : Measures of goodness of fit of the model

SEM Model Fit Indices	Our AMOS Estimates	Ideal Value
Relative Chi-square index(x2)	1.963	should be less than 2 or 3 (Kline, 1998; Ullman, 2001).
Goodness of fit index(GFI)	0.936	Approache~1
Adjusted Goodness of fit index(AGFI)	0.876	Exceeds 0.90 (Byrne, 1994)
RMSEA	0.031	less than .08 (Browne & Cudeck, 1993)--and ideally less than .05 (Stieger, 1990). √[([&chi²/df] - 1)/(N - 1)]
CFI	0.941	Exceeds 0.93 (Byrne, 1994); [d(Null Model) - d(Proposed Model)]/d(Null Model), where d = &chi² - df
NFI	0.934	Exceeds 0.90 (Byrne, 1994) or .95 (Schumacker & Lomax, 2004); [chi²(Null Model) - &chi²(Proposed Model)]/ [&chi²(Null Model)]
NNFI	0.961	Values over .90 or over .95 are considered acceptable (e.g., Hu & Bentler, 1999). [chi²/df(Null Model) - &chi²/df(Proposed

		Model)]/[&chi^2/df(Null Model) - 1]
IFI	0.991	Values that exceed .90 are regarded as acceptable, although this index can exceed 1.
AIC	0.0045	values closer to 0 are ideal; chi^2 + k(k - 1) - 2df

Testing of Hypothesis 1

In hypothesis H1, it was stated that:

Top management international orientation in terms of (a) age, (b) level of education, (c) frequency of foreign travel, and (d) foreign language competence is related positively to attractiveness of exporting.

Two of the top management international orientation constructs; results shows that age is primary determinants of the attractiveness of exporting. As determined from the correlation matrix, age is [LANG ($\Upsilon_{1.1}$=-0.129, t= -1.239)], which indicates that the constructs have almost positive relationship with the attractiveness of export market entry decision making. Study also posits that better educated decision makers are more likely to be open-minded, interested in foreign affairs, more "cosmopolitan," and more willing to deal with foreigners than less educated managers[LANG ($\Upsilon_{1.2}$=0.143, t= 1.202)]. Foreign travel has an significant effect on the attractiveness of exporting[LANG ($\Upsilon_{1.3}$=0.152, t= 1.258)]. The positive influence the actual by travelling abroad has on export market geographical coverage, in terms of countries and zones as well as manager's satisfaction with export market position, stresses the relevance of this determinant for both objective and subjective export performance. This means that top

management's frequency of foreign travel is a more significant determinant of the attractiveness of exporting for India.

However, language competence has a significantly positive effect [LANG ($\Upsilon_{1.4}$ =0.207, t= 1.425)] on the attractiveness of export market entry decision making. Thus, hypothesis H4 is positively supported. This suggests that age, educational level, frequency of travel and language competency do affect the manager's determination to export market entry decision making. But being able to have all the above decision maker characteristics is a very important determinant for managers to explore foreign markets. This suggest that younger/older aged top managers with high level of education who frequently travel to foreign countries and are capable of speaking another language other than Indian are more likely to be attracted by exporting

Testing of Hypotheses 2

Hypotheses H 2.1, H 2.2 and H 2.3 were concerned with the relationship between the firm's differential advantage in technology intensiveness[LANG ($\Upsilon_{1.5}$=0.133, t= 1.222)], product uniqueness[LANG ($\Upsilon_{1.6}$=0.179, t=1.350)] and management expertise[LANG ($\Upsilon_{1.7}$=0.132, t=.219)] is positive to attractiveness of export market entry decision making. In this study Hypotheses 1, 2 and 3 were combined into a three single independent variable, PROC (product advantage), TECH(Technological Intensiveness) and MGTEXT(Management expertise).

In the second hypotheses, the following was stated:

The relationship between differential advantage in product uniqueness, technology intensiveness, management expertise and attractiveness of export market entry decision making is positive; Therefore, hypotheses.

The AMOS estimate and the t-value provided good support for this hypothesis. The positive finding is contrary to the existing some literature. This result is perplexing especially because the simple correlation between firm differential advantage and attractiveness of export market entry decision making is positive.

H2.1, H2.2 and H2.3 were strongly supported. These results were not all that surprising when it is recognized that if a manager is able to set the company's product apart from that of the competition in the foreign market, export marketing will more than likely be more attractive.

Testing of Hypothesis 3

Hypothesis 3 was concerned with the relationship between the domestic market conditions and attractiveness of exporting. The hypothesis H3.1 stated that: Adverse domestic market conditions are related positively to attractiveness of export market entry decision making.

The domestic market environment was analyzed utilizing domestic government obstacles (GVOB), domestic market unfriendly (DBAD), and domestic market saturation (SATU). Domestic market obstacles and domestic market unfriendly did not effect the attractiveness of exporting. But domestic market saturation [$\Upsilon_{1.8}$=0.154 , t=1.322)] , as an indication of domestic market condition, significantly contributes to the attractiveness of export market entry decision making to other country, thus H3 is positively supported. It is expected that the cause of poor opportunities and saturated home market might be overcome by increasing current export sales or exporting to new foreign markets. This expectation leads at least one positive

relationship between a factor of adverse domestic market conditions and the attractiveness of exporting. Export assistance provided by domestic government is related positively to attractiveness of export market entry decision making[LANG ($\Upsilon_{1.9}$=0.246, t= 1.476)].

It is believed that government can stimulate export activity by providing export programs. However, in this study, India government export assistance enter the equation, therefore, H3.2 was supported

Testing of Hypothesis 4

In hypothesis H4, it was posited that:

There is a positive relationship between favorable foreign market conditions and attractiveness of export market entry decision making. In this study, favorable foreign market conditions are only significant at a 10% level [FCOND($\Upsilon_{1.10}$=0.288, t= 1.560)], thus H4.1 is only positively supported.

There is a negative relationship between market barriers in foreign markets and attractiveness of export market entry decision making. Generally, being faced with market barriers tends to discourage the continuance and expansion of exporting, thus it would have a negative effect on attractiveness of exporting. However, since the respondents were queried about how important are market barriers rather than what market barrier are your company facing, knowing the importance of market barriers in international markets (H: 4.2) [BARR ($\Upsilon_{1.11}$=0.042, t= -2.876)] would tend to be a positive or an insignificant effect on attractiveness of exporting and, in fact, that is what was found. Obviously, being faced with market barriers and knowing the importance

of market barriers in international markets does not have the same effect on the attractiveness of export market entry decision making.

Testing of Hypothesis 5

In hypothesis H5, it was stated that:

Attractiveness of exporting is related positively to organizational commitment to export market entry decision making. Attractiveness of exporting has an insignificant effect on increasing organizational commitment to export marketing activities (ATTR($\beta_{2.1}$=0.202,t=1.455)), thus H5 is supported. This suggests perceived attractive of exporting is not an indicator of organizational commitment.

The relationship between the levels of organizational commitment to export marketing and export decision is positive.

Organizational commitment to export marketing has a significant positive impact on the export market entry decision[COMT($\beta_{2.2}$=0.255, t=1.489)]. Although organizational commitment(COMT) in this study was divided into marketing commitment and product commitment, both of these latent variables loaded on the variable COMT. This indicates that if a firm has both a strong marketing and product commitment to export marketing, it will also be more likely to make the decision to export or the decision to increase export activities.

4.5 Summary

In summary, maximum of the hypotheses proposed for this study were supported. H1 and H2 taken together hypothesized that decision maker characteristics and differential firm advantage has a strong significant effect on attractiveness of exporting and was strongly supported. In H1, it was hypothesized that top management's international orientation in terms of age, level of education, frequency of foreign travel, and foreign language competence is related positively to attractiveness of exporting. H1 was fully supported because the four constructs, age and level of education, were primary determinants and one other construct, frequency of foreign travel, has an significant effect on the attractiveness of exporting. However, the foreign language competence construct has a significant positive effect on the attractiveness of exporting. It was hypothesized in H3 that adverse domestic market conditions related positively to attractiveness of exporting. H3 was fully supported because domestic market obstacles and a perceived unfriendly domestic market did not have an more effect on the attractiveness of exporting, but domestic saturation was a significant contribution to the attractiveness of exporting. H4 stated that there is a positive relationship between favorable foreign market conditions and the attractiveness of exporting. With a low t-value of 1.560, H4 only marginally positively supported the attractiveness of exporting and was only significant at a 10 percent level because the barriers in international market has a positive effect on the attractiveness of exporting and not a negative relationship as hypothesized. H5 hypothesized that the relationship between the levels of organizational commitment to export marketing and export decision is positive. H10 has significant positive impact on the export decision.

A comparison of the five stepwise regression analyses indicates that differences regarding the determining antecedent variables exist between the objective and subjective modes of assessment, but also within these two groups of measures. Nevertheless, certain determining variables appear to have a significant impact on more than one export performance indicator, hence, confirming their increased importance for company's export success.

The managerial determinant, as posited by the RBV and highlighted by numerous scholars (Boter & Holmquist, 1996; Crick & Chaudhry, 1997; Hutchinson et al., 2006; Lautanen, 2000; Lloyd-Reason & Mughan, 2002; Manolova et al., 2002; Peng, 2001) was clearly the most influential for both the objective and subjective export performance modes of assessment, particularly through decision maker's foreign language skills. We concur with previous findings in the international business literature (Czinkota & Ursic, 1991; Kaynak & Kuan, 1993; Knowles et al., 2006; Lautanen, 2000; Leonidou et al., 1998; Williams & Chaston, 2004) in the sense that, foreign language proficiency has a strong positive influence on export success definitely playing a key role in facilitating the penetration of foreign markets and improving the ability of doing business with overseas clients. Study also suggest that better educated decision makers are more likely to be open-minded, interested in foreign affairs, more "cosmopolitan," and more willing to deal with foreigners than less educated managers.

The positive influence the actual by travelling abroad has on export market geographical coverage, in terms of countries and zones as well as manager's satisfaction with export market position, stresses the relevance of this determinant for both objective and subjective export performance. Traveling abroad, managers are more likely to learn about foreign business

practices, meet prospective customers, and identify market opportunities. As a result, the number and duration of trips abroad by a manager has been suggested as one of the variables distinguishing exporting firms from their non-exporting counterparts. The international business knowledge may guide managers to better operate in the highly demanding international business conditions, ultimately leading to export success.

Other managerial determinants also shed some light on SME's export performance, although only influencing a single indicator. The younger or older the age of decision maker positively affected his/her satisfaction with export profitability and new market entry. One could argue that the younger managers were not only assumed to play a more active role in expanding export business, but they also tend to be more innovative and act as "change agents". In contrast, it has been suggested that firms with older managers tend to take fewer risks and be less willing to be innovative and expand international. This suggest that younger/older aged top managers with high level of education who frequently travel to foreign countries and are capable of speaking another language other than Indian are more likely to be attracted by exporting

Similar to previous contributions (Axinn, 1988; Gray, 1997), the export incentives regarding growth and higher profit on the overseas markets positively associated with export performance, however, only when measured as export intensity. The rationality of this finding is obvious, as it is essentially the rate of export to total sales that ultimately yields higher revenues for the company. Furthermore, as earlier acknowledged by Leonidou et al. (2007), it is relevant to take into account decision maker's perceptions regarding the export markets, when analysing export intensity. More specifically, this association is illustrated in this study, by the negative

connection established between the importance attributed to the cultural, linguistical, political and legal difference based barriers and the subsequent export intensity.

The lack of significance identified in the relationship between the time the manager spent abroad and the subsequent export performance measures suggests that the international knowledge, skills and contacts may have been acquired via other sources such as international training, the internet, the use of intermediaries, etc.

It is not essentially the number of employees that determines firm's export success, but rather their commitment to exporting, as revealed by our results. The existence of an export department in charge of strategically planning exporting, organising research activities and regular visits to foreign markets facilitated the company to enter more export zones at the same time conferring the manager a higher level of satisfaction with export profitability and new market entry.

Moreover, as revealed by our findings, SME's involvement in more export zones requires the accumulation of a certain level of experiential knowledge, both on the domestic and foreign markets. In this sense, support is provided on one hand to the gradualist approach to the internationalisation process(Johanson & Vahlne, 1977, 1990; Johanson & Wiedersheim-Paul, 1975) that highlights the importance of experience accumulation for international activity and on the other hand to the idea underlined by the RBV, according to which export performance is contingent upon the amount of resources and capabilities dedicated to the export activity.

Regarding the effects of the environmental determinants, the scarcity of domestic demand was associated with a lower number of export zones. It is logical to assume that companies may prefer to focus their efforts into increasing their activity in the geographical areas where they are

already operating, instead of entering new export zones which implies additional costs for the SMEs.

The lack of significance of the associations between the information availability regarding foreign opportunities or the reception of unsolicited orders from abroad and all five export performance indicators could signify that the exporting firms analysed may take a more proactive approach to internationalisation, systematically collecting information and searching for business opportunities in the overseas markets, rather than passively relying on fortuitous favourable circumstances.

Firms belonging to high and medium-high technology industries appeared to be characterised by higher export intensity and number of export zones entered, in the same line with earlier findings (Bell et al., 2004). Therefore, it could be argued that Indian firms positioned in high and medium-high technology industries export a higher percentage to total sales of their products/services to more diverse markets, most likely as a result of their potentially unique characteristics or simply due to their more standardised features.

On the relationship between objective and subjective export performance measures:

The results obtained from the SEM analysis revealed a strong positive significant relationship between the objective and subjective export performance measures. In other words, decision maker's satisfaction with export performance is positively influenced by the objective results, namely export intensity and export market geographical coverage measured in terms of number and diversity of markets. Consequently, we consider relevant to draw attention upon the fact that

among the influencing forces that may determine managerial satisfaction with export performance it is highly important to include the objective export result itself.

In this sense, the rather low explanatory power displayed by the export determinants in the regression analyses performed for the two subjective indicators of export performance seems to be partially explained by the key role played by the objective export result for managerial assessment of export success.

CHAPTER V

5.0 SUMMARY, IMPLICATIONS, AND CONCLUSIONS

This study was undertaken to derive the determinants of the firm's export marketing activities using a set of variables to define the firm's internal and external determinants. This chapter presents a summary of the study and its implications for current managers and public policy makers involved in promoting exports. Finally, the limitations of the study and suggestions for future research are presented.

5.1 Summary

The attempt of this study was to examine how small and medium-sized India firms that are currently involved in exporting decide to continue or expand exporting activities. Specifically, this study was to develop an integrated model that investigates the influence of internal and external factors on the ongoing decision process of India small and medium-sized manufacturing firms. The data used in this study were based on 794 usable responses from a national mail survey of India firms that are currently involved in exporting(net response rate=52.66 percent). Sixteen industries were selected for the study because these industries have been most dependent on and dominating in exporting.

AMOS 16 program was used to test the ten hypotheses and the proposed model presented in Chapter III. The high value of goodness-of-fit index (GFI=0.936; AGFI=0.876) and the small value of the root mean square residual (RMR=0.042)show that the model fits the data well.

The findings indicated that the organizational characteristics (i.e., technology intensiveness, product uniqueness), the decision-maker's characteristic (i.e., foreign language), and environmental factors (i.e., foreign market environment) influenced the attractiveness of exporting. The attractiveness of exporting was not related positively to organizational commitment to export marketing. Finally, the relationship between the level of organizational commitment to export marketing and export decision was found to be positive.

With regard to differential firm advantages, product advantages have a strong insignificant effect on the attractiveness of exporting. As proposed by Cavusgil and Nevin (1981a), technology intensiveness and product uniqueness by themselves are not sufficient to induce firms to enter into or to be excellent at export marketing. However, they are important in preparing the firm and in motivating management to enter into export marketing. Once a firm is involved in exporting as in this study, it is believed that the attractiveness of exporting is affected by other differential advantages such as management expertise. Like product advantages of differential advantages, it seems that management expertise has a positive effect on the attractiveness of exporting. If a firm's management in existing exporters are more knowledgeable with respect to international export procedures and export marketing strategy developments, they tend to be more cautious in their approach to export marketing.

With regard to top management international orientation, foreign language competence has a significant effect on the attractiveness of exporting for India exporting firms while age; frequency of foreign travel, and level of education not much effect but its positive association

with former one. Interestingly, foreign language competence shows a significant positive effect. Recall, however, that nearly three-fourths of respondents in the study could speak one or more foreign languages. It is fair to infer, therefore, that being able to speak another language is a very important determinant for managers to explore foreign markets. With regard to the foreign market environment, the findings indicate that favorable conditions in the foreign market have a significant positive effect on the attractiveness of exporting. Firms are likely to be pulled toward exporting if foreign markets provide opportunities for their product. In this study, the opportunities were measured by if the potential foreign markets are unsaturated, large, and expanding, because such market conditions promise more profits.

This study contributes to the international business literature by simultaneously analysing the managerial, organizational and environmental determinants of export performance as well as by investigating the relationship established between its objective and subjective modes of assessment, in response to recent calls for research (Diamantopoulos & Kakkos, 2007; Katsikeas et al., 2000; Sousa et al., 2008).Moreover, the research was carried out using empirical data from India, a geographical context where export performance related topics have not been widely investigated.

In accordance to our results and concurring with the resources based view of the firm, decision maker's characteristics, firm differential advantage, domestic and foreign environmental factors, firm's export market attractiveness and firm's export commitment constitute company's most important assets for attaining export success. However, their impact may vary between the objective and subjective export performance dimensions as well as according to the indicators

included in these two categories. Also, a strong positive impact of the objective export performance result on the managerial assessment of firm's export success was identified.

In summary, such variables as frequency of foreign travel, age, level of education, government export assistance have an insignificant effect, and whereas market barriers have an significant effect on attractiveness of exporting. Other variables including foreign language competence, product advantages, domestic market saturation, and favorable foreign market conditions have a insignificant & positive effect on attractiveness of exporting. The findings also show that top management's perceived attractive of exporting is not an indicator of organizational commitment.

5.2 Implications of the Study

As noted, some factors are clearly associated with the firm's entry into or expanding export marketing activities. Managers and public policy makers can assist firms in their exporting endeavors by paying more attention to these factors. The implications of this study can fall into two categories: managerial and public policy.

5.2.1 Managerial Implications

As in the prior studies of Pak (1991) and Clark, J(2004), the determinants of the firm's export performance were found to be mostly under the control of the firm's management. Thus, management needs to adapt the firm's operations to take advantage of these factors. The major managerial implications derived can be linked to the determinants of the firm's export performance as identified in the hypothesis testing.

Although Nguyen (2000) found in her study that age, education, frequency of foreign travel, and foreign language competence are determinants of export performance, the most important management-related factor in this study was language competence. From this, it seems that firms, in order to become more competitive at export marketing activities, need to have personnel that are able to speak another language other than English. Firms wishing to become involved in exporting should look to this particular characteristic in hiring personnel, or In having present employee trained to develop this characteristic.

Once firms are actively engaged in export activities, differential advantages in product advantages were found to be an important determinant of the attractiveness of exporting. Firms need to have products that are superior to their competitors. A key implication is that decision makers should understand which are the significant determinants associated with their selected measure/indicator of export performance, thus, assuring a correct evaluation of firm's export success. They should also be conscious that a central role in improving objective export performance is played by their own foreign language skills, international business knowledge and firm's commitment to exporting, hence, efforts should be directed towards acquiring these abilities as well as devoting resources to the export operations, in a systematic and organised manner. Besides, the lack of significance in the relationship between firm size and all five export performance indicators points to the idea that rather small firms should not consider their size as a possible hindrance for being a successful exporter.

Results indicated that a firm's attractiveness of exporting was found to be significantly related to technology intensiveness and product uniqueness. There is a large body of empirical evidence that has consistently found a significant relationship between the intensity of technological effort exerted by an industry and the proportion of its output that is exported(McGinness & Little,1981). Also, Tesar (1975) reported that unique product qualities are cited as key motivators in firms that began exporting. Once firms began to export, based upon these differential advantages, international competitive forces will demand that firm managers become more effective and efficient. However, despite the manager's level of efficiency, with new foreign market opportunities come new and difficult challenges. To take full advantage of these differential advantages in the foreign market, the firm's manager should also consider formalizing the internal structure, developing better administrative procedures and techniques, and rationalizing the decision-making process (Karagozoglu and Lindell, 1998). Resource constraints and limited capabilities common to small and medium-sized firms, may very well make the implementation of these challenges relatively more difficult. However, implementation would not only enhance the effectiveness of the manager but would also offer the following advantages to the small and medium-sized firms: (1)greater viability and (2) increased growth and expansion.

5.2.2 Public Policy Implications

A direct implication of the findings of this study for public policy is that aggregate measures to stimulate exports should be aimed at factors external to and mostly uncontrollable by the business firm.

The need for information about foreign markets is evidenced by the result that favorable conditions in foreign markets were only marginally related to the attractiveness of exporting. Since awareness of the prevailing conditions in the export market is critical for the export decision, efforts must be made to provide up-to-date information on export markets. In addition to general information such as economic data and trade statistics (i.e., monthly or yearly trade balance, GNP, population, and so on), more specific information must be provided to stimulate existing exporting firms to continue or expand exports. This information should include cultural environment in foreign markets, English speaking ability of an international customer, foreign government regulations and restrictions on imports, foreign government exchange rate policy, and multiple channels of distribution in foreign markets. The policy initiatives should aim to enhance the development of decision maker's international outlook with a view to successfully formulating and putting into practice internationalisation strategies. Therefore, the promotion of foreign languages as well as of international business education and training programmes which are already pursued, in both schools/universities and workplaces, should receive increased and continuous policy support, in order to get the future decision makers in firms more familiarised with different languages and cultures, thus, augmenting their international propensity.

A further implication relates to utilizing export assistance programs as an attractiveness of exporting (Cavusgil, 1984b). Since export assistance did not appear to be significantly related to attractiveness of exporting, it seems that it has limited usefulness in this respect. However, given that Indiais embarking on a new economic strategy, it is important to understand that government

export promotion policies will have a major impact on the small and medium-sized firm's competitive position abroad.

Promotion includes structural measures, such as tax incentives, technology innovation support, export financing and insurance, trade-aid linkage through multilateral and bilateral channels, and last but not least, marketing assistance. Marketing assistance is focused upon because of its direct role in a firms' relation with its markets. Government export marketing assistance can link the firm to public policy measures, which impact its competitive position. Such direct export marketing support includes standardized and customized market information and guidance on exporting and export marketing; assistance to firms ranging from researching specific foreign markets, individual or trade mission market visits, trade fairs, to actual market entry.

The role of export marketing assistance is threefold First, it aims to place risks and opportunities of foreign market involvement into perspective. Second, it seeks to stimulate a firm's interest in, and further its commitment to exporting. Third, it acts as an external resource to build knowledge and experience vital for successful foreign market expansion.

This conception of export marketing assistance holds particular relevance for small and medium-sized firms (which are structurally important in both industrial and developing economic systems) because they do not have the relative resource abundance of large firms. Stimulating the small and medium-sized firm's interest and broadening their international scope and competitive competence seems to be the single most important objective for public policy-makers.

The basic challenge for public policy-makers is to understand the needs of the firm relative to export expansion and to meet them effectively with assistance programs. This understanding means providing the right information to the right firms at the right time. Additionally, what is needed is a better understanding of firm's awareness of public assistance services and, perhaps more critically, their actual or perceived impact on firm's export marketing activities. This increased understanding would assist public policy-makers in matching programs to specific firm needs. Showing that external resources can positively contribute to export expansion would also establish pragmatic credibility with management (Seringhaus,1986)

5.3 Limitations of the Study

This study is cross-sectional in nature, and a time dimension is not incorporated in the research design. The findings have no implications regarding the dynamics of export market entry decision making behavior. This shortcoming limits the degree to which results could be generalized beyond the specific population from which the data was gathered. In this way, complex constructs such as export market entry performance could be analysed from a temporal perspective, allowing for the investigation of composite cause–effect relationships between its objective and subjective dimensions.

This study deals with small and medium-sized Indian manufacturing firms in sixteen industries. Given that the findings of this study are drawn from manufacturing firms, generalization to other types of firms and industries cannot be made. The limitations of the study should be considered when the results are interpreted. Firstly, although the empirical data focused on a sample of Indian SMEs, the findings could be of interest to firms in other world countries. However, the readers should exercise caution in attempting to generalise this study's findings to considerably different economic settings. As future research directions it would be interesting to replicate similar studies in distinct geographical contexts, so, the results could be generalised to larger populations.

Limitations may also arise from possible biases associated with the particular sample. This study is based on India existing exporting firms with a reasonable amount of time in exporting

experience. Thus, it may be difficult in inferring export behavior of less experienced India firms with the findings in this study.

5.4 Directions for Future Study

The present study was an attempt to develop an integrated model of influences of internal and external factors on the ongoing decision process. From a methodological point of view, additional variables may be included in measuring top management international orientation.

It may also be advisable to carry out similar investigations within various industries, as well as to differentiate the results obtained according to the specific overseas markets served. Consequently, the formulation of pertinent comparisons would be possible, highlighting the differences identified regarding the impact of the managerial, organisational and environmental determinants on export performance or the relationship between the objective and subjective export performance assessment modes in distinct manufacturing and service sectors and/or socio-economic settings. In addition to objective managerial characteristics used in this study, other meaningful measures such as those relating to psychic distance, subjective managerial characteristics, and attitudes toward export may be included as indicators of top management international orientation(Dichtl et al.,1984)

Other studies need to include explanatory variables of external determinants of export activities, along with organizational and managerial (internal) characteristics. Among the more important variables to be included are attitude toward exporting, tax incentives for exporters, customized foreign market information, prior exporting performance, and perceived export risks. From a

conceptual point of view, future research efforts are needed in other country environments, which replicates and extends this study. The importance of managerial, organizational, and environmental variables with regard to their effect on a firm's export decision process may exhibit substantial differences among firms in other country's environments. Also, studies conducted in a number of different environments are necessary to determine how far the findings from this study can be extended to the export performance of manufacturing firms in general. For example, investigate export behavior between other African nations, or between selected Asian countries and African countries.

An additional path for future research would be a longitudinal study that investigates the changes of firms would seem useful in more clearly identifying significant determinants to decision making. Such an investigation would more likely reveal causality between selected factors and establish time thresholds for alterations in a firm's export behavior.

Also, attention should be given to investigating the universal applicability of findings in this study. Interesting insight could be gained by looking into comparative studies by replicating the research design with other samples of firms such as agricultural commodities and services. The export behavior of such industries may be different from that of manufacturing especially in terms of determinants and decision-making. As such, cross-industry comparisons would enhance the generalizability of the findings reported in this study.

Finally, the subjects of this research were export decision makers, and a short questionnaire was used as the measuring instrument. Decision makers of many small-sized firms often wear many

hats and are extremely busy, making the use of a long questionnaire difficult because of time required to complete it. Another direction to pursue in order to obtain additional data on the decision-making process, is to employ some qualitative research techniques such as in-person interviews. In addition, qualitative research would allow for a more micro approach to be taken, yielding details such as personal opinions and additional, unforeseen insights that a questionnaire could not elicit.

APPENDIX A : COVER LETTER

Phd thesis questionnaire survey

Name: Subhash Naik
Company: Sesa Goa Limited
Address: Corporate office, Patto, Panjim, Goa

Dear Executive,

I am currently pursuing PhD at Goa University, Major in International Marketing, International Business and Export performance focussing mainly on Indian small and medium sized Inc. The purpose of our study is to learn more about the factors that influence the firm's decision to undertake export activity. We believe the results will not only be value of value to individual firms but will also help the Indian foreign trade and industries better identify the kind of information, incentives, and assistance essential to exports. The company and you are part of a representative sample of 1500 Indian small and medium sized Inc manufacturing firms. Your attitudes and opinions and the export behaviour of the company are critical to the success of our study. We recognize the value of your time, and sincerely appreciate your efforts on our behalf. Individual responses are anonymous and all company level data will be held in confidence. Please take 5 minutes to complete this survey and submit it in online at your earliest convenience.

Thank you for your time.

Sincerely,

Subhash Naik

(Doctoral Research candidate in International Marketing & International Business)

APPENDIX B: QUESTIONNAIRE

Part I. PLEASE FILL IN THE FOLLOWING GENERAL INFORMATION ABOUT YOUR FIRM AND YOURSELF

1. Which of the classification best describe your business?

1. ☐ Food and beverage Products
2. ☐ Chemical and Allied Products
3. ☐ Machinery and Computer Equipment and Components
4. ☐ Electronic and Electrical Equipment and Components
5. ☐ Agricultural by-products
6. ☐ Automobile manufacturer
7. ☐ Personal care products
8. ☐ Paint products
9. ☐ Pharmaceutical products
10. ☐ Ferrous and non-ferrous materials
11. ☐ Leather manufacturer
12. ☐ Oil processing & coke
13. ☐ Paper & Rubber products
14. ☐ Crafts products
15. ☐ Textile products manufacturer
16. ☐ Cement _____
17. ☐ Other: _____

2. Which best describe your principle product?

1. ☐ Manufacturing
2. ☐ Service _____
3. ☐ Other: _____

3. How long has your firm been in business?

☐ Years: _____

4. How long has your firm been in exporting? And current export market share of current year

☐ Years: _____ ☐ Export Market share: _____

5. Include yourself, approximately how many people does your firm currently employ?

☐ No of Employees: _____

6. Did your first export sale originate with an unsolicited order or contract?

1. Yes: ⌐_____
2. No : ⌐_____

7(a). What is your position?

1. ⌐ Chairman
2. ⌐ Vice-Président
3. ⌐ Managing Director
4. ⌐ Export Manager
5. ⌐ Marketing Manager
6. ⌐ Sales Manager/Director
7. ⌐ Other(Please Specify): ⌐_____

7(b). How many hours do you estimate you spend per month in developing your export sales?

8. ⌐ Less than 10 hours
9. ⌐ 11-20 hours
10. ⌐ 21-40 hours
11. ⌐ 41-60 hours
12. ⌐ 61-100 hours
13. ⌐ Over 100 hours
14. ⌐ Other: ⌐_____

8. How often do you normally travel outside your home country?

1. ⌐ Never
2. ⌐ 1 to 2 times a year
3. ⌐ 3 to 5 times a year
4. ⌐ 6 to 10 times a year
5. ⌐ More than 10 times a year

9. Please indicate the last grade or year in school which you completed.

1. ⌐ Primary
2. ⌐ Secondary
3. ⌐ Technical / University
4. ⌐ Graduate University degree

5. ☐ Other: _____

10. To which age group do you belong?

1. ☐ less than 25
2. ☐ 25 o 34
3. ☐ 35 to 44
4. ☐ 45 to 54
5. ☐ 55 to 64
6. ☐ 65 and over

11. Can you speak other language (s) besides your native language?

1. ☐ Yes
2. ☐ No

PART II).

12 . What is your fluency in foreign languages?

		1	2	3	4	5	
a) French	Low profiency	○	○	○	○	○	High
(b) German	Low profiency	○	○	○	○	○	High
c).Spanish	Low profiency	○	○	○	○	○	High
(d) Italian	Low profiency	○	○	○	○	○	High
e).Russian	Low profiency	○	○	○	○	○	High
(f) Japneese	Low profiency	○	○	○	○	○	High

		1	2	3	4	5	
g).Others(Pleas e specify)	Low profiency	○	○	○	○	○	High
		1	2	3	4	5	

13. Compared to firms which are your immediate competitors, please indicate the extent to which you Agree or

	1	2	3	4	5
a).The technology of our product is superior	○	○	○	○	○

	1	2	3	4	5
b).Our product quality is among the highest in the industry	○	○	○	○	○

	1	2	3	4	5
c).Our product has one of the longest warranty/service policy	○	○	○	○	○

	1	2	3	4	5
d).Our product is custom designed for each client...	○	○	○	○	○

	1	2	3	4	5
(e) The production techniques used in manufacturing our products are among the most advanced in the industry	○	○	○	○	○

	1	2	3	4	5
(f) The production equipment used in manufacturing our products are among the most advanced in the industry	○	○	○	○	○

	1	2	3	4	5
g) Our managers are among the most knowledgeable	○	○	○	○	○

	1	2	3	4	5
(h) Our managers are among the very best at developing	○	○	○	○	○

14. To what extent has exporting helped (or would help) you in each of the following areas?

	1	2	3	4	5
(a) Increased sales ...	○	○	○	○	○
(b) Growth opportunities ...	○	○	○	○	○
(c) Profitability ...	○	○	○	○	○
(d) Offsetting sales decline at domestic market ...	○	○	○	○	○
(e) Minimizing firm risk ...	○	○	○	○	○
(f) Diversifying the potential markets	○	○	○	○	○
(g) Increasing domestic market competition	○	○	○	○	○
h) Utilization of excess production capacity	○	○	○	○	○

15. To what extent are you willing to modify each of the following in order to take advantage of export

	1	2	3	4	5
a)Product decision	○	○	○	○	○

	1	2	3	4	5
b)Packaging ...	○	○	○	○	○
(c)Customer service policies ...	○	○	○	○	○
(d)Pricing ...	○	○	○	○	○
e)Advertising and sales promotion policy	○	○	○	○	○
(f)Distribution channels ...	○	○	○	○	○
(g) Export marketing planning ...	○	○	○	○	○
(h)Brand name of product	○	○	○	○	○
i)Product quality	○	○	○	○	○
(j)Product warranty ...	○	○	○	○	○

16. Satisfaction with export market position performance improvement, to what extent do you agree(Satisfied) or disagree(Disatisfied) with following change in scenario?

How satisfied are you with the results of your main export venture from 2005 to 2009?
Scale: 1=Much Less Satisfied in 2009 than in 2005; 5=Much More Satisfied in 2009 than in 2005

(a) Total market share overseas ○ ○ ○ ○ ○

(b) Export Sales growth compared to competitors ○ ○ ○ ○ ○

(c) Export Sales Volume... ○ ○ ○ ○ ○

(d) Export Sales Growth... ○ ○ ○ ○ ○

(e) Export Market share compared to competitors... ○ ○ ○ ○ ○

(f) Achievement of export growth objectives... ○ ○ ○ ○ ○

17. Satisfaction with export profitability and new market entry, to what extent do you agree(Satisfied) or disagree(Dissatisfied) with following change in scenario from 2005 to 2009?
Scale: 1= Large Decrease from 2005 to 2009; 5= Large Increase From 2005 to 2009

(i) Overall export performance ○ ○ ○ ○ ○

(ii) Export profitability.. ○ ○ ○ ○ ○

(iii) Profitability of Overseas market ○ ○ ○ ○ ○

(iv) Expansion to new geographic market ○ ○ ○ ○ ○

19. With regard to your main export venture in 2009, how do you assess the following?
Scale: 0-9%; 10-29%; 30-59%; 60-84%; 85-100%
i). Percentage of exporting venture to total sales volume (unit sales) [ ]
Percentage of exporting venture to total sales revenue [ ]

Percentage of exporting venture to total profitability

ii). How has your firm's export turnover change a in the past three years? If an increase or a decrease was experienced, please state the percentage change.

i) Between 2005 and 2007?

1. Increase ____ %
2. No change ____ %
3. Decrease ____ %

ii) Between 2007 and 2009?

1. Increase ____ %
2. No change ____ %
3. % Decrease ____ %

iii). How has your firm's export market share change a in the past three years? If an increase or a decrease was experienced, please state the percentage change.

i) Between 2005 and 2007?

1. Increase ____ %
2. No change ____ %
3. Decrease ____ %

ii) Between 2007 and 2009?

1. Increase ____ %
2. No change ____ %
3. % Decrease ____ %

20. Please indicate the extent to which you Agree or Disagree with each of the following statements

	1	2	3	4	5
(a) Government export training programs have helped as export	○	○	○	○	○
(b) Government agencies are able to supply the information necessary to identify and develop international markets	○	○	○	○	○
(c) Government financial services have been helpful to firms involved in exporting	○	○	○	○	○
d) Existing government regulations/restrictions are major obstacles for exporting	○	○	○	○	○
e) Existing documentation required by government is complicated and excessive	○	○	○	○	○
f) Government trade shows are helpful in developing foreign markets	○	○	○	○	○

21. With respect to your firm's exporting how important are each of the following international market

	1	2	3	4	5

a) Cultural environment in foreign markets	○	○	○	○	○

	1	2	3	4	5
b) language speaking ability of an international customer	○	○	○	○	○

	1	2	3	4	5
c) Foreign government regulations and restrictions on imports (i.e., tariffs and non-tariffs barriers)	○	○	○	○	○

	1	2	3	4	5
d) Foreign government exchange rate policy	○	○	○	○	○

	1	2	3	4	5
e) Multiple channels of distribution in foreign markets...	○	○	○	○	○

	1	2	3	4	5
f) Geographical distance from the Indian market...	○	○	○	○	○

	1	2	3	4	5
g) Political stability in foreign markets	○	○	○	○	○

	1	2	3	4	5
h) Level of economic development in foreign markets	○	○	○	○	○

22. The following two questions identify six polar terms that one might use to describe markets.

	1	2	3	4	5	
(a) *Unprofitable*	○	○	○	○	○	profitable

1 2 3 4 5

b) Stable ○ ○ ○ ○ ○ Unstable

1 2 3 4 5

c) Saturated ○ ○ ○ ○ ○ Unsaturated

1 2 3 4 5

(d) Competitive ○ ○ ○ ○ ○ Uncompetitive

1 2 3 4 5

(e) Small ○ ○ ○ ○ ○ Large

1 2 3 4 5

f) Declining ○ ○ ○ ○ ○ Expanding

23. During the past 3 years, the foreign market for our firm's product(s) has been:

1 2 3 4 5

(a) Unprofitable ○ ○ ○ ○ ○ Profitable

1 2 3 4 5

(b) Stable ○ ○ ○ ○ ○ Unstable

1 2 3 4 5

c).Saturated ○ ○ ○ ○ ○ Unsaturated

1 2 3 4 5

d) Competitive ○ ○ ○ ○ ○ Uncompetitive

1 2 3 4 5

(e) Small ○ ○ ○ ○ ○ Large

1 2 3 4 5

f) Declining ○ ○ ○ ○ ○ Expanding

PLEASE FILL IN THE FOLLOWING GENERAL INFORMATION ABOUT YOUR FIRM.

24).Approximately what was your firm's total sales for the past fiscal year?

1. ☐ Under Rs 10 mil
2. ☐ Rs 10 million to Rs 49.9 million
3. ☐ Rs 50 mil to Rs 100 mil
4. ☐ Rs 100 million to Rs 200 million
5. ☐ Rs 200 million to Rs 500 million
6. ☐ over Rs 500 million
7. ☐ Other: _____

25. Approximately what percentage of your firm's current sales are generated from markets outside of India?

_____

26. Compared to domestic sales, your foreign transactions are generally

1. ☐ Much more profitable
2. ☐ More profitable
3. ☐ About the same
4. ☐ level of profits
5. ☐ Less profitable
6. ☐ Much less profitable

27. To which of the following market areas have you exported? Please fili in the number of countries
and the percentage each market area représenta of your total value of exports (please refer to Appendix 1
to give a more accurate ans wer).

	Number of courtines	%of total		Number of countries	%of total
Western Europe			North America		
Eastern Europe			Australasia		
Middle East			Pacific Rim and Japan		
and N. Africa			Asian countries		
Rest of Africa			Central and Latin America		

Other:

28.a. Would you like to receive a summary report of this survey? • Yes • No

28.b. confidential question kindly write your Name, Designation, Company Address

0

Submit

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Published Papers

1. Naik Subhash, Dr. Y.V.Reddy (2010), "Indian Inc Going Global: Choice of entry mode strategy" has been accepted in A Journal of Management Research, IIM(Lucknow) – METAMORPHOSIS, Vol 8, No 1, ISSN: 0972-6225

2. Naik Subhash, Dr. Y.V.Reddy (2010), "Global Entry Model for Indian industry: Theoretical and Empirical Approach" has been published in Prabhandan: Indian journal of management, Vol. 3, No. 5,pp.45-53.ISSN:0975-2854,

3. Naik Subhash, Dr. Y.V.Reddy (2010), "Global Entry and Marketing strategy for Indian MNC: Managerial Perspective" has been published in Management Insight-GBS Journal, Vol. 2, No. 1, pp.42-55.ISSN:0975-7694,

4. Naik Subhash, Dr. Y.V.Reddy (2010), "Indian Inc GOING Global: Indian Industry Internationalization Model" has been published in Review of professional management journal, Vol. 7, No. 2, pp.6-18, ISSN:0972-8686,.

5. Naik Subhash, Dr. Y.V.Reddy (2010), "The Enablers of Decision Maker on Export Marketing Performance" has been Published in Business Review Journal, Vol.1,No. 1, pp. 42-55. ISSN:2229 – 6514

6. Naik Subhash, Dr. Y.V.Reddy (2010), "India Inc Internationalization Model and Export performance: An Integrated Structural Equation Modeling Approach" , has been published in Journal of International Management and Research,Vol.2 No.2, ISSN:0975-1378,.BJIMR.

7. Naik Subhash, Dr. Y.V.Reddy (2010), "Determinants of Goan SME Firms Going Global: Theoretical and Empirical approach" has been accepted in Vikalpa Journal, IIM-Ahmedabad, ISSN: 0256-0909,

8. Naik Subhash, Dr. Y.V.Reddy (2010), "Impact of Government Export Assistance on Internationalization: An Evidence from Emerging market nation" has been published in Journal of Management Research, Vol 2 , No 2, ISSN: 0976 – 4739

Submitted papers

1. Subhash Naik, Y V Reddy, "Explaining the drivers of export performance among Indian firms" has been submitted in Global Management Review.

2. Subhash Naik, Y V Reddy, "International Business learning: Internationalization and performance among Indian companies in an exporting context" has been submitted in Journal of Management stream,

3. Subhash Naik, Y V Reddy, "Does my proposed study model represent the authentic phenomenon?: An evaluation of the appropriate use of Structural Equation Modelling (SEM) model fit indices", has been submitted to Management Journal, IIM Shillong.

4. Subhash Naik, Y V Reddy, "Determinants of Export Marketing Decision Making in an Indian Context: An Establishing Empirical link, International Journal of Management Sciences.

5. Subhash Naik, Y V Reddy, "Assessment of Exporting Research Articles in International business journals during the period 1960-2009", Indian Journal of Marketing.

6. Subhash Naik, Y V Reddy, "Export Performance Measurement: An Evaluation of the Empirical Research in the Literature", Journal of Management Research.

7. Subhash Naik, Y V Reddy, "Structuring the prediction model of Export performance of selected Indian Industries: A comparative analysis ", Journal of International Management and Research.

PARTICIPATION IN SEMINARS / CONFERENCES

1. Attended National Level Indian Industries meet at Global Business Conclave, All India Best Practices Proceedings Benchmarking Session-II, held at MayFair Banquets, at Mumbai during 09,July, 2011, as networking to learning from the other company surveys.

2. Attended National Level 63rd All India Commerce Conference Proceedings Technical Session IV on Talent Management in Globalised Scenario, held at Goa University

during 1-3,October, 2010 and presented paper entitled "Managing Global Talent: Indian Multinational Corporate HR Approach to Develop Tomorrow's Leaders".

3. Attended National Level 63rd All India Commerce Conference Proceedings, held at Goa University during 1-3,October, 2010 and presented paper entitled "Influence of Green Marketing on the Firm's Organizational Performance: An Evidence from Indian Manufacturing Sectors".

4. Attended National Level Indian Industries meet at Global Business Conclave, All India Best Practices Proceedings Benchmarking Session-I, held at Hotel Taj, at Mumbai during 19-20, June, 2010 and presented our next best practices.