UNIVERSITI PUTRA MALAYSIA

BARRIERS AFFECTING EXPORT PERFORMANCE OF NIGERIAN SMEs IN THE LEATHER INDUSTRY

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BARRIERS AFFECTING EXPORT PERFORMANCE OF NIGERIAN SMEs IN THE LEATHER INDUSTRY

By

ABUBAKAR SAMBO JUNAIDU

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DEDICATION

This work is dedicated to the memory of my late grandfather Dr Junaidu Wazirin Sokoto.
Despite the large amount of research that has been carried out to investigate the factors that affect export performance, very little research has been conducted for specific industries operating in developing countries like Nigeria. This is the case even though findings from past studies seem to indicate that export barriers are not only country but also industry specific. The specific roles of moderating and mediating variables have also being seemingly neglected in past research. This present work therefore, is a study of the factors that affect export performance of SMEs in the Nigerian leather industry. In so doing, this research evaluates the relationship between nine categories of export barriers grouped into tangible resources, intangible resources and facilitating factors on the one hand and firm export performance on the other. Based on the contingency paradigm and the resource-based view, this study posits that (1) knowledge resources barriers, (2) communication resources barriers, (3) exogenous barriers, (4) export support structure barriers, (5) image resources barriers, (6) operational resources barriers, (7) financial resources barriers, (8) marketing resources barriers and (9) human resources barriers are all strongly related to firm export performance. The study also hypothesizes that firm size moderates the relationship between tangible resources barriers and export performance and that entrepreneurial orientation moderates the
relationship between tangible as well as intangible resources and export performance. Perception of export difficulty is hypothesized to mediate the relationship between intangible resources barriers and export performance.

The survey type of data collection whereby self-administered questionnaires were distributed to respondents was used for data collection. Questionnaires were mostly directly distributed and collected by trained enumerators. Data for the study was collected in Nigeria and the target sample was drawn from (1) Manufacturers Association of Nigeria (MAN), (2) the Nigerian Industrial Directory and (3) the Nigerian Exporters directory. In addition, the lists of members of the local tannery councils in the study areas were used to obtain the names of SMEs to include in the sample. Given that this research is centred on firm level activities and their impacts, the unit of analysis is at the firm level. All in 623 questionnaires were distributed and 458 were collected over a period of nine weeks for a response rate of about 74% and out of the 458, 449 usable questionnaires were obtained finally 117 questionnaires were used for the analysis on exporting SMEs. Descriptive statistics were used to analyse the relative severity of export barriers and multiple regression analysis was used for hypotheses testing. Findings from the data analysis provide support for all the hypothesized relationships thus suggesting support for the theoretical model of the study.
Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

FAKTOR MEMPENGARUHI PRESTASI EKSPORT PERUSAHAAN KECIL DAN SEDERHANA DALAM INDUSTRI KULIT DI NIGERIA

Oleh

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Pengerusi : Prof. Madya. Dr. Mohani Abdul
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Walaupun terdapat jumlah besar penyelidikan yang telah dijalankan untuk mengkaji faktor-faktor yang memberi kesan kepada prestasi ekspor, hanya segelintir penyelidikan yang sama dijalankan bagi industri tertentu yang beroperasi di negara-negara membangun seperti di Nigeria. Ini merupakan kes walaupun penemuan daripada kajian lepas menunjukkan bahawa halangan ekspor tidak khusus kepada negara sahaja tetapi juga kepada industri. Peranan terhadap penyederhanaan dan pengantara pada pembolehubah juga seolah-olah diabaikan dalam penyelidikan yang lepas. Kerja penyelidikan ini merupakan satu kajian terhadap faktor-faktor yang memberi kesan kepada prestasi ekspor perusahaan kecil dan sedehana (PKS) dalam industri kulit Nigeria. Oleh demikian, kajian ini menilai hubungan antara sembilan kategori halangan ekspor disatukan kepada sumber-sumber ketara, sumber tidak ketara dan faktor-faktor yang memudahkan kepada satu bahagian dan prestasi ekspor firma ke bahagian yang lain. Berdasarkan paradigma kontingensi dan pandangan berasaskan sumber, kajian ini menunjukkan bahawa (1) halangan sumber-sumber pengetahuan, (2) halangan sumber komunikasi, (3) halangan luaran, (4) halangan struktur ekspor sokongan, (5) halangan imej sumber, (6) halangan sumber operasi, (7) halangan sumber kewangan, (8)
halangan sumber pemasaran dan (9) halangan sumber manusia adalah berkaitan dengan prestasi eksport yang kukuh. Berdasarkan hipotesis, kajian ini menunjukkan bahawa saiz firma yang sederhana berhubungkait di antara halangan sumber ketara dan prestasi eksport yang sederhana dan orientasi keusahawanan dengan hubungan antara sumber-sumber yang ketara dan tidak ketara serta prestasi eksport. Hipotesis persepsi terhadap kesukaran eksport menjadi pengantara hubungan di antara sumber-sumber yang tidak ketara halangan dan prestasi eksport.

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Last to my beloved wife Atika Bello for all her effort and encouragement to me i really appreciate your kindness may Allah bless her Ameen.
This thesis was submitted to the Senate of Universiti Putra Malaysia and has been accepted as fulfilment of the requirement for the degree of Doctor of philosophy.

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DECLARATION

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I hereby confirm that:

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CHAPTER 1
INTRODUCTION

1.1 Introduction

In this chapter a brief background of factors affecting SME export performance is discussed with a view to bring out the importance and relevance of the issue in an increasingly globalized world. This chapter also contains the problem statement wherein the gaps which past research did not address adequately or may have seemingly ignored are discussed. The chapter also covers the research objectives, research questions, scope, significance and the definitions of the key concepts of this study.

1.2 Background

Small and medium sized enterprises (SMEs) make up a significant proportion of businesses within any nation and the important role they play in domestic development (Leonidou, 2004) as well as in international markets is well recognized (Okpara, 2009; Ibeh, 2004). Some of the benefits generated by SMEs include jobs and wealth creation and serving as an engine of growth for domestic economies (Okpara, 2009; Leonidou, 2004). However, even though SMEs make up a large chunk of enterprises in any given country, the field of international trade is largely dominated by big firms (Leonidou, 2004; Morgan & Katsikeas, 1997) and particular so in Sub-Saharan African countries like Nigeria (Ibeh, 2004). This is the case despite the significant increase in international trade as a result of globalization, market liberalization and regional agreements to facilitate trade (Morgan & Katsikeas, 1997).
A significant amount of research has been devoted to understanding the factors responsible for successful exporting (Leonidou, Katsikeas & Samiee, 2002) as well as those that hinder exporting activities of SMEs (Karelakis, Mattas & Chryssochoidis, 2008; Julian & Ahmed, 2005; Leonidou, 1995a). There have been some criticisms though that most of the focus of the research has been in developed countries, which raises serious implications with respect to generalizability (Tesfom & Lutz, 2006; Leonidou, 2004; Katsikeas & Morgan, 1994). Past research on factors hindering exports has also been reported to be fragmented and isolated leading to confusion with regards to the impact of inhibiting factors on export performance (Arteaga-Ortiz & Fernández-Ortiz, 2010; Leonidou, 2004). There is a need therefore for more research to be conducted with particular reference to developing countries like Nigeria in order to understand the nature of export barriers as well as their impact on export performance, which incidentally is one of the motivations of this study. Such research could help identify why many SMEs are failing to fully participate in the global trade (Leonidou, 2004; Leonidou, 1995a).

More contextual research is important because in order to formulate good and sustainable solutions to export barriers, their characteristics and impact need to be understood, otherwise corrective measures may not serve their intended purpose of improving export performance. Particularly so when export barriers or problems tend to artificially increase the cost of exports, lead to financial losses and cause failures in international business operations (Leonidou, 1995a). As a first step then, it is necessary to have a clear definition of what is meant by export barriers or problems.
In this study, export barriers refer to all those factors that affect a firm’s ability to effectively initiate, develop and sustain exporting operations (Leonidou, 2004; Leonidou, 1995a). In other words export barriers or problems are those limiting factors or obstacles that prevent firms from engaging in the export of goods and services. Such barriers to exporting can be encountered by firms at all stages of the export development process even though the nature or severity may differ depending on whether the firm is in the pre-involvement or mature stages (Leonidou, 2004).

Many of the published studies on exporting barriers are exploratory in nature (Arteaga-Ortiz & Fernández-Ortiz, 2010; Tesfom & Lutz, 2006) specifically focused on identifying and classifying export barriers. Consequently a large number of barriers to exporting have thus been identified and researchers have sought to reduce these barriers into a smaller number of factors for analytical purposes but there is no homogeneity in the number of barriers and no unanimity with respect to the underlying dimensions and the content of the factors (Arteaga-Ortiz & Fernández-Ortiz, 2010). For example, Schroath and Korth (1989) identified 211 barriers, which they classified into nine factors. From a review of 32 empirical studies dealing with barriers affecting SME export development, Leonidou (2004) reported that barriers in those studies ranged from five to 30 and he went on to broadly categorize the export barriers as internal (intrinsic to the firm) and external (outside the control of the firm). Other broad classifications have been used by different researchers. For example, Julian and Ahmed (2005) identified 23 barriers, which they grouped into six factors; Tesfom and Lutz (2006) categorized export barriers as (1) Company barriers, (2) Product barriers, (3) Industry barriers, (4) Export market barriers and (5) Macro environment barriers. Additional

The different categorizations highlights the disparity in the way export barriers have been identified and classified in previous research and is symptomatic of the mostly exploratory approaches that have been used to study export barriers (Arteaga-Ortiz & Fernández-Ortiz, 2010). This gives an indication of the non-uniformity of export barriers that have been studied as inhibitors of international trade even though there are similarities that can be discerned between the barriers or groups of barriers in the categorizations put forward by previous researchers. So there is a clear need for an integrated approach that could be used to classify export barriers along a sound theoretical basis. In this present study therefore, nine specific export barriers groups synthesized from the literature on the basis of the resource-based view and contingency
paradigm are grouped into three major broad categories, which are (1) Tangible Resources, (2) Intangible Resources and (3) Facilitating Factors. The tangible resources (Grant, 1991, Barney, 1991) consist of four factors or variables, which are (1) Financial Resources Barriers, (2) Operational Resources Barriers (3) Human Resource Barriers and (4) Communication Resources Barriers. Similarly, intangible resources (Grant, 1991; Barney, 1991) comprises of three factors or variables which are (1) Knowledge Resources Barriers, (2) Image/reputation Resources Barriers and (3) Marketing Resources Barriers. Finally, facilitating factors consist of two factors or variables, which are (1) Export Support Structures and (2) Exogenous Barriers. This classification is anchored on the premise that the export performance of a firm is expected to be affected by lack of resources (tangible and intangible barriers) and is also contingent on the prevailing characteristics (facilitating factors) of the environment in which a firm operates. The categorization of export barriers into three broad groups and nine specific factors is not only different from past research but also yields certain advantages. Firstly, the classification of the export barriers into the three broad groups comprising nine specific factors is theoretically based and secondly the classification provides an integrated approach for the subsequent development of a theoretical framework and related hypotheses. This a priori identification of export barriers moves the field of research from the exploratory stage and provides a way to empirically investigate the barriers to export performance in a confirmatory way. As such, this approach has been used in this study to explore the barriers affecting export performance of Nigerian SMEs operating in the leather industry.
Nigeria is located in West Africa and has the largest population in Africa with an estimate of about 162.47 million (CBN 2010). The country has one of the largest economies in sub-Sahara Africa but it is an economy that is heavily reliant on oil and gas exports, which makes it very unstable because growth is dependent on prevailing conditions in the global oil industry. The heavy dependency on the oil sector is reflected by the fact that the non-oil sector contributed only 6.5% of GDP in 2010 (Central Bank of Nigeria report, 2010). Hence, in order to improve the general condition of the Nigerian economy there is a clear need to boost the growth of the non-oil sector, one of which is the leather industry, which offers a huge potential for growth. For instance, export statistics show that it posted the strongest non-oil export in 2005 with exports in excess of $160 million (UNCTAD, 2009).

However, the industry is struggling to maintain export competitiveness, which is evidenced by the fact that the leather industry accounted for 36.84% of non-oil export in 2004 but only 20.4% in 2005 (UNCTAD, 2009; Amakom, 2006). This trend is happening despite promotional and support measures by the Nigerian government and favorable trade agreements like the United State African Growth and Opportunity Act (AGOA) and that Nigeria has the third largest livestock population in Africa (UNCTAD, 2009; Amakom, 2006). The export potential of the leather industry indicates that it could be used to spur growth in the non-oil sector of the Nigerian economy thereby helping to generate employment and wealth. Research to identify the constraints that are hindering the export growth of this sector is therefore necessary in order to help the industry fulfill its potential growth levels, which is an objective of this study.
1.3 Problem Statement

An extensive amount of work has been conducted to investigate issues relating to export barriers and how they affect export performance (Karelakis et al., 2008; Katsikeas & Morgan, 1994). However, the research has been criticized as fragmented, isolated and scattered; a situation that not only leads to confusion as to which specific barriers affect export performance but also limits theory development (Arteaga-Ortiz & Fernández-Ortiz, 2010; Leonidou, 2004; Cavusgil & Zou, 1994). Furthermore, due to the dynamic nature of international trade, some export barriers have been reported to be time specific (Leonidou, 2004; Moini, 1997; Leonidou, 1995a), which means that export barriers that may have been important a decade or two ago may no longer be significant. For instance prior to the 1980s barriers relating to documentation was very important whilst in the 1990s intense competition in the international market was more important (Leonidou, 1995a). There is therefore a need for continuous research like this present study to be carried out to determine which sets of export barriers are relevant at specific points in time to export performance of SMEs. This is particularly pertinent with respect to the fast pace of globalization and the increased use of new communication technologies like mobile telephony and the Internet both of which have greatly facilitated transactions in international trade. The use of Web based technologies like e-business portals, Email and social media in business transactions may have helped to reduce the severity of communication problems between business partners and hence the emphasis on that export barrier in relation to export performance may have shifted (Moodley, S., & Morris, M., 2004). Additional research such as this present study could therefore help identify if this is the case or not in the context of SMEs in the Nigerian leather sector.
Additionally, findings from past research seem to indicate that the effect of export barriers on the export performance of firms differ with respect to geographic settings (Tesfom & Lutz, 2006; Julian & Ahmed, 2005; Leonidou, 2004), meaning that some export barriers are country-specific. This could be due to a host of factors such as cultural differences, prevailing economic conditions and differences in industry structure in different countries. Even though such findings have been reported, yet still most of the research into the effects of export barriers on export performance has been conducted in developed countries with very little emphasis on developing countries like Nigeria (Okpara & Koumbiadis, 2009; Tesfom & Lutz, 2006; Ibeh, 2004). This could explain why relatively little is known about why Nigerian SMEs in the leather industry are struggling to improve their export performance despite the existing potential in leather products. Research on the export performance of Nigerian SMEs in general is very scarce (Okpara & Koumbiadis, 2009) and much more so for those in the leather industry which represents about a fifth of non-oil exports in Nigeria (Amakom, 2006). This gap creates the need for research to be conducted in order to identify and determine the factors that are affecting export performance of SMEs in the Nigerian leather industry.

Another gap in the research dealing with the effect of export barriers on export performance is that there is little emphasis on explaining underlying theoretical foundations or of generating a comprehensive theoretical framework on which the research is based. In the literature dealing with determinants of good export performance, researchers have used various theories like the resource-based view and contingency theory (e.g. Lages, Silva & Styles, 2009; Robertson & Chetty, 2000;
Cavusgil & Zou, 1994) to build their theoretical frameworks, however the export barriers literature has seemingly neglected to use specific theories as a basis for such arguments. Naturally, this approach tends to limit theoretical development (Arteaga-Ortiz & Fernández-Ortiz, 2010; Leonidou, 2004; Cavusgil & Zou, 1994), makes it difficult for researchers to capitalize on past research and avoid duplication of previous studies thus leading to a stagnation of research in the field (Arteaga-Ortiz & Fernández-Ortiz, 2010; Leonidou, 1995a). This present research work is therefore attempt to fill this gap by studying the effect of a comprehensive set of export barriers on export performance through the lens of the resource-based view and contingency theory.

Finally, the roles of mediating and moderating variables have been virtually ignored in past research dealings with export barriers and their impact on export performance. This tendency also limits theory building (Arteaga-Ortiz & Fernández-Ortiz, 2010; Cavusgil & Zou, 1994) and the understanding of the mechanisms of how export barriers affect export performance. The lack of consideration of mediating and moderating variables may have also contributed to the scattered nature of past research (Arteaga-Ortiz & Fernández-Ortiz, 2010; Leonidou, 2004). This study therefore considered the moderating roles of firm size and entrepreneurial orientation in the relationship between export barriers and export performance. The study also considered the mediating effect of perception of export difficulty on export performance.
1.4 Research Objective

1.4.1 General Objective

The general objective of this study is to identify the factors that are affecting export performance of SMEs operating in the leather industry sector in Nigeria. The study looked at the relationship between export barriers and export performance with a view to understand why SMEs in the leather industry in Nigeria are not exploiting their full potential in the international market (Leonidou, 1995a). Based on the fact that Nigeria is comparatively endowed with raw materials needed in the leather industry (UNCTAD, 2009). To achieve better export performance by the SMEs more research are needed, that would help firms and other stakeholders improve their understanding of the impact of export barriers on firm export performance.

The study draws on the resource-based view to argue that the possession or lack of tangible and intangible resources in the form of: (1) Knowledge related, (2) Financial related, (3) Image/reputation related (4) Operational related (5) Communication related (6) Market related and (7) Human resource related affect firm export performance in a positive way in the case of possession or a negative way (barriers) in the case of lack of the resources. The study also anchors on the contingent theory to argue that export performance of firms is also contingent on facilitating factors such as (1) availability or lack of Export Support Structures like government incentives and (2) Exogenous factors like bad economic conditions abroad.
1.4.2 Specific Objectives

Towards realizing the general objective, this study specifically aimed at:

- The identification of export barriers affecting Nigerian SMEs operating in the leather industry.
- The determination of which export barrier(s) is/are perceived to be most severe
- Studying the moderating effects of firm size and entrepreneurial orientation on the relationship between export barriers and export performance
- Studying the mediating effect of the perception of export difficulty on export performance.

1.5 Research Questions

To realize the objectives of the study, a number of questions that guided the direction of the research work were identified. These research questions provided the platform from which the research framework and the hypothesized relationships were developed. The following questions were thus seen as important questions to be answered in order to achieve the objectives of the study.

- Which export barriers are affecting export performance of SMEs in the Nigerian leather industry?
- Which barrier(s) is/are perceived to be more severe
- Does firm size moderate the relationship between export barriers and export performance?
Does entrepreneurial orientation moderate the relationship between export barriers and export performance

Does perception of export difficulty mediate the relationship between export barriers and export performance?

1.6 Scope of the Study

This study researched into the relationship between export barriers and firm export performance and in doing so, the interactive effects of firm size and entrepreneurial orientation as well as the intervening role of perception of export difficulty were considered. This departs from past research in so far that interactive and intervening relationships were virtually ignored. The study covers Nigerian SMEs operating in the leather industry as it represents a significant part of the non-oil sector in the Nigerian economy. This study is aimed at focusing on a single industry for not only to controlled the industry effects but also offered more value to the specific sector considered (Karelakis et al., 2008).

With respect to export barriers, the study considered the severity (the difficulty of overcoming the barrier) so that it could be determined which barriers are perceived to be most difficult to handle or deal with. In terms of the stage of export development, two groups of firms were surveyed: (1) Non-exporters and (2) Active or regular exporters. The scope is therefore focused on the gaps identified in the problem statement and encompasses the research questions that underpin the research framework through which a representative sample of Nigerian SMEs in the leather industry were studied.
1.7 Significance of the Study

1.7.1 Theoretical Significance

A significant theoretical contribution of this study is the classification of export barriers along theoretical lines as this facilitated the development of a workable framework that is anchored on theory through which the relationship between export barriers and firm export performance were investigated. Different classifications of export barriers have been used in past research but past studies have also seemingly neglect to base the classification on specific theories has limited theory development in the field (Arteaga-Ortiz & Fernández-Ortiz, 2010; Leonidou, 2004; Cavusgil & Zou, 1994). As such the approach used in this present study wherein the export barriers are classified into tangible and intangible resources (Barney, 1991; Grant 1991) as well as facilitating factors based on the resource-based view and contingency theory, represents a confirmatory approach which moves the field beyond the exploratory stage and thus helps in theory advancement (Arteaga-Ortiz & Fernández-Ortiz, 2010; Leonidou, 2004). The confirmatory method also helps improve the measures used to capture export barriers and therefore make it easier to develop a theoretical framework that could be used to investigate the impact of export barriers on SME export performance.

This study also adds to the limited number of empirical investigations that have been carried out to determine how export barriers affect export performance in SMEs of developing countries like Nigeria (Tesfom & Lutz, 2006; Ibeh, 2004) in general and the
leather industry in particular. This is important in the sense that past findings seem to indicate that some export barriers are industry and country specific (Karelakis et al., 2008; Julian & Ahmed, 2005; Leonidou, 2004; Leonidou, 1995a), thus the findings from this study identified export barriers in the context of the leather industry in Nigeria.

The inclusion of interacting and intervening relationships in the form of the moderating roles of firm size and entrepreneurial orientation and the mediating role of perception of export difficulty in the analysis of exporting barriers in their relation to export performance is also significant in the sense that this increases the understanding of the relationship between export barriers and firm export performance and also advances theory development (Cavusgil & Zou, 1994) in the field by providing a greater depth of explanatory insights with respect to the mechanisms of how export barriers affect export performance. Advancement in theory building helps future research to capitalize on past findings and thereby avoid duplication of past studies (Leonidou, 2004; Leonidou, 1995a).

Another important theoretical contribution is the introduction of a variable that is intended to capture the psychological fear or barrier (Leonidou et al., 2002) that may prevent firms from initiating, sustaining and increasing export activities. This variable, which is called perception of export difficulty, is an integral part of the research framework and its direct relationship with export barriers and firm export performance was investigated. The mediating role of this variable in the relationship between
intangible resources and export performance was also considered with a view to understand the mechanisms of how export barriers affect firm export performance.

1.7.2 Practical Significance

There are a number of practical implications of this research, one of which is that knowing how firms at different stages of export development may be affected by export barriers could help government assistance or incentives to be customized to fit targeted groups of firms and help ensure that involvement in export activities is less threatening to existing and potential exporters alike (Morgan & Katsikeas, 1997).

Similarly, knowledge about the export barriers that inhibit good export performance might encourage non-exporting firms to engage in exporting (Okpara & Koumbiadis, 2009) and provide additional incentives for existing exporters to continue or increase export activities. This is because an awareness of the export barriers could reduce the psychological fear of involvement in exporting activities (Leonidou et al., 2002).

The assessment of the perception of the level of severity of each export barrier is also an important practical contribution as this allowed for the identification of which barriers are the most difficult to deal with for firms and which barriers are the least. This is significant because if a particular barrier is rated to be the most severe then common sense dictates that such a barrier is dealt with immediately by stakeholders before other barriers are considered for remedial solutions.
Findings from this study could help managers and firms understand the differential impacts of export barriers and in so doing find ways of minimizing, circumventing or overcoming export barriers (Leonidou, 1995a). Findings could also provide policy makers and other stakeholders with useful guidelines for the formulation of suitable national export policies and export assistance programs (Kaleka & Katsikeas, 1995).

1.8 Definition of Key Concepts

Knowledge Barriers: These refer to the lack of knowledge resources or know how in how to deal with or handle export related activities (Moini, 1997). They are related to the ignorance of firms with regards to information required to manage exporting activities (Arteaga-Ortiz & Fernández-Ortiz, 2010) and include aspects such as lack of knowledge about opportunities available in foreign markets (Tesfom & Lutz, 2006).

Image/reputation Barriers: These barriers refer to the lack of image or reputation related resources that could enhance the competitive advantage of firms involved in exporting operations through differentiation (Barney, 1991) and include barriers such as the lack of recognizable brand names (Tesfom & Lutz, 2006).

Financial Barriers: Financial barriers refer to the lack of financial resources that are required to handle or manage exporting activities (Moini, 1997). They include barriers
such as difficulties in financing exporting activities and difficulties in getting payments for exported products (Tesfom & Lutz, 2006; Leonidou, 2004).

**Operational Barriers:** These refer to the lack of operational related resources that are required to initiate, maintain and increase exporting activities (Leonidou, 2004; Moini, 1997). These barriers include the lack of adequate capacity as well as product quality related issues that may hinder exports (Arteaga-Ortiz & Fernández-Ortiz, 2010; Morgan & Katsikeas, 1997).

**Communication Barriers:** These refer to the lack of resources required to handle communication with foreign partners like middlemen, distributors and customers (Tesfom & Lutz, 2006; Leonidou, 2004 Morgan & Katsikeas, 1997).

**Marketing Barriers:** These barriers refer to lack of resources needed to undertake marketing activities that are required to support exporting and include factors such as product promotion difficulties (Leonidou, 2004).

**Human Resource Barriers:** These refer to the lack of adequate human resources that are required to handle exporting activities and include factors such as lack of sufficient staff and poor organization of the export department in a firm (Tesfom & Lutz, 2006; Leonidou, 2004).
**Exogenous Barriers:** These refer to factors that may exist in both the host country or target market that may hinder exporting activities but are outside the control of the firm and include factors such as regulatory difficulties, institutionalized corruption, poor infrastructure, political instability abroad and tariffs (Arteaga-Ortiz & Fernández-Ortiz, 2010; Okpara & Koumbiadis, 2009; Leonidou, 2004).

**Export Support Structures:** These refer to the lack of adequate support structures in the host country that may be required to assist existing or potential exporters in their exporting activities and include lack of adequate government support and financial institutions that have expertise in export matters (Arteaga-Ortiz & Fernández-Ortiz, 2010; Leonidou, 2004). In a way these barriers are similar to exogenous barriers because they are mostly outside the control of the firm. The logic behind operationalizing them into a separate variable is because they relate specifically to factors that are only experienced in the host country and also usually exist mainly to assist exporting activities. Exogenous barriers on the other hand, are experienced in both host and foreign countries and involve factors that exist for reasons beyond exporting activities alone.

**Perception of Export Difficulty:** This variable refers to the psychological fear or barrier that may prevent firms from engaging in exporting activities (Leonidou et al., 2002). It is the extent to which management of a firm may feel or think that engaging in exporting may lead to failure (Morgan & Katsikeas, 1997). The perception of export
difficulty thus refers to imagined as opposed to existing difficulties that may affect the willingness of firms to be involved in exporting (Karelakis et al., 2008; Rose & Shoham, 2002; Leonidou, 1995a).

**Entrepreneurial Orientation:** This variable refers to the decision making styles, process, practices, rules and norms with respect to risk taking, innovativeness and proactiveness that a firm manifests in its support for uncertain outcomes such as exporting activities (Patel & D’Souza, 2009; Zahra & Neubaum, 1998; Lumpkin & Dess, 1996; Miller, 1983). It is the extent to which a firm is willing to engage in exporting activities even though it is uncertain of the outcome.

**Export Performance:** This relates to the extent or degree to which firms are successful in their exporting activities or have been able to achieve their strategic goals with regards to exporting (Cavusgil and Zou, 1994).

**SMEs:** This study follows the definition of SMEs that is used by the Central bank of Nigeria. SMEs refer to enterprises employing 10 to 300 employees and have a maximum asset base of 200 million Naira excluding land and working capital (CBN 2010).

**Moderating Variable:** A variable that is related to the direction or strength of the relationship between the independent and dependent variables. (Baron and Kenny)
moderator variable may be qualitative (such as student gender type of community organization or type of college) or quantitative (e.g., number of service visits).

**Mediating variable:** A hypothetical concept that attempts to explain the relationship between the independent and dependent variables (Baron and Kenny, 1986). Mediating variables, also called process variables, explore why the independent variables is linked to the dependent variable.

1.9 **Organization of the Thesis**

This study consists of six chapters and the layout of the rest of this thesis is organized as follows. Chapter Two discusses the literature that is relevant to this study and Chapter Three deals with the research framework and hypotheses development. Chapter Four of this thesis deals with the research methodology, which explains the approach that was taken to ensure that the study conforms to required standards of research of this nature. Results and analysis of data collected are covered in Chapter Five whilst Chapter Six deals with the discussion of the results, conclusions and recommendations.

1.10 **Summary**

This chapter has introduced the concept of export barriers by briefly discussing their huge importance and relevance in international trade. Issues such as globalization, regional integrations and trade agreements have made it imperative for all stakeholders to work together to find solutions to factors that affect exporting, particularly in the current global economic downturn. Hence, it has never been more important for
additional research to be conducted so that informed decisions can be made by managers, regulators and other policy makers in connection to exporting barriers and international trade.

The literature review indicates that so far a lot of research has been carried out in this field. However, there are still a number of gaps that need to be filled in order to advance research in the field. These gaps, as outlined in the problem statement section of this chapter are what this study is focused on with a view to identify practical and theoretical implications that could be beneficial to firms and other stakeholders as well as contribute to general knowledge.
References


